CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—THIRTIETH PARLIAMENT

27 Elizabeth II

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COMPRISING THE PERIOD FROM THE ELEVEN DAY OF OCTOBER, 1978
TO THE FOURTEENTH DAY OF NOVEMBER, 1978

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HOUSE OF COMMONS

Wednesday, October 11, 1978

FOURTH SESSION—THIRTIETH PARLIAMENT—OPENING

[*Translation*]

The parliament, which had been prorogued on the tenth day of October, 1978, met this day at Ottawa for the dispatch of business.

The House met at 3 p.m., the Speaker in the chair.

Mr. Speaker read a communication from the Secretary to the Governor General, announcing that His Excellency the Governor General will arrive at the main entrance of the Parliament Buildings at 2.45 p.m. on this day, Wednesday, the 11th of October 1978, and when it has been signified that all is in readiness, will proceed to the chamber of the Senate to open formally the fourth session of the thirtieth Parliament of Canada.

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, it is the pleasure of His Excellency the Governor General that this honourable House attend him immediately in the chamber of the honourable Senate.

Accordingly, Mr. Speaker, with the House, went up to the Senate chamber.

● (1542)

And being returned to the Commons chamber:

* * *

SPEECH FROM THE THRONE

Mr. Speaker: I have the honour to inform the House that when the House of Commons did attend his Excellency the Governor General this day in the Senate chamber, His Excellency was pleased to make a speech to both houses of parliament. To prevent mistakes, I have obtained a copy which is as follows:

[*Translation*]

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour to welcome you to the fourth session of the thirtieth Parliament of Canada.

During the course of the past summer Her Majesty The Queen came to visit Newfoundland and Saskatchewan, and to open the Commonwealth Games. She joined all Canadians in congratulating the thousands of volunteer workers who helped make the Games so successful, and with all of us she applauded the remarkable achievements of Canadian athletes at Edmonton.

The Duke of Edinburgh visited British Columbia as well, where His Royal Highness took part in the two hundredth anniversary observance of Captain Cook's voyage to the Pacific coast.

[*Text*]

My wife and I paid an official visit to the King and Queen of Spain, who welcomed us most hospitably. Through us, Spain expressed its friendship and high regard for all Canadians.

As the end of my term of office approaches, my wife and I would like to thank parliamentarians and the people of Canada for the respect and affection which they have extended to us on countless occasions over the years.

We wish also to express our love for Canada. A great country is not created without difficulty, but to see it develop and grow stronger despite every obstacle has been for us a source of great joy and pride. Our faith in the future of Canada is stronger than it has ever been.

I: *Urgent Action Needed*

Parliament begins today a new session which will concentrate upon Canada's two most pressing needs. They are the strengthening of our economy, and the renewal of our federation.

Those two inseparable imperatives are different expressions of the same goal: to strengthen Canada through unity: to unify Canada through economic strength.

Seldom in the past have the seriousness of the challenge, the strength of our national will, and the scope of our opportunities combined to create for Canada a moment in history so full of potential for good. Such a moment, if ignored, may not soon come again. That is one reason why you should approach your task with urgency.

Another is the legitimate expectation of the people of Canada in these difficult times. They expect their parliament to respond to their most urgent needs with insight, with action, and with a minimum of delay.

You will therefore be asked to focus your efforts upon the priority areas of the economy and the renewal of the federation.

To that end, the government has prepared over the past few months a detailed plan of action. It is designed to increase confidence in the essential health and potential of the economy, and to strengthen the bonds which unite us in one Canadian community.

II: *Economic Policy Background*

The economic initiatives announced by the Government in August will intensify the assault upon unemployment and inflation.

Those initiatives will further restrain government spending, stimulate economic growth, and give more assistance to those in need. They carry forward commitments made by the government in 1976 with the publication of *The Way Ahead*. Many of those commitments were endorsed by the First Ministers' Conference in February of this year.

First Ministers agreed to help the private sector to lead the way toward accelerated economic growth. They also reached agreement on important medium-term economic objectives.

In July of this year, Canada was a participant in the Bonn Summit Conference. There the leaders of the major industrialized countries of the free world

planned a co-operative strategy against inflation, unemployment and slow growth.

Canada pledged at Bonn to do its part to restore vitality to the Canadian and world economies. After the conference, that pledge was transformed into action in a series of policy announcements.

They require action on two fronts. The first requirement is to further reduce the growth rate of federal spending.

The second is to pare down or eliminate many worthwhile but low-priority programs, in order to free the dollars necessary for a serious assault upon high-priority goals. These goals are to stimulate industrial expansion, put more Canadians back to work, and further protect from the impact of inflation those who are least able to protect themselves.

[*Translation*]

III: *Expenditure Restraint*

Let us examine the first of these requirements, restraint in government spending. To achieve sustained progress in the battle against inflation, the government believes it is absolutely essential for Canadians to practise restraint in their price and income demands. The government is also aware of its own responsibilities. Expenditure restraint has been a central theme of federal policy and practice since October, 1975. It was reinforced by the First Ministers' joint commitment in February to contain government spending below the trend growth rate of the Gross National Product.

In August, the government set itself a more ambitious restraint objective. Planned federal spending this fiscal year will be reduced by five hundred million dollars, and next year's projected spending will be reduced by two billion dollars. As a result, the projected rate of expenditure growth during the next fiscal year is 8.9 percent. That is well below the forecast growth of 11 percent for the GNP.

The objectives of imposing more severe restraint on government spending are two.

The first is to encourage a more vigorous expansion of the private sector by reducing governments' share of the nation's wealth.

The second is to create a leaner and more efficient government, by making every tax dollar do more work.

The government is committed to reducing the size of the federal public service. You will be asked to approve amendments to the Public Service Superannuation Act, designed to ensure that public service pensions are in line with the level of contributions.

The government is committed to continued wage restraint in the public sector. You will be asked to approve amendments to the Public Service Staff Relations Act to ensure that compensation in the federal public service remains in step with the private sector, and does not lead the way.

You will also be asked to enact legislation making the Post Office a Crown Corporation, with a view to making postal services more efficient and responsive to public needs.

Because such a large portion of the federal budget is dedicated to transfer payments to the provinces, no large-scale restraint program could be successful without their co-operation. The government intends to negotiate reductions which will cause a minimum of difficulty for provincial governments.

You will be asked to consider amendments to the National Housing Act, the Unemployment Insurance Act, and other legislation in order to give effect to the program of expenditure restraint.

IV: *Shifting Dollars To Priority Needs*

The second major requirement is to transfer funds from lower-priority to high-priority goals. They are industrial expansion, job creation, and more assistance for those in need.

Providing those additional resources within the context of budgetary restraint is a most difficult and painful exercise. Worthwhile programs serving real needs must be cut back if the money is to be found for more pressing requirements.

[Mr. Speaker.]

By cutting back programs in virtually every department, the government intends to channel one billion dollars into programs of economic and social development.

In the area of economic development, the Government's recent proposals are intended to build upon its earlier initiatives to promote job creation, stimulate private sector growth, and encourage industrial innovation. Those initiatives included the April budget, which cut sales taxes in co-operation with the provinces, and provided a stimulus to non-conventional oil development.

Other measures were announced during June and July to encourage energy conservation and the development of renewable energy sources; to stimulate research and development; and to assist small businesses.

[*Text*]

Now the government proposes to devote more resources to the promotion of industrial development in 1979-80.

The primary objective is to help establish an economic climate which is conducive to private sector growth, particularly in the areas of high technology industries, regional development, and the promotion of exports. Additional assistance will be provided for tourism and for the resource and ship-building industries.

Excessive government intervention in the economy should be greatly reduced over time by initiatives to eliminate duplication between federal and provincial programs and to simplify regulatory and reporting systems.

An important element among the government's proposed new industrial development priorities is an increase in support for major capital projects in manufacturing, energy and transportation.

The major thrust of the government's employment strategy is to encourage the creation of permanent jobs in the private sector. Special emphasis is being placed on the training and job placement of young Canadians.

In this new session, the government will take action to increase support for the training of an adequate supply of skilled labour and to assist labour market mobility.

The government also proposes to introduce major changes in the Unemployment Insurance Program. These changes would achieve a substantial reduction in the cost of the program. They are intended to minimize any negative effects which the program may have on the incentive to work, or on the labour supply.

The proposed adjustments would make the program more selective in its coverage. They would also put Unemployment Insurance funds to more productive use, partly to finance an expanded Job Experience Training Program for youth. You will be asked to approve amendments to the Unemployment Insurance Act to give effect to these changes.

Other new employment strategy measures will focus upon year-round employment programs for young people. A new Youth Job Corps Program will be created. This and other youth employment programs will benefit from a major increase in funding during this fiscal year.

In the field of social policy, the unfair impact of inflation upon lower-income groups calls for further protection.

The most effective way to protect Canadians against the injustices of inflation is to continue to act vigorously to bring inflation down. This requires the co-operation of everyone, and takes time. But the poor cannot wait for that. Nor can lower-income parents with children to support, nor elderly pensioners. We must give them additional help now because their need is urgent.

The Child Benefits System has therefore been redesigned. Family allowance payments will be set at a base rate of $20 per month per child for 1979, so that more aid can be provided to those whose need is greatest. The base rate will be indexed in line with the cost of living after 1979.

Funds saved through this process wili be used to provide a yearly payment of $200 per child to mothers in low and middle-income families. Also, there will be an increase of $20 per household in the monthly Guaranteed Income Supplement. This will further protect the elderly from the impact of inflation.

You will therefore be asked to consider amendments to the Family Allowance Act, the Old Age Security Act, and the Income Tax Act.

As an additional anti-inflationary measure, the government has recently reduced the special excise tax on gasoline by three cents a gallon. Negotiations

are under way with the government of Alberta to defer the one dollar per barrel increase in the price of oil scheduled for January first.

[*Translation*]

V: *Renewal of The Federation*

Economic improvement by itself, however, will not guarantee a united country. A renewal of the Canadian federation is equally essential. It was with this conviction that the Government published its proposals for renewal last June in a document entitled *A Time for Action*. Later that month, the government placed before parliament the Constitutional Amendment bill. It was referred to a Special Joint Committee of Parliament as a basis for a full public discussion of constitutional change.

A Time for Action affirmed the government's commitment to four basic principles of renewal: the preeminence of citizens and their freedoms; full respect of native rights; full development of Canada's two major linguistic communities; and the enhancement of our mosaic of cultures. It supported development of the regional economies and the fostering of economic integration, so all in Canada can share the benefits of our country more equally. Finally, it recognized the interdependence of the two orders of government, and urged the clear establishment of their respective roles in a renewed Constitution.

A Time For Action stressed the need for a less contentious relationship among the federal and provincial governments, and more effective intergovernmental consultation. Other goals are freedom of action for each government to fulfil its responsibilities, and measures to permit greater accountability by governments to their legislatures and the people who elect them. Also emphasized was the need to help the taxpayers better understand the intergovernmental process; and to provide more effective services at less cost by eliminating wasteful duplication.

The government therefore proposed to the provincial governments that joint action should begin as soon as possible on the clarification of federal and provincial roles and the elimination of duplication. The premiers have responded positively. The First Ministers' Conference on the Constitution, now expected to take place at the end of this month, will consider how best to launch this major enterprise.

With respect to the reform of the constitution, the government has set out only two fundamental requirements. The new constitution must provide for Canada to continue as a genuine federation, and it must contain a Charter of Rights and Freedoms, including linguistic rights. The government has shown its deep concern that real progress toward change soon be achieved, so that uncertainty can be dispelled and unity reinforced. In particular, the government believes it essential that clear and important progress be made before Quebeckers are asked by their provincial government to vote in a referendum about their future

[*Text*]

Because there has been some misunderstanding about two important features of constitutional renewal, the government wishes to make its position clear once again. The first is the role of the Monarch and the Governor General. The government's view was and remains that the new constitution should describe the situation as it exists today in Canada, and the government is pleased that the provincial premiers expressed the same view during their meeting in Regina. Discussions are already in progress with provincial goverments to ensure that the legal drafting conforms to that intention. There is no intention to change or to reduce in any way the role Her Majesty plays.

Secondly, the government recognizes that the distribution of powers among federal and provincial governments is an essential part of the renewal of the constitution.

The government is prepared to begin the study of the distribution of powers at the same time as that of institutions and rights, and to give every aspect of the work a high and urgent priority. Discussions will begin at the meeting of First Ministers later this month.

However, the government believes that proposals on institutions and rights can be dealt with more rapidly than the distribution of powers, and that action on the former should not be held up if prolonged discussion is needed to settle the latter.

The public hearings of the Task Force on Canadian Unity have provided a valuable forum in which ideas could be brought forward and discussed. The government is therefore confident that the report of the Task Force will be an important contribution to the process of renewal.

[*Translation*]

In the course of the present session, the government will be introducing in Parliament a revised constitution bill. With goodwill and flexibility on all sides, and with the shape of Canada's future at stake, the government is confident that concrete progress will be achieved in the course of this session.

Neither renewal of the federation nor the maturity of our national structure can be considered complete until the achievement of an amending procedure permits our constitution to be vested finally and entirely in Canadian hands. In co-operation with the provinces, the government will again address itself to that question in the new session.

VI: *Social Responsibility and Openness of Government*

The government reaffirms its view that a renewal of faith in Canada requires an active and informed Canadian public.

It is therefore intended to continue consultations with business and labour, private interest groups, and other levels of government.

In addition, you will be asked to consider proposals to increase public access to government information.

In the further promotion of open and efficient government, a proposal will be placed before you to provide for the review by parliament of evaluations by the government of major programs.

You will also be asked to consider legislation to create a federal Ombudsman.

You will be asked to consider other legislative proposals.

Members of the House of Commons,

You will be asked to appropriate the funds required to carry on the services and expenditures authorized by parliament.

Honourable Members of the Senate,

Members of the House of Commons,

May divine Providence guide you in your deliberations.

* * *

HOUSE OF COMMONS

OATHS OF OFFICE

Right Hon. P. E. Trudeau (Prime Minister) moved for leave to introduce Bill C-1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

● (1552)

[*English*]

INTERNAL ECONOMY COMMISSION

Right Hon. P. E. Trudeau (Prime Minister) presented the following message from His Excellency the Governor General:

The Governor General transmits to the House of Commons a certified copy of an approved order in council appointing the hon. Allan Joseph MacEachen, the hon. Jean Chrétien, the hon. Judd Buchanan, and the hon. Robert Knight Andras, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of chapter H-9 of the Revised Statutes of Canada, 1970 intituled: An act respecting the House of Commons.

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. P. E. Trudeau (Prime Minister) moved:

That Charles Turner, Esq., member for the electoral district of London East, be appointed Deputy Chairman of committees of the whole House.

Motion agreed to.

APPOINTMENT OF ASSISTANT DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Chrétien):

That Mr. Denis Ethier, member for the riding of Glengarry-Prescott-Russell, be appointed Assistant Deputy Chairman of committees of the whole House.

Motion agreed to.

SPEECH FROM THE THRONE

[*English*]

ADDRESS IN REPLY, MOVED BY MRS. URSULA APPOLLONI AND SECONDED BY MR. RAYMOND SAVARD

The House proceeded to the consideration of the speech delivered by His Excellency the Governor General at the opening of the session.

Mrs. Ursula Appolloni (York South): Mr. Speaker, if I may, I will first make a little reference to the appreciation I feel for the presence of page girls in this august assembly. While I commend your wise decision in breaking with restrictive tradition, may I also express the hope that the presence of these young girls will herald the entry of many more women into active participation in the political life of our nation.

Some hon. Members: Hear, hear!

Mrs. Appolloni: Mr. Speaker, I would like to thank the Prime Minister (Mr. Trudeau) and his cabinet colleagues for the honour extended to the riding of York South in asking me, its representative, to move the Address in reply to the Speech from the Throne. I am well aware of the fact that this honour is given, not because of any particular merit on my part, but because of the very real interest that the Prime Minister has in the people of this section of Toronto.

Some hon. Members: Hear, hear!

Mrs. Appolloni: And York South is people, Mr. Speaker, and to describe them is to describe a vibrant and vital part of our Canadian community. Like myself, many of the people of York South were not born in Canada. They came here from various countries and from various cultures. I will not attempt to list them lest inadvertently I omit even one.

Their reasons for coming here were also varied: some came to escape the repressive tyrannies of dictatorial government; others came because their homes had been threatened or even destroyed by fratricidal strife; still others fled the terror of battlescarred Beirut while yet more were the victims of racism. For many, the reason was material, but all sought a measure of human dignity and individual freedom such as no other country in the world can possibly give.

Some hon. Members: Hear, hear!

Mrs. Appolloni: And as they observed the riches, both physical and spiritual, which Canada offered them they turned with fervent conviction to their adopted country and threw in their lot with her. In the short period in which I have had the honour of representing York South, more than 8,000 people have applied for and have been granted citizenship. All of the newcomers, Mr. Speaker, and the thousands who took that important step before them are Canadians by conviction and, like myself, humbly thank God that we are Canadians.

Some hon. Members: Hear, hear!

Mrs. Appolloni: Conscious as we are of our many blessings, it is little wonder that the people I have just described will regard with some dismay and even distress the present climate of dejection and even despair which appears to be the hallmark of our times.

The people of York South are realistic people. They know we are living in times of crisis when the consuming flames of simultaneous inflation and unemployment are being fanned by internal dissatisfaction and even threatened secession. Awesome problems indeed, Mr. Speaker, but not insurmountable ones.

But perhaps Canada's most insidious problem of all is persistent and destructive self-criticism. I do not refer to healthy and constructive criticism which is vital to a democracy in order to correct human error, to intensify human effort and urge human improvement, but to a paralyzing and corrosive denial of the good and to an obliteration of vision to which we can all aspire if only we have the courage and the determination to grasp our opportunities.

Instead of offering to the world an arsenal of hope, we continually magnify our own problems. Rather than generate self-confidence and the momentum to be gained therefrom, we bicker, taunt and castigate our fellow man and, in doing so, we not only discourage others but we discourage ourselves. And discouragement can become a way of life and ultimately a self-fulfilling prophecy. I believe that the men and women who can lift the world upward and onward are those who encourage more than criticize. In fact, I do not believe there is a statue in the world today erected to a critic.

What we need is a calm, rational diagnosis of our ailments and in a spirit of confidence, courage and determination prescribe and apply the remedies. These remedies must not and indeed cannot be applied by the doubting and the spiritless. As Andrew K. Boyd said, there are important cases in which the difference between half a heart and a whole heart makes the difference between signal defeat and a splendid

victory. And our victory over current problems will be splendid, Mr. Speaker, but to achieve it calls for the enthusiasm, co-operation and determination of every Canadian from every walk of life.

In this effort I would particularly appeal for the co-operation of the press, a word I shall use, like Aliksandr Solzhenitsyn, to include all media, and remind its members that the freedom to which they aspire and which I firmly believe is of paramount importance in a democracy will be worthless unless it goes hand in hand with responsibility.

● (1602)

At no time in history has the press had such power to inform, to educate, to influence. While the vast majority of its members accept this great power in a spirit of conscientious responsibility, there are a few who simply do not know how to report good news. Of these, Solzhenitsyn said:

There is no moral responsiblity for deformation or disproportion.

Would these people not do better to exhort harmony rather than incite discord? Is it not more fruitful to transmute despair into hope?

To return to the more concrete problems of our time, Mr. Speaker, undoubtedly the main concern of most Canadians is of an economic nature. People are deeply concerned about Canada's ability to provide employment for all who want it and, more particularly, for their children. At the same time it is imperative to protect the weaker members of our society who, despite the best will in the world, cannot work.

In this instance, I applaud the government's decision to increase the amount of family allowances for lower income families and also its commitment to augment the payment of guaranteed income supplement for our elderly citizens who have little or no income other than old age security payments.

For those who can work, the emphasis on job creation is especially welcome. That many of these jobs will be different from those of the past is yet another indication of Canada's response to the needs of a modern world. High technology industries demand special skills for which the labour market must be adequately prepared. I therefore applaud the government's foresight in providing for appropriate training, for boosting its job placement services and for ensuring needed labour market mobility.

Special reference to youth employment is particularly welcome. In at least one employment centre I visited in Toronto last week the government's interest in the problems of young people entering the labour market has already been translated into fact by the establishment of a special youth desk.

The sincerity of the government's search to combat regional and provincial alienation cannot be questioned, and its desire to achieve constitutional reform by continual consultation rather than by confrontation becomes a beacon to light the pilgrimage of all Canadians towards true national unity.

In the consultations on constitutional reform, I would express the hope of millions of Canadians that the proposed charter of rights and freedoms not overlook the most fundamental right of all—the right of life—thereby ensuring protection for the weakest members of society, the unborn human beings.

Some hon. Members: Hear, hear!

Mrs. Appolloni: Mr. Speaker, I look to Canada's future with serenity, with confidence but never complacency, and with passionate care. I believe in Canada's future, and to those who doubt I say: you do no service to your country!

What we need is fire, not dead embers. We need enthusiasm, not apathy. And we need faith, because, in the words of John Stuart Mill, one person with a belief is equal to a force of ninety-nine who have only interests.

It is in this spirit of belief that I move, seconded by the hon. member for Verdun (Mr. Savard), that the following Address be presented to His Excellency the Governor General of Canada:

To His Excellency the Right Honourable Jules Léger, Chancellor and Principal Companion of the Order of Canada, Chancellor and Commander of the Order of Military Merit, upon whom has been conferred the Canadian Force's Decoration, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

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

Some hon. Members: Hear, Hear!

[*Translation*]

Mr. Raymond Savard (Verdun): Mr. Speaker, it is an honour for me to support the motion moved by the hon. member for York South (Mrs. Appolloni). I am proud and I share this pride with the citizens of Verdun riding who showed their trust by electing me in May, 1977, as their federal spokesman. I have been a member of the House for a relatively short time and I wish to thank the Prime minister (Mr. Trudeau) for the confidence he has extended to me by asking me to support the motion for adoption of the Address in Reply to the Speech of the Throne. I also wish, at the outset of this session, to pay tribute to Mr. Speaker whose impartiality and perspicacity have so often contributed to enlighten our deliberations during the last session. I should like also to take this opportunity to thank my colleagues for the help and the support they have given me since my election to guide me in serving the citizens of Verdun to the best of my knowledge.

Since its foundation, the city of Verdun has always included—as a village and then as a city—two ethnic groups, one French-speaking and the other English-speaking. Two towers, connected by a façade featuring a large portal with raised portcullis to welcome visitors, symbolize the two groups living in perfect harmony, that is two towers for one castle. This fact gives meaning to Verdun's motto: *E viribus duorum*, which means through the strength of both. It stands as a symbol of steadfast and unwearied co-operation. The maple leaf that became our official national emblem since the adoption of the

Canadian flag is displayed in the centre of the flag, overlooking the fort . . . as if to suggest that a common ideal must supersede ethnic loyalties. Verdun has a past; it is said that happy people have no history. In fact, Verdun has lived in peace and has only a short unruffled domestic history.

Mr. Speaker, the present city of Verdun is located on a narrow strip between the St. Lawrence River and the canal of the Montreal Aqueduct which was built only in 1852. Nowadays, Verdun is densely populated even though municipal bylaws place a ban on buildings higher than three stories. Nun's Island has been recently allowed to build high-rise apartment buildings. While pursuing its peaceful development, Verdun has had a history which is not without interest. It might be compared to an honest middle-class housewife more interested in comfort and even inconspicuous luxury than money making pursuits.

Although hemmed in, it enjoys almost all urban amenities without their many inconveniences. Over its 100 years of existence, Verdun has managed to offer the possibly unique example of a town with a population of 200 that has expanded into a city of over 80,000. The average age of Verdun residents is about 35 years, which means I represent a large number of senior citizens, and as such I am pleased to support one of the proposals contained in the Speech from the Throne which provides people least able to fend for themselves with a better protection against inflation. It is essential to give all senior citizens living conditions consistent with their dignity and their integrity as human beings and help them retain as much as possible their personal independence physically, mentally and socially.

There is an old saying that you can judge the degree of civilization of a nation by the way it treats its elders. There are more senior citizens today than ever before and they live longer than in the past but without receiving the care or assistance from younger generations that was accorded to them in primitive societies. We live in a context where old is overlooked and youth is at a premium. This represents a problem as the number of elderly people is growing. Their authority becomes weaker, their role within the family and society is reduced, not to mention uncertainty of their economic situation, their loneliness, the inadequacy of the care which their physical condition may require. The role given by modern society to the aged is not to play any role at all.

● (1612)

When you ask people what they think about the elderly, very often they will give you these answers: tiredness, loneliness, misery, sickness, sadness and death. The aspiration of older people is continuity, that is expectation of such things as they are familiar with or any foreseen change that they will decide for themselves, if possible. Continuity in life is expressed by the location where you live, employment, family church, social circles, hobbies, personal care. Without that desire for continuity, the aged ask that society allow them to retain from life the picture they had of it in their youth. As every human being reflects his past, he claims the right to keep during his last years what he was and what he knew of the past.

Mr. Speaker, what strikes me very much is the sudden feelings of aging. All of a sudden, at 65, people grow old as if in an instant, after a ruthless rupture, they leave adulthood and become elderly. To sum it up, all ages are not a part of life. Attitudes toward old age almost suggest that old age is for other people only. One thing we should remember is that we will get old as we have lived, we are potentially elderly. Man loses his humanity when he expects structures to be more merciful than he is. Let us appropriate funds to invest into people rather than concrete, and we will thereby provide benefits for the elderly that are chronically ill.

Mr. Speaker, I would like to take this opportunity to commend the Minister for National Health and Welfare (Miss Bégin) for caring so much about the elderly. She recently announced a Bureau for the Golden Age, so that their voice could be heard. Every member in this House should look up to her as a symbol of determination and moral strength. Such an initiative will lead to more than one revolution, a fiscal revolution and a redistribution of public funds now involving $4.5 billion for old age security pensions, guaranteed income supplement and spouse benefits alone.

When we speak of the elderly, the phrase is "they" or "them', but in a few years out it will be "we" or "us". "We are always old to somebody else." The only thing that makes man grow old is his body, which constitutes an important medical problem, but it must be seen in a context which would recognize first of all that, like anyone else, an older person needs dignity, fulfilment, comfort, appreciation and most of all to be useful in one's own way according to one's own condition. Nevertheless it often happens that the older a person gets, the fewer friends he has because many of those he liked have died. To encourage older people to stay active and committed, the federal government has launched a program called "New Horizons" which grants money to older people who wish to develop new projects. New Horizons pays for facilities and equipment but does not offer a salary to older people. When this program was launched in 1972, the then minister of national health and welfare, the hon. John C. Munro, declared that he believed that participation in a mutual aid activity and others could suppress the obstacles which bring social isolation and a feeling of solitude among Canadians over 65.

More than half the projects subsidized by New Horizons deal with leisure centres for the aged. If those projects for which funds have been granted reflect the preoccupations of people who frequent these centres for the aged, which is probable, one reaches the conclusion that older men and women are mainly interested in sports and games, then in crafstmanship, leisure and cultural activities. The two main

problems facing older people are housing and health. Every time the question of housing for the aged arises, somebody comes along to say that this is a relatively new problem which did not exist before, when three or four generations used to live together under the same roof. That same person will probably go on to say that before the advent of urbanization and the nuclear family, senior citizens lived with their married children and grandchildren and kept busy on the farm almost until the end. Things were never that simple. As much in the time of Shakespeare's *King Lear* as in that of Zola's *La Terre*, according to De Beauvoir, history has shown time and again that old peasants forced by old age to make over their whole estate to their children ran the risk of being despised and often of being without the bare necessities.

Furthermore, as the Special Senate Committee on Aging also pointed out, even if many elderly couples are doing their best to have their home repaired before the husband retires, the fact is that their properties are generally very old and require much more maintenance than the average.

Since accidents are a major cause of incapacity among older people, they were advised by way of precaution to alter their homes so as to minimize the risks of getting hurt or falling, for example, by improving the lighting on staircases, installing a handrail in the bathroom, lowering their cupboards, and so on. Those recommendations are useful and well-meant no doubt, but unlike countries like Denmark where the government gives grants to that end, no Canadian government has yet offered to pay the cost of such improvements.

The Canada Works and Young Canada Works programs have clearly shown a great need for general helpers to provide those services but no specific program exists at this time to meet that need. One of the problems of homeowners which particularly affects widows and may explain the increasing popularity of condominiums among senior citizens is the difficulty in finding help for chores such as snow removal, lawn and garden maintenance and eavestrough cleaning.

Mr. Speaker, after serving my city for 15 years, I am very proud to have been able to obtain, with the help of the Verdun social clubs, the money required to accommodate 350 people in a home and 300 others in low-rent apartments. I am convinced that the residents of Verdun are very grateful for this. Canadian social welfare agencies already provide professional family helpers, but there are very few of them and they are used mostly to take over from hospitalized or over-worked mothers or to look after seriously ill senior citizens.

As all those who have looked into the plight of senior citizens in Canada over the last 20 years, including the Royal Commission on Health Services, the Senate Committee on Aging and many others, have concluded, every province and territory needs family helpers. These should be specially trained to lend a hand to delicate senior citizens a few days or a few hours a week, if need be, in house cleaning, shopping and cooking. This service, as well as meals-on-wheels for all those who cannot cook for themselves, would enable elderly people to remain independent and to keep on living in their own homes.

These studies also listed other important services, such as contact programs—to identify those who are confined at home—information and reference services—to inform senior citizens about community resources and government programs—telephone services for distress centres, amicable contacts, special teams to help out in house cleaning, men and women for general chores and special transportation services. However, the provincial home care services as provided by visiting nurses, doctors, speech therapists, rehabilitation specialists, dentists and chiropodists are still inadequate as far as answering the needs of the elderly people who are too weak. The Victorian Order of Nurses and many other hygienists work with elderly people in all parts of Canada but here again as in the case of family help, the services are inadequate and mainly reserved for the seriously ill people.

Another factor contributing to the inefficiency of services is that social and health services are almost always independent from one another and as a result their efforts show a total lack of co-ordination. Besides the weak elderly people who live alone, there is another group which suffers from the lack of co-ordination between social and home care services: the families—particularly wives, daughters and daughters-in-law—with whom these weak or sick elderly people stay. Many elderly people are sent to rest homes not because their family does not like them or does not want them, but because the family does not get the trust and the support it needs to be able to take care of them.

Many older women who care for their sick husbands admit that they are terrified at the prospect of a misfortune because in such a case they would have no one to rely upon. Quite often, these women are exhausted because they never have a holiday or time off. In its report, the federal-provincial task force on public health recommended that governments provide special services to spouses and families who look after senior citizens. One such form of support would be short periodic stays in a nursing home or occasional homemaking services.

The task force also recommended that allowances be granted to these families to enable them to set up ramps for wheelchairs in their house for instance or to build small semi-detached apartments. In conclusion, Mr. Speaker, I would like to tell our dynamic leader, the Prime Minister, that we have confidence in him and in the measures proposed in the Speech from the Throne which reflects the ideology of our party and enables our government to satisfy the needs of the people in the most deserving areas. Therefore I take pleasure in seconding the motion of my colleague the hon. member for York-South (Mrs. Appolloni) and proposing its adoption.

Some hon. Members: Hear, hear!

● (1622)

[*English*]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I will have more to say about this speech tomorrow—

[*Translation*]

—but for the time being—

[*English*]

On motion of Mr. Clark the debate was adjourned.

On motion of Mr. Trudeau the House adjourned at 4.28 p.m.

HOUSE OF COMMONS

Thursday, October 12, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

REQUEST FOR PARLIAMENTARY INVESTIGATION INTO OPERATION—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, under the provisions of Standing Order 43, I would like to raise a matter of extreme urgency and pressing necessity. In view of the fact that the Post Office management and the Canadian Union of Postal Workers are now in an absolute state of confrontation, as witnessed by the newspaper advertisements of yesterday, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government move immediately to establish a parliamentary investigation of the deepening crisis in the Post Office, with authority to report back to parliament at the earliest possible date with solutions.

Mr. Speaker: The presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

BUSINESS OF THE HOUSE

SUGGESTED EARLY TERMINATION OF THRONE SPEECH DEBATE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a motion under the provisions of Standing Order 43. In light of the answer the Prime Minister (Mr. Trudeau) gave in the House about terminating the throne speech debate at an early date to get on with economic measures, I hope that not only the government but the official opposition will agree with this motion. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls on the government, after consultation with the House leaders of all parties, to arrange for the early termination of the debate on the Address in Reply to the Speech from the Throne, so that the House can consider economic measures which the government should now introduce to stimulate production and achieve economic growth.

Mr. Speaker: The presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

ECONOMY OF MANITOBA—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity. As the Conference Board in Canada predicted a year ago that the Manitoba economy would experience difficulty in 1978 because of poor economic performance in the first three quarters of 1977, the NDP era, whereas the 6,000 manufacturing jobs lost in the final year of the NDP government have been regained, and whereas employment in Manitoba grew to three times the average job creation of the previous four years under the NDP, and whereas, if the NDP record had been maintained in 1978—

Mr. Speaker: Order, please. I am sure the hon. member would want to relate his motion to a matter which is within the competence of this parliament.

Mr. McKenzie: —I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House urge the NDP to consider eight years of NDP economic mismanagement before criticizing the record of the Lyon government.

* * *

FORESTRY

PROPOSED CLOSING OF LABORATORIES—MOTION UNDER S.O. 43

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise, on a matter of urgent necessity, to seek the consent of the House under Standing Order 43. In light of the fact that among the budget cuts, announced September 8 by the President of the Treasury Board, were included the closing of the Petawawa forest experiment station, the forest products laboratory in Ottawa and several important small forest stations across the country, in light of the increased interest in forestry research at a time of energy shortages and the pressing need for new sources of renewable energy, and in view of the fact that the closing of these forestry stations will mean the loss of hundreds

of talented research experts, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House condemn the government's action in closing these forestry stations and instruct the ministry of the environment to rescind the budget cuts that have led to their closing.

Mr. Speaker: Presentation of such a motion for debate at this time, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

FUNDING OF CANFARM—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In light of the fact that farmers in my riding of Brant—and, indeed, across Canada—have come to depend on Canfarm for farm management services that are vital to their farming operations, in light of the fact that farmers across Canada have indicated their willingness to pay fees up to five times higher than at present for these services, and in light of the fact that the federal government has made a considerable investment in Canfarm over the past 12 years, making it one of the best farm management programs in the world, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That the Minister of Agriculture be instructed to continue funding Canfarm or, failing that, to maintain Canfarm's services at least until a suitable private or public institution is found to take over its operation.

Mr. Speaker: The introduction of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

FORECASTS OF GROWTH—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the statement made by the Minister of Industry, Trade and Commerce on November 9, 1977, at Winnipeg, that "we are on the threshold of tremendous growth", and in view of the fact that on October 4, 1978, in a speech at Sarnia to the Chemical Institute of Canada, the minister stated that "the Canadian economy is entering a period of stable growth", I move, seconded by the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty):

That this honourable House request the minister to clarify his economic predictions and to advise the House whether or not his two views can be reconciled, and whether he now believes that we are on the threshold of tremendously stable growth or entering a period of stable tremendous growth, since many economic forecasters cannot proceed with their forecasts until this apparent discrepancy is accounted for.

* * *

VETERANS AFFAIRS

INTRODUCTION OF AMENDMENTS TO LEGISLATION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, because of the serious omission from the Speech from the Throne of any reference to Canada's veterans or their survivors, I ask leave to present a motion under Standing Order 43. I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House calls on the Minister of Veterans Affairs to introduce at an early date the amendments to the War Veterans Allowance Act which were promised during the last session, and also to introduce an amendment to the Pension Act to provide for pro rata pensions for widows of disabled veterans where the disability of the veteran was assessed below 48 per cent, it being clearly recognized that these measures would be dealt with very quickly by this House of Commons.

Mr. Speaker: The presentation of such a motion for discussion at this time, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1412)

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

EFFECT OF DEVALUED CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. In view of the fact that we have lost $4.7 billion of foreign exchange in the recent past, at the rate of $390 million a month which has been flowing out since the minister took office, would he indicate if he anticipates that we in Canada will have to go to still higher interest rates, bearing in mind the unemployment in the country and in view of the fact that the American prime rates are now on the way up again, with Chase Manhattan increasing its rate to 10 per cent prime this morning?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not want to speculate on the monetary policies of the

governor of the bank. When some change is made, we will make an announcement publicly after the market is closed. No such decision is being made at this time.

Mr. Stevens: Mr. Speaker, my next question does not deal with any speculation. Is the Minister of Finance aware that the 1.5 billion Deutschmark loan which he arranged last May would cost $136 million Canadian more to repay if it were to be repaid today? Is he making any allowance for this type of eventuality, bearing in mind that we borrowed less than $800 million from the Germans and we would now have to repay them $936 million to make complete repayment, plus interest, on their loan?

Mr. Chrétien: Mr. Speaker, when we borrowed from Germany we knew we had to make some provision for the level of exchange fluctuation. Of course, the money we borrowed there was at a much lower interest rate than other money available in the market. I am not about to speculate on the level of the Canadian dollar at the time we have to repay the loan.

Mr. Stevens: Mr. Speaker, as the minister probably knows, if the loan were repaid today, capital appreciation alone would be 18 per cent in five months. The government tends to support the wobbly, cheap dollar; it tells us that it has a tremendous effect on our exports. Is the minister aware, in terms of the Japanese yen, which is now almost 90 per cent more in value than that of the Canadian dollar only two years ago, that this means the Japanese can now buy our raw resources at approximately half the price they used to pay? They manufacture them and then export them back to us.

Mr. Speaker: Order.

Some hon. Members: Order.

Mr. Stevens: Is he aware of this? Is he aware of the fact that Mitsubishi Petrochemical Limited, the thirty-seventh largest company in Canada, employs only 98 Canadians today?

Mr. Speaker: Order. The hon. member for St. John's West.

FORECAST OF 1978 TRADE BALANCE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, on September 28 the Minister of Finance predicted that Canada's trade surplus this year would be $4 billion, and on September 29, when he revealed that our surplus for August was only $186 million, the Canadian dollar declined sharply because the experts felt deceived by the minister's statement. The Minister of Industry, Trade and Commerce predicted a trade surplus of $5 billion this year. Of course, no one pays much attention to his predictions.

My question to the minister is, could he now give the government's considered, best estimate of the likely merchandise trade balance for 1978, keeping in mind that for the first eight months of this year the surplus was $2,084 million which, continued for the rest of the year, would only give us a surplus of $3.1 billion? Can the minister give us the official estimate of the merchandise trade surplus, so that the Canadian dollar will not suffer any longer because of ministerial lack of credibility?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have said that at the time of my budget I will review the forecast which we made some time ago. However, I should like to tell the House of Commons that I am convinced the surplus in trade this year will be at a record level. Last year we had $2.9 billion. It will be substantially more than that this year: it will be a record year.

Some hon. Members: Hear, hear!

Mr. Crosbie: Does the minister still stick to his prediction of June 1, as taken from *Hansard,* that we had a trade surplus of $3 billion last year and, if the present trend continues, the surplus could be $5 billion this year? Is he still sticking to that? Could he explain how, during the last three months of this year—that is, June, July and August—our trade surplus totalled only $101 million, whereas for the same period last year it totalled $542 million?

• (1417)

In view of these alarming results, how can he justify an estimate of up to $5 billion for the merchandise trade surplus this year, particularly in view of the result of the last three months?

Mr. Chrétien: I did not say it would be $5 billion, Mr. Speaker. I said that if the trend remained the same—and, obviously, during the last three months it was not the same—for the over-all year we would have a trade surplus higher than last year and it would be at a record level. I hope the hon. member will recognize that good performance. In fact, Mr. Speaker, in passing let me say that the Canadian dollar, being somewhat weaker, has been of very much help to the fishermen of Newfoundland.

Mr. Crosbie: Mr. Speaker, in view of the fact that the dollar is now trading at just over 84 cents, which is far below what the Minister of Industry, Trade and Commerce said the dollar should be trading at—he said par should be 90 cents—would the minister tell us what is, in fact, the policy of the government? Is it that the dollar should be 90 cents, should par be 90 cents, should it be 84 cents, or 80 cents? What is the minister's policy?

[*Translation*]

Mr. Chrétien: Mr. Speaker, perhaps for the hundredth time since I am the minister, I must say that the policy of the government is to let the Canadian dollar float. The level of the dollar is determined by the market and the Bank of Canada intervenes only to maintain an orderly market.

[*English*]

LOSS OF JOBS RESULTING FROM GOVERNMENT CUTBACKS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. On Tuesday, I asked the right hon. Prime Minister if he would confirm that an assessment had been made by the government in respect of employment consequences as a result of the more than $2.5 billion in cutbacks announced by the governement. I asked whether he would confirm that the assessment indicated there would be a net loss of something like 100,000 jobs to the economy. As usual, he did not answer.

I ask the minister, considering that Informetrica Limited, an economic consulting firm in Ottawa used frequently by the federal government, produced a report today which points out that there will, indeed, be 94,000 jobs lost as a result of the government's cutbacks, is there a federal government assessment showing similar results; and, if so, would he table it?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not aware of such a study by the government. If you take those cuts separately, of course you can come to such conclusions but on the other hand we think that with a budget which relates more closely to the means of the federal government, we will be in better position to create a climate of confidence in the Canadian economy. Of course, if the climate improves in Canada there will certainly be more than a mere replacement of jobs by new activities in the private sector.

[*English*]

Mr. Broadbent: Mr. Speaker, I cannot believe I understood correctly what the minister just said. Is he saying we will create economic confidence in the country by a policy that results in 100,000 more unemployed Canadians? Is that what he just said? In relation to that, I would ask the minister to make it perfectly clear that he is saying, as the Minister of Finance, he is unaware of an assessment being done by his own department on the consequences to the economy of a cut of $2.5 billion from the economy. Is he unaware of any study being done showing those consequences?

Mr. Chrétien: Mr. Speaker, certainly I am aware of the consequences. We decided it is extremely important to create a proper economic climate in Canada and that we should show some restraint in the public sector. This was discussed at the first ministers' meeting in February and we, including the Premier of Saskatchewan, decided collectively that we must have more room in the Canadian economy in order to create the proper climate in which to have better growth created by the private sector. I do not believe all jobs in Canada should have to be created by the public sector.

Mr. Broadbent: As usual, Mr. Speaker, this incompetent Minister of Finance does not answer the question, but goes off on a tangent. He should publicly apologize, in fact, to Premier Blakeney, who said—

Mr. Speaker: Order, please. Does the hon. member have a final supplementary question?

• (1422)

Mr. Broadbent: Mr. Speaker, I will deal with that matter later today in the debate. My final question to the Minister of Finance is, if he had no assessments made about the consequences of the $2.5 billion cutback to the economy, could he tell us, since 17 independent forecasters have suggested that unemployment next year will remain in the neighbourhood of 9 per cent, if his department has done a study to indicate whether the 17 independent forecasters are correct? Does the government expect a 9 per cent rate of unemployment? If they have such studies, will they do for us what other governments around the world did a long time ago, that is, table the studies so we can consider them?

Mr. Chrétien: Mr. Speaker, I will deal with this problem in my budget speech in four weeks.

* * *

[*Translation*]

AGRICULTURE

HEAVY RAINS IN NORTHWESTERN QUEBEC—INQUIRY WHETHER PRODUCERS WILL BE COMPENSATED FOR CROP DAMAGE

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, considering the problems derived from the economic climate I think we could also touch on problems due to the natural climate through a question directed to the Minister of Agriculture.

Throughout the summer, we had very bad weather and a lot of rain in northwestern Quebec and northern Ontario. Following the discussions I had with the Minister of the Environment concerning studies on artificial rain falls, farmer groups from northwestern Quebec are asking the Minister of Agriculture whether farmers should not be compensated for the loss of production due to rainfalls in their area. Is the minister aware of that request? What does he intend to do?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware that unless requests come from the provinces in which the producers are located, we will not act. In this case, I would think all their crops would be covered by the crop insurance which is available to them. If crop insurance was available to them and they did not take advantage of it, there is no way in which the government would be involved in any form of compensation to them.

[*Translation*]

Mr. Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary to the minister.

Is the minister aware of the problem? Has he received representations from the APU? If so, what studies are now being made with a view to meeting the request of the APU?

[*English*]

Mr. Whelan: Mr. Speaker, I am not aware of any representation, unless it has come in the last few days.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

BUDGETARY REDUCTIONS—RESPONSIBILITY OF PROVINCES

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration, who, a while ago, announced cuts of some $580 million in the unemployment insurance budget, adding that those cuts would have little effect on the provinces.

As we heard yesterday that, as a result of those cuts, British Columbia would have to pay $105 million in welfare; Ontario, $15 million; Newfoundland, $44 million, not to mention Quebec which will probably have to spend $75 million, can the minister tell the House how it is that, when he announced his reductions he did not have those figures at hand or, to say the least, had not advised the provinces that because of reductions they would have to shoulder those heavy financial burdens?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the ministers whom I met yesterday concurred with the report that we presented to them. It showed the impact we anticipated the cuts would have on their welfare programs, which were significantly below their worst concerns.

Secondly, in their approach they were throwing everything into the hopper and indicating that this would create an impact on welfare, that people moving from unemployment insurance programs would automatically go to welfare. That, of course, is not in accordance with the facts. But because of their concerns and because of the very fruitful meeting we had yesterday, we are establishing a joint federal-provincial committee to look at the impact as seen from the view of the provinces and the federal government, always remembering that any impact on the welfare program is borne to the extent of 50 per cent by the federal government, in any event, under the Canada Assistance Plan.

[*Translation*]

Mr. La Salle: Mr. Speaker, the minister says that costs will be shared. The provinces will still be left with the short end of the stick with this measure.

As there is unanimous concern among the provinces over the amendments to the act, can the minister give his commitment, here in the House—I am not asking the Prime Minister because I doubt that I would get an answer—but could the minister give his word that no amendment or change will be implemented until there has been a real discussion with all provincial ministers? Afterwards, I think that he could table the bill in the House.

● (1427)

[*English*]

Mr. Cullen: Mr. Speaker, immediately following the announcement, arrangements were made for a meeting of deputy ministers of the departments concerned. They met in early October. Some of the fears expressed earlier were allayed at that time, and we dealt yesterday with the remaining issues. The primary concern was the impact of the changes we are announcing; that is why we have set up this committee. I think the provinces were satisfied with that approach.

To suggest we could get unanimity of opinion, or approval, from them is not quite possible because ministers from Newfoundland have very different concerns and views about Canada Works than, let us say, ministers, from Alberta or Manitoba. Therefore, obtaining unanimity is very difficult. What we want to do, as well as we can, is allay the fears that have been expressed.

SAVINGS EFFECTED THROUGH PROGRAM CHANGES

Mr. Jake Epp (Provencher): Mr. Speaker, my supplementary question is to the same minister. In its economic statement, the government claimed that the tightening up of the unemployment insurance regulations would result in savings in the order of $580 million, and that would rise to some $700 million or $900 million by fiscal year 1980-81.

What are the revised savings figures, in view of the changes in the unemployment insurance scheme to which the minister has agreed with the provinces?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I think the press reports have been somewhat erroneous. We indicated yesterday the changes we had contemplated and the impact we believed they would have. Also, we indicated, as a result of the excellent representations I had from Liberal colleagues in the Atlantic provinces, that without disturbing the thrust of the legislation we were prepared to see that it has less impact in those particular areas. I discussed that matter with my Atlantic colleagues. They are not totally satisfied, even yet, and we will probably have a battle there. The changes we will make will still, I think, keep us within the ballpark figure we are looking at for savings under the UI program, making it a better and more credible program.

Mr. Epp: Mr. Speaker, I should like to direct my supplementary question to the Minister of Finance. The government's credibility rests on the fact that the government will cut spending. Those announcements were made during the summer. In view of the changes just announced by the Minister of Employment and Immigration, where will the govern-

ment make up the shortfall in announced savings; or have the government's projected savings been reduced?

Mr. Cullen: Mr. Speaker, the hon. member directed the original question to me and I indicated to him that we would still be in the ballpark. Ministers and members of our caucus felt we could place better emphasis in other areas and make the changes more equitable. I have agreed to do that, provided we are able to maintain the savings from the cuts.

* * *

[*Translation*]

INDUSTRY

REQUEST FOR PROGRESS REPORT ON NEGOTIATIONS WITH GENERAL MOTORS ON PLANT IN QUEBEC

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Could the minister tell the House at what stage the negotiations are between the federal government and General Motors on the establishment of a plant in the province of Quebec?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, my department is carrying on talks with General Motors. They may still build more than one plant in Canada, and one of those plants may well be in the province of Quebec. They have denied the rumours coming out of a Washington report that they will not build in Quebec. They have denied that rumour, and are still considering building in Quebec.

[*Translation*]

Mr. Grafftey: Mr. Speaker, I would like to ask a supplementary question. Given the statements made by General Motors, could the minister tell the House whether or not this company is going to build such a plant in the province of Quebec? If not, would he say that the federal government will do everything possible to have General Motors build such a plant in the province of Quebec?

[*English*]

Mr. Horner: Mr. Speaker, if I could inform the House of that, I would gladly do it; but, as I say, negotiations are still going on. When they are successfully concluded, I shall be glad to inform the House.

* * *

FINANCE

METHOD OF PAYING LOTO CANADA WINNERS

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question follows one asked by my colleague, the hon. member for York-Simcoe, and I address it to the Minister of Finance. In view of the fact that the minister has been accusing anybody and everybody of undermining the Canadian dollar, except perhaps himself and this government, I wonder if he is aware that a government agency, namely, Loto Canada, is advertising their Halloween draw to be paid in gold, rather than Canadian dollars. Does the minister not feel that this, in itself, is damaging to the confidence of our dollar—not only here but, more importantly, abroad?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am very sorry that the hon. member does not want us to help the mining industry in Canada.

• (1432)

Mr. Jelinek: Mr. Speaker, I should not be surprised at the minister making a joke of a situation as important as this.

Some hon. Members: Oh, oh!

Mr. Jelinek: Notwithstanding the minister's answer, the fact remains that the position this government has taken has become the laughing stock of the New York money market.

Mr. Speaker: Order, please. Does the hon. member have a question?

Some hon. Members: No.

Mr. Jelinek: I wonder if he is prepared at this time to help the dollar in this respect, by consulting his colleague who is responsible for Loto Canada in order to rectify this embarrassing monetary situation.

* * *

TRADE

ECONOMIC BOYCOTTS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. During the parliamentary recess his colleagues, the Minister of National Defence and the Secretary of State, announced at a hastily-called press conference that the government would introduce economic boycott legislation. From the details they gave, it appears the legislation will do little more than place in statute form the statistical gathering exercise which the minister's department has undertaken.

Will the minister tell this House whether the legislation will have in it a prohibition on the supply of information regarding the racial origin, religion, colour and political affiliations of Canadian citizens and/or the officers, directors and employees of a Canadian corporation involved in international commercial transactions?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, with regard to the proposed legislation, lengthy discussions took place between officials of my department and cabinet ministers with the Canada-Israel committee. They are satisfied the legislation that we will be

putting before the House will answer their concerns. I am sure that when it is ready to be tabled in the House, the hon. member will be able to determine whether it will allay his worry.

Mr. Kempling: Mr. Speaker, can the minister tell us why he instructed the Export Development Corporation not to appear before a committee of the Ontario legislature which is considering economic boycott legislation? Will he now instruct them to go before that committee, or is he afraid to expose the weak and ineffective boycott regulations he has in place right now?

Mr. Horner: Mr. Speaker, I have repeatedly said that the Export Development Corporation is of tremendous benefit to our trade and our exports. I want to continue trading with Israel and the Middle East countries.

* * *

PUBLIC SERVICE

REDUCTION OF PERSONNEL—EFFECT ON SERVICE TO PUBLIC

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is for the President of the Treasury Board in his capacity as the minister responsible for public service personnel management. I would like to know if it is possible, over the next three years, to operate the Government of Canada and give the services legislated by this House to the people of Canada, with a total hiring freeze in the public service and a reduction of 60,000 public servants.

An hon. Member: Hypothetical.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I hear the suggestion that it is hypothetical—

An hon. Member: Highly hypothetical.

Mr. Andras: I think it should be conveyed to the Leader of the Opposition that it is, in fact, hypothetical. I would not consider that to be a very wise measure to take. It is a generalization—

An hon. Member: Too late.

Mr. Andras: We announced recently that we estimate there will be a reduction of some 5,000 authorized positions in the federal public service as a result of the expenditure reductions. That was a result, not an objective, of the exercise. It came about by identifying the programs we were modifying and/or eliminating the positions that accompanied them. Anyone who suggests that kind of global reduction of 60,000—

Some hon. Members: Order.

Mr. Andras: —should add to his suggestion how he would accomplish this and what services would be prevented or damaged.

Some hon. Members: Hear, hear!

REDUCTION OF PERSONNEL—REQUEST POLICY BE RECONSIDERED

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the President of the Treasury Board. In view of the minister's recent announcement that 5,000 public servants will lose their jobs as a result of government cutbacks, and that most of these lay-offs will occur in the Ottawa area which already has some 30,000 people out of work, will the minister now reconsider this policy and, indeed, abandon it? It is a policy which surpasses the disastrous Inco layoffs of a few months ago.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member has misinterpreted the announcement, perhaps inadvertently. We say that there will be a reduction of 5,000 authorized man-years in authorized positions in the public service as a result of the expenditure changes and modifications. It does not necessarily follow that individuals in those jobs now will be without jobs, because there is an attrition factor in the remainder of the still very sizeable public service, which requires recruitment all the time.

Mr. Symes: Mr. Speaker, I do not think the minister can have it both ways. Either he has to give an unequivocal guarantee that those people will still have jobs, or he has to admit that the lay-offs are real. I would like to direct a supplementary question to the minister, in the absence of the minister of the environment, because it comes under the same cutback policies. In view of the decision of the minister of the environment to close the Petawawa forestry experimental station, with the loss of 68 jobs, including those of some world-renowned scientists, and the plan to transfer government laboratories to the private sector, will the minister urge his colleague to reverse this decision, in light of the fact that Canada's forest industry needs the expertise and the broad range of research carried out by government laboratories, research which is not done by private laboratories with their narrow interests?

Mr. Andras: Mr. Speaker, I am sure the minister of the environment will read *Hansard* tomorrow and note the hon. member's comments.

* * *

FINANCE

EQUALIZATION PAYMENTS—PROVINCIAL AGREEMENT TO CHANGES IN PROGRAM

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Finance: it concerns the proposed changes to equalization payments which the minister announced on September 8. In that the equalization program is a social contract among 11 governments, it is therefore a fiscal program unlike any other fiscal program that exists in this country in the way it exemplifies the true federal nature of this country.

Will the minister tell the House whether he had agreement of the other ten participants to make changes to this program prior to the time that he announced his intention to further aggravate regional disparity in this country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we said in August that we wanted to reduce the contribution we are making to the provinces. In transfer payments we are transferring more than $10 billion to the provinces. We are trying to reduce the gross by $370 million. We informed the provinces that we want to negotiate that kind of cut with them. There was a meeting at the level of deputy ministers.

In my travelling, visiting the various ministers of finance, we will discuss this matter, and we will discuss it further at the meeting in November. We have not said specifically that we would cut this program or that program. We have said that no program will be completely exempted.

Miss MacDonald: Mr. Speaker, the minister said, on September 8, that the cuts would take place in programs such as equalization. I would like to ask the minister if he is telling us that he is, indeed, willing to reconsider his unilateral decision to make reductions to equalization payments. This is a program which has the support not only of the recipient provinces but of those provinces which contribute the most to equalization.

Mr. Chrétien: Mr. Speaker, in my statement I said that we were to discuss that with the provinces. It is one of the topics to be discussed. We are not planning to abolish the program of equalization payments. It is a very important program which we established some years ago. We are planning to carry on with it. From time to time we will review the programs and adjust them. Any adjustments will be discussed with the provinces.

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EXTERNAL AFFAIRS

CANADA-U.S. NEGOTIATIONS ON FISHERIES' BOUNDARY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the fact that 140 days have elapsed since June 2, the day on which Canada and the United States closed their waters to each other's fishermen, and since there are valuable fisheries and hydrocarbons on Georges Bank, the loss of which would seriously affect the economy of Atlantic Canada, can the minister indicate whether any agreement on an international boundary in this area has been reached? If not, will he briefly inform the House of the present status of negotiations between our two countries?

● (1442)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, it is quite difficult, as the hon. member appreciates, to do this briefly in the oral question period. The talks are going amicably but, I fear, not rapidly. In other words, there is an enormous number of very complex subjects involved, particularly as these relate to the allocation of fish stocks between the two countries. What we decided—and by "we", I mean Secretary of State Vance and myself—in New York two weeks ago was to continue the mandate of our negotiators for a further period, with a view, first of all, to seeing how many of the issues still unresolved can be settled by negotiation, and also to look at the possibilities—I should add, by the way, in consultation with fishing interests and the provinces on both coasts—of referring some of the issues that are still unresolved to arbitration. This would also involve, of course, determining what form that arbitration should take.

I think I can best conclude by re-emphasizing what I have said. There is no ill feeling involved. There is a genuine recognition on both sides of the complexity of the issue and an anxiety to ensure that all parties, including fishing interests in both countries, the provinces and the states, are all fully involved and fully advised of the direction the talks are taking. As soon as there is something more specific, I will be more than pleased to let the House know.

Mr. Crouse: In view of the fact that one of the negotiators, Mr. Cadieux, has been assigned other responsibilities, can the minister indicate whether this will have any effect on our future negotiations?

Mr. Jamieson: No, Mr. Speaker, it will not—not in the immediate future, in any event. If the talks were to proceed beyond a matter of a few months, then it might very well do so. However, the arrangements for his new assignment took into account the possibility that he would continue to be involved in these negotiations. I would hope that by the end of the year, let us say, if not before, we will at least have the framework for further progress in identifying those issues which can be negotiated and, most important perhaps, trying to put into place an interim arrangement in the event that we have to go to international arbitration or something of that sort on the larger questions of great complexity.

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NATIONAL DEFENCE

ARMED FORCES RECRUITING PROGRAM

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of National Defence. It concerns the current armed forces recruiting program and the costly series of television advertisements which the minister's department has been airing.

In view of the fact that during fiscal year 1976-1977 the armed forces accepted only one of every ten applicants, and only one out of every 25 contacts, and considering that during this time of high unemployment many interested men and women have been applying to the armed forces through the normal recruiting program, can the minister tell the House how much this current advertising campaign is costing for every recruit actually enrolled in the armed forces? Can he

also tell us why, at a time of announced cutbacks, this costly program should be undertaken at all, considering that so many highly-motivated job-seekers commit themselves to the recruitment process only to be turned down later after a long and expensive process?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the advertising program was, of course, contracted for long before the current cutbacks. Nevertheless, it does give us an opportunity to be highly selective. We have always had a high proportion of people applying for service in our armed forces because of the excellent reputation they have, the excellent training young men and women receive and the excellent career opportunities they have. This means we are able to be more selective.

We are increasing the number of people in the forces over-all. It is true that attrition, at the same time, has been reduced. We will, however, have in future years a need for more people. We want to maintain that interest among them and maintain the high standards which we presently have so that we can be selective and get the very best people.

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UNEMPLOYMENT INSURANCE ACT

REQUEST FOR TABLING OF CORRESPONDENCE WITH PROVINCES

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is for the Minister of Employment and Immigration: it is supplementary to questions asked earlier. In view of yesterday's press reports, can the minister confirm that all provincial premiers are opposed to changes in the Unemployment Insurance Act, particularly in light of their position at the first ministers' conference last winter? If so, will he table any correspondence he has had with the premiers on this matter.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the provincial ministers who were present yesterday expressed support for the changes we were making to this program. They did, however, express some concern about some of the sections, and the impact. However, the general thrust of the so-called tightening up of unemployment insurance, I think, won the support of those who were there yesterday. Some ministers were not there: the minister from Saskatchewan was not there. I certainly would not want to speak for his position, because I think the NDP have indicated they do not favour this tightening up procedure.

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REGIONAL ECONOMIC EXPANSION

INCENTIVES TO REOPEN LINERBOARD MILL AT STEPHENVILLE, NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In view of the rather unusual interest the government has been demonstrating as of late in the linerboard mill at Stephenville, is the minister prepared to be more specific with the House than he was with the people of Stephenville, when he was there last month, with respect to providing some kind of industrial incentives to prospective entrepreneurs who are prepared to enter into agreement with the government of Newfoundland to open up that plant and provide 500 badly needed jobs in that area?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, of course I could be very specific. However I would like to add that the hon. member must admit we have always been interested in the activity of the linerboard mill at Stephenville and, particularly in the last few months, we have received at least verbal if not written proposals from companies in the pulp and paper sector which might be interested in purchasing these facilities. So we are waiting. Negotiations have now been initiated and I trust that in the next few weeks we will receive firm proposals from at least two companies. Together with the province of Newfoundland and Labrador, we will then be able to determine seriously which one of these proposals would be the most acceptable and most likely to lead to a successful operation for many years to come and by doing so, to protect jobs that will be created again.

[*English*]

Mr. McGrath: Considering the fact that the minister's department has shown no interest whatsoever, to this point, in the linerboard mill and the full load has been carried by the people and government of Newfoundland, and in view of the fact that as of this day negotiations are going on with the consortium to take over, or at least operate the mill, is the government prepared to make an offer to the government of Newfoundland or the consortium with regard to a specific industrial incentives grant in order to get that mill operational as soon as possible?

Mr. Lessard: Yes, Mr. Speaker, we have indicated our interest and sympathy to investigate and support, if justified, a proposal that we might receive from a potential buyer of that mill. We have indicated our willingness to enter into negotiation and, possibly, assist financially in order to again get this mill operational.

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THE CANADIAN ECONOMY

INTERVENTION OF IMF TO BOLSTER VALUE OF CANADIAN DOLLAR

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of Finance: it concerns the continuous decline of the Canadian dollar. At this point, do the minister and the government deem it expedient or desirable to ask for the intervention or involvement of the International

Monetary Fund? Has the government decided to what level the dollar should be allowed to float before such intervention is sought? Indeed, have discussions been held with the International Monetary Fund with regard to possible support?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there has been no such discussion with the IMF. I was in Washington, and I met with the officials there. There was no suggestion that Canada should be forced to go to the IMF. We have a lot of credit available to be gained.

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ENVIRONMENTAL AFFAIRS

WITHDRAWAL OF WEATHER SHIPS' SERVICE ON WEST COAST

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in the absence of the minister of the environment, I will address my question to the President of the Treasury Board. It refers to the decision to withdraw weather ships off the west coast. I ask the President of the Treasury Board whether safety at sea was fully evaluated as one of the criteria used in deciding whether those weather ships should be withdrawn. At the same time, can he tell us what other alternatives were considered before that decision was taken, such as closing regional offices in the atmospheric services?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the elimination of the two Pacific weather ships was based on information that the replacement technology would be in place and would be totally satisfactory. There are discussions with regard to a thorough examination of that situation. I can assure the hon. member that before a final action or a decision is taken we will have satisfied ourselves as to that safety factor being in place. If it is not there, we will reconsider the situation.

● (1452)

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my information is that the technology for unmanned buoys at sea is not ready and will not be ready for three or four years. In view of the fact that notices have already been served on the crews of those weather ships, can the minister tell me for sure whether that decision has been taken? It looks very much as though it has, and I wonder whether alternative sources of savings have been considered. There are regional offices there which are not operational: they are line offices and merely post offices between the operating end and—

Mr. Speaker: Order.

Mr. Andras: Mr. Speaker, I find the final comment of the hon. member very constructive and interesting and I shall examine the possibility of whether or not there is a requirement for alternative savings to be sought. However, as to the Pacific weather ships, I think if the hon. member reads again in *Hansard* what I said, it will confirm that that decision is being examined because of the absolute importance of providing safety measures to the people concerned.

* * *

AGRICULTURE

WITHDRAWAL OF CANFARM SERVICES

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture: it relates to the decision of the government to withdraw completely financial support from Canfarm services. What progress has been made by the government to date to ensure the continuation of this service to some 20,000 or 25,000 Canadian farmers by some other method or perhaps by some private firm?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware that there have been meetings with farm organizations in Canada, with banks which use the system and with the computer people who rent or lease computers to the government. I am very optimistic that this system will be continued, and probably in a much broader fashion than it was before.

Privatization is part of the program of the government. It is our intention to get out of as many of these programs as we can. We were not in a position where we could advertise these programs because I felt they competed too much with the private sector. However, if it is taken over by the private sector—which I am very hopeful will be the case—this tremendous service can be offered not just to farmers in Canada but also to other agricultural producers. We will be exporting this tremendous service.

Mr. Wise: Mr. Speaker, it is obvious that the government is not in a very good position to guarantee this service to Canadian farmers beyond March of 1979. In view of that, would the government consider a fee increase to the membership of Canfarm sufficient to eliminate the cost to the government, at least until such time as a solution can be reached?

Mr. Whelan: Mr. Speaker, we will do our utmost to have this transfer take place before the end of this year, because some of the farm programs have to begin January 1. It is not just a matter of when our fiscal year ends, but we will do everything humanly and financially possible to make sure that this worthy organization stays alive.

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POST OFFICE

NEGOTIATIONS TO PREVENT STRIKE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. In his absence, perhaps I can direct it to whoever is responsible at the moment for the postal mess.

An hon. Member: They all are.

Mr. Dinsdale: Now that the cabinet has met on the matter, what assurance can be given that the impending postal strike, which would be disastrous to an already crippled Canadian economy, will be avoided?

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): Mr. Speaker, as hon. members know, the present situation with CUPW is at a crucial stage, and this afternoon the minister is working toward achieving a settlement. That is why he is not here in the House. I suggest that the hon. member wait until tomorrow morning before he asks any further questions.

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FISHERIES

PROPOSED TRANSFER OF WEATHER FORECASTING SERVICES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in the absence of the Minister of Fisheries and the Environment and the Minister of State (Environment), I will turn to the President of the Treasury Board since my question deals with cutbacks.

In light of the recent announcement by the Department of the Environment that there will be a cut in weather forecasting services in Newfoundland and Labrador, a decision which will seriously endanger the lives and safety of thousands of fishermen who operate off the Newfoundland coast, and in view of the minister's announcement that weather forecasting services in Newfoundland and Labrador will be transferred to Halifax, can the minister assure this House unequivocally that the weather forecasting services will not be transferred to Halifax, and can he further assure the House that there will be no cut in weather forecasting services off the Newfoundland coast?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I will take notice of the question and refer it to the Minister of Fisheries and the Environment.

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EXTERNAL AFFAIRS

ASSISTANCE TO LEBANESE

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Given the government's termination of Canadian involvement in the UN peacekeeping force in Lebanon, can the minister inform the House whether the government will accede to the request of the Lebanese community in Canada for augmented humanitarian help to the people of Lebanon, and whether steps will be taken to reunite families?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, on both counts the answer is yes; but, once again, it is difficult to give all the details. I met with the delegation which was in Ottawa on Tuesday. I indicated that I will raise this issue with the foreign ministers of the Western Five on the Security Council this weekend in Pretoria, so that in terms of the follow-on action to which the hon. member refers, I think he can rest assured that it is in hand.

On the matter of reunification of families, we, of course, will be as forthcoming as possible. The group to which I spoke on Tuesday emphasized, however, that it was not stressing the need for or its desire to have a refugee kind of operation. The objective of the delegation is to ensure that the Lebanese people have a right to live in peace and in decency in their own country and, of course, I subscribe to that, as I am sure all hon. members do. However, we will look at humanitarian cases as sympathetically and as generously as we can.

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BUSINESS OF THE HOUSE

SUGGESTED EARLY TERMINATION OF THRONE SPEECH DEBATE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Deputy Prime Minister which arises out of the motion of the hon. member for Oshawa-Whitby dealing with the termination of the throne speech debate and the bringing in of legislation.

On October 10, the Prime Minister indicated that the government was prepared to get down to the business of legislating, which indicated to me that it had legislation available. Would the Deputy Prime Minister consider putting notice of that legislation down tomorrow and introducing it on Monday, so that we can have an opportunity to study it while the throne speech debate is on and so we will be able to review it carefully and understand the readiness of the government with respect to this matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, there will be notice given of a number of items of legislation today and tomorrow so that hon. members may have an opportunity to study the bills before they are called.

I advise the hon. gentleman that with respect to terminating the debate on the address, I will possibly interrupt the debate after the amendment and the subamendment are dealt with. Perhaps the Leader of the Opposition will not propose an amendment. If he does not, that will make my life easier. However, once the amendment and the subamendment are disposed of, I may interrupt the throne speech debate and bring on legislative items.

I see no profit whatever in accepting the suggestion of the Leader of the New Democratic Party unless he combines with that suggestion an offer that whatever days are saved on the address will not be added to the already large number of opposition days with which we have to deal.

Some hon. Members: Agreed.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I gather from his remarks that the Deputy Prime Minister is planning a

House leaders' meeting. These are meetings which I enjoy. If that is the case, can the Deputy Prime Minister inform the House, now, whether he is planning a meeting of House leaders to discuss, among other things, the length of the throne speech debate and the order of business of the House so that the House can, in fact, in the words of the Prime Minister, get down to the business of legislating?

Mr. MacEachen: Yes, Mr. Speaker, I will be glad to meet with the other party representatives on House business early in the week and get down to legislative items, probably on Wednesday because on Tuesday we will have the vote on the amendment, and I would not want to bring on legislation until we had effectively defeated the amendment and subamendment which will be brought forward by the opposition.

Some hon. Members: Hear, hear!

• (1502)

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Wednesday, October 11, consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Clark: —I think that applause came from all sides of the House.

Some hon. Members: Hear, hear!

Mr. Clark: I want to begin my full contribution to this debate in reply to the Speech from the Throne by extending my very sincere congratulations to the mover and the seconder of the motion, the hon. member for York South (Mrs. Appolloni), whom I had an opportunity to congratulate personally outside the House yesterday, and the hon. member for Verdun (Mr. Savard). I think the two members distinguished themselves in their remarks. I am sure they would not expect that we on this side of the House would agree with every nuance of what they said, but I am sure all my colleagues on this side of the House join me in extending congratulations to them for the excellent job they did in beginning this debate.

Some hon. Members: Hear, hear!

Mr. Clark: I want also to take this opportunity—the first presented to me since the announcement yesterday in the Speech from the Throne of the intention of His Excellency the Governor General not to seek a longer term in office and to relinquish his heavy duties at the end of this term—to express on behalf of all of us in this party our admiration of the sensitivity of His Excellency the Governor General to the Canadian reality and to Canadian conditions and of the leadership he has exercised with the support of Madame Léger.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: As an ambassador, Mr. Léger represented Canada in Latin America, Central America and Europe and it was at the end of a brilliant diplomatic career that he accepted a very important position in this country. Shortly afterwards he suffered a heart attack. He has shown an exemplary courage and I am sure that all Canadians have been inspired by his will to live and work.

The source of that courage is undoubtedly Madame Léger who has admirably supported her husband in those difficult times and who has taken up the many challenges that she had to face with gracefulness and dignity. I sincerely appreciate, as do all Canadians, their great contribution to this country for which they have shown so much love.

[*English*]

I want to make one brief reference to that struggling party to my left.

Some hon. Members: Oh, oh!

Mr. Clark: We in this party are of course becoming accustomed to having our proposals borrowed, but not usually by the NDP. As the leader of that party will know, on September 7 the hon. member for Grenville-Carleton (Mr. Baker), the House leader of the official opposition in this chamber, made the proposal that we on this side of the House would be quite prepared to forgo the throne speech debate if the government would be prepared to start this session, as it should, with a new budget. The Minister of Finance (Mr. Chrétien) made it clear yesterday—and he is most adept at evading budgets—that he is not ready for a budget after all these months of preparation and of crisis, and consequently we cannot expect one until perhaps some time in the middle of November. So we are in a situation where we have no budget and we have a throne speech which has very few proposals.

Frankly, I think that there is an obligation upon all parties in the House, excepting the government which has forgotten its obligation, to use the opportunity of the throne speech debate, in the absence of government proposals, to put forward proposals of our own on the way in which this country should be led, and measures which can bring unity, economic growth, and jobs to the country.

I recognize that it imposes a particular hardship upon the NDP to have to propose anything positive. I sympathize with the leader of that party and his colleagues, and I quite understand that they would eagerly seek the opportunity to avoid any occasion on which they might be called upon to make positive proposals for the betterment of the country.

Some hon. Members: Hear, hear!

Mr. Clark: Let me turn now to the throne speech debate. Some of the measures that were announced yesterday, and there were very few, are welcome. Most of those that are welcome, of course, mark a retreat by the government from its previous position, but we are getting used to that—they are the government of the pirouette, after all.

Some hon. Members: Oh, oh!

Mr. Clark: As to the constitution, we are pleased that the government has abandoned its position that the distribution of powers should take second place to discussions of institution rights and that it has now adopted the position put forward by my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), by the opposition leader in the other place and by myself, that the question of distribution of powers must have at least equal priority. Obviously, the obligation is now upon the government to propose specific changes in power and I hope that there will be no artificial delay in carrying out that responsibility.

As the throne speech indicates, the government continues to wiggle and squirm on the question of the monarchy. The language, I think, is that it wants to makes its position clear once again.

Some hon. Members: Oh, oh!

Mr. Clark: It says it has no intention to change the role Her Majesty plays, but the draft bill, in a number of sections, proposes precisely changes in the role established for Her Majesty and the monarchy in this country. The government should stop trying to fool Canadians about its intentions regarding the monarchy. The throne speech says that the government is prepared to change the legal drafting. The question is whether the government will change its mind about making Her Majesty a sort of assistant governor general in this country. That is the question, and we require an answer to that.

Some hon. Members: Hear, hear!

Mr. Clark: With this matter, as with other matters, we will naturally await any specific legislation the government might have prepared to determine if the government in the throne speech means anything at all.

The government knows that it has my commitment, the commitment of my party, to approach positively and to assist in the improvement of any serious initiatives that it proposes, although naturally we are going to see the details of its proposals in legislative form before making any final decision. I refer to some of the mysterious references at the end of the Speech from the Throne to public access to government information and to "the review by parliament of evaluations by the government of major programs." That might refer to some species of a freedom of information law and it might refer to some species of a sunset law, but the language is alarming. First of all, they talk of "government information". Sir, it is public information.

Some hon. Members: Hear, hear!

Mr. Clark: Until the government recognizes that fact, it will continue to be the most secretive government in the western world.

• (1512)

Any meaningful sunset law would not have parliament review the government's evaluation of what the government is doing. If it is meaningful, it will let parliament make its own evaluation of what the government is doing, and it will add to that evaluation the power to stop the program, if parliament thinks that program should be stopped.

The Speech from the Throne urges parliament to "approach our task with urgency", yet the government controls the agenda of the House of Commons. The Speech from the Throne was the opportunity to spell out that agenda and set that tone of urgency, yet there is nothing in the speech but words—no plan of action, no sense of urgency. One phrase in the speech of the hon. member for York South stands out. She spoke of burnt embers. Nothing better describes the government which has lost its force, its flame, and is simply clinging to the warmth of office.

This spring, when the Prime Minister (Mr. Trudeau) ran away from a general election, he said, "It is more important to work on the fundamental problems of the economy". But there is nothing in the Speech from the Throne to deal with those problems of the economy. The Minister of Finance does what he does best. He refuses to give us a firm budget date, and he refuses to tell parliament and Canadians all of the true facts about the revenue situation, the growth projections and the basis for those projections, so that the House of Commons can judge a budget if and when it comes in. The harsh fact is that while this government has occupied office for more than ten years now, it has not been acting as a government for at least ten months. In fact, the startling thing about the state of affairs in Canada right now is that the government has given up on governing and devotes all of its attention to preparing for an election which it cannot find the courage to call.

Some hon. Members: Hear, hear!

Mr. Clark: I ask the House to consider the chaos in Canada in the last ten months. The Prime Minister started the year by calling a meeting of the premiers in February. Having called the premiers together, the Government of Canada had nothing to propose, literally nothing to propose. It ran a dog and pony show operated by the Minister of Energy, Mines and Resoures (Mr. Gillespie), but had no concrete proposals to put before the premiers. Indeed, if it had not been for the initiatives proposed by the provincial governments, nothing at all would have come from that conference.

Then again the Minister of Finance bobbed and weaved through the spring and ran away from a budget. On march 17 he said, "I do not think it is useful to have a budget". Approximately 23 days later he brought a budget down, a budget which was so badly prepared it very nearly created a crisis in federal-provincial relations. The same minister keeps talking about growth rates which he cannot substantiate, while

according to the columnist, Wayne Cheveldayoff, his officials privately quote different figures, figures which they consider to be more accurate than the inflated figures cited by the minister. Again, this minister claims that the dollar is floating, but he pumps out $4.3 billion in exchange reserves to support it.

As the House will recall, last year the Prime Minister refused to establish a parliamentary committee on the constitution. This year he named one. I see the Minister of Justice (Mr. Lang) is not in the House. Perhaps he is out looking for a fourth portfolio. One week the Minister of Justice said that there was no need to refer the Senate proposals to the Supreme Court. The next week he referred them. In the spring the government said that it had cut as much spending as possible. In August it reversed itself. Just today two different ministers abandoned two more restraint programs. The tax lawyer who is the Liberal candidate in the constituency of Westmount proposed deductibility of mortgage interest payments. The Prime Minister attacked it by saying that it only helps the rich. Then of course he went on to define the rich as being anyone who owns a home, or anyone in Canada who wants to own a home.

Some hon. Members: Hear, hear!

Mr. Clark: I would not want to forget the Minister of Industry, Trade and Commerce (Mr. Horner), although everyone else has.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of Industry, Trade and Commerce has made his usual considered contribution to this debate. He said that in Canada a home is a luxury and that it is the policy of this government to tax luxuries.

Some hon. Members: Hear, hear!

Mr. Horner: The hon. member is deliberately misquoting me.

Mr. Clark: I regret the echoes this brings to the hon. member for Crowfoot, but we have him on tape.

Facing all the difficulties of the country, in effect the Prime Minister said that there is nothing we can do. Perhaps I should put my hands in my belt loops if I am to quote him correctly, but he said, "We are a healthy country in a difficult world". Let us take a look at that difficult world and what has been happening in countries which have much less in resources than Canada but much more in leadership than Canada. When the government came to office, Canada had the second highest standard of living in the world. Today we have the seventh, after ten years of this government.

Mr. Trudeau: Name the others. Name them.

Mr. Clark: Our unemployment rate is the worst in the industrialized world. Our inflation rate is the second worst, second only to Italy. The problem is not with the world and not with this country. The problem is that we have a government which refuses to act, and wich has governed so badly in recent years that the situation in Canada is very much worse than it needs to be.

Some hon. Members: Hear, hear!

Mr. Clark: Before we can as a parliament cure a condition, first of all it is necessary to know what went wrong. I believe that basically two things have gone wrong in the last several years, both of which are the direct fault of the manner in which the government approaches its responsibilities.

Despite all the talk about unity, the style of the government has been consistent: to provoke confrontation among Canadians. For example, where it was the style of the late Honourable Lester B. Pearson to try to bring Canadians together, it has become the consistent style of this government, and this Prime Minister particularly, to attempt to pose as the tough guy, picking out some group of Canadians against which the government of all the people of Canada would stand up. The victims have changed. Once it was the farmers—why should he sell their wheat? Since then it has been labour unions, businessmen, the public service, and women who want to work. Is it a terrible thing for women to want to work? The Prime Minister and the Minister of Finance perennially cite them as the cause of high unemployment figures in the country.

Miss MacDonald: Shame!

Mr. Clark: Also he attacks Canadians who, in the words of the Prime Minister, have gone soft. Those soft Canadians are probably the same ones as those rich Canadians who want to own homes. At one time or another he has tried to make a victim out of almost every premier in the country. For a government whose job is to speak for the whole country, this government has shown a disconcerting tendency to speak against most Canadians at one time or another. You can only do that for so long; you can only get away with that for so long. Nature made this a difficult country to govern, but the practice of picking out victims to blame has made that job immeasurably more difficult.

• (1522)

Secondly, there has been a fundamental failure to trust the institutions and the agencies in Canada outside government. Consequently there has been, during the ten years of this government, a steady pattern of taking power away from other agencies in our society and concentrating power in the Ottawa government. That pattern has obviously applied to the economy. Whatever it says now, this government does not trust the millions of Canadians involved in Canadian business to make economic decisions.

There has been a steady growth in the attempt of the central government to direct and control private economic decisions. That is why we have this form of competition bill. That is why the government established Petro-Can, and why it wants Air Canada to buy Nordair. That is why it keeps control of other Crown corporations like Eldorado Nuclear and Northern Transportation Limited which would operate better outside government. That is why there has been such a growth in

regulations and red tape, tying up small businesses and large. That is why the Prime Minister started the new year of 1976 by publicly casting doubt on the enterprise system, and why the government's approach to controls, its approach to the northern land regulations, and its approach to the advice of the private sector have been marked by a suspicion of the entrepreneur and a determination to centralize economic decisions with government planners.

This government's pattern of centralizing control goes well beyond the economy. This government has raided the provinces, moving Ottawa into fields where local governments make better decisions. The government set up a new Ministry of State for Urban Affairs. It used DREE to impose Ottawa's plans on less wealthy provinces. Until very recently the government tried to exclude provinces absolutely from jurisdiction over communications, in spite of the primary impact of that field upon education and upon community life.

This government used the spending power of the federal government to invade provincial jurisdiction over resources, over lotteries and, most recently, in the case concerning sales tax. The government tried to change unilaterally fundamental national institutions like the Senate, the Supreme Court, and the monarchy, institutions which do not belong to one level of government alone in this country.

Some hon. Members: Hear, hear!

Mr. Clark: The premiers of the four western provinces presented a long, long list of different instances of federal interference in provincial jurisdiction because this government does not trust the provinces to do what the constitution empowers the provinces to do.

Less evident, but just as dangerous, has been the steady draining of influence away from voluntary groups in Canada and the concentration in Ottawa of power over things that used to be done by Canadian volunteers. For example, local service clubs across this country used to play a very major role in helping develop low-income housing projects. Now the government has stopped funding them and has forced many of those volunteer agencies out.

Again, the funding practices of Sports Canada reduced the autonomy of volunteer sporting groups. The Opportunities for Youth program had a condition which discouraged support of programs that were approved by local governments. The Department of the Secretary of State set up its own hostelling program to compete with the Canadian Youth Hostel Association. The list goes on, sir, and the pattern is clear.

This government does not trust ordinary Canadians and so has developed government programs to push volunteers aside. As we, sadly, in this institution know, that distrust extends particularly to parliament. The government denies parliament basic information such as the figures on which it bases economic policy. It refuses to answer questions about the role of ministers in security matters or about the mysterious commissions paid by AECL, or government participation in uranium cartels which break the laws of Canada, or the facts of Skyshops or phone calls to judges.

Indeed, one of its first acts in office was to strip away from parliament the effective power to control spending. The Prime Minister has said, of course, that once they get off this Hill members of parliament are mere nobodies. The pattern of this government's decade in office has been to reduce the ability of this parliament to hold the government accountable.

What is as dangerous to our system of government is that this Prime Minister appears to distrust cabinet as much as he distrusts parliament. The very essence of our system of government is that policy decisions are taken by those elected members who sit in cabinet. That does not happen any more in Canada. The real decisions are taken by an isolated, appointed elite in the Privy Council office and in the Prime Minister's office.

Some hon. Members: Hear, hear!

Mr. Clark: I suppose, sir, the most dramatic proof of that change came this summer when the Prime Minister went on television to announce a so-called new economic policy, and he went on apparently without consulting his economic ministers. He called them in after he made the announcement, or he called some of them in. He sent the Minister of Industry, Trade and Commerce to Japan.

An hon. Member: A good safe place for him.

Mr. Clark: I now ask nothing more, Mr. Speaker, than whether a real minister such as C. D. Howe would have put up for a moment with that kind of behaviour?

One columnist, and I know the Prime Minister's abiding respect for the press, reports that even the Deputy Minister of Finance knew nothing of the new economic program until he heard the television address.

There has been abundant other evidence of the displacement of the cabinet as a place to decide. That, after all, was why Paul Hellyer left, and that is why John Turner resisted the establishment of a little nest of the Prime Minister's private economists to second guess the Department of Finance. That, indeed, is why the government is so lacking in sensitivity to regional issues or to the real life concerns that can come only from ministers who have to deal with political realities and not just with theories.

One reason this cabinet has so little talent is that it has so little power, so the strong ministers leave, and by leaving they reduce the ability of ministers to resist the dictation of the Prime Minister's little elite.

Some hon. Members: Hear, hear!

Mr. Clark: Power has passed in Canada from the cabinet and from, indeed, the regular public service to a little elite appointed by and loyal to the Prime Minister, an elite whose chief officer, Mr. Pitfield, refuses to appear before parliamentary committees. That is the final and perhaps most dangerous symbol that this government does not trust the people it is elected to serve. It is no surprise then that the people do not trust the government.

Some hon. Members: Hear, hear!

Mr. Clark: Nor is it any surprise that the decisions which are taken by an isolated, appointed elite fail to address the real needs of the nation.

That analysis of what has gone wrong would be the basis of the changes we would have introduced if yesterday's throne speech had been ours to write. The purpose of our throne speech would have been to demonstrate trust in the other partners of the Canadian community. The priorities or places we would start would include institutional reform to return to control of policy by cabinet and by parliament. There would have been economic stimulus by restraining the public sector and encouraging the initiative of private citizens, whether they want to start a small business, expand a large one, or want to buy a home in Canada.

There would be constitutional change by sitting down with the provinces to find areas in respect of which we could all agree on immediate changes in the status quo that this Prime Minister has established. Naturally in that process we would begin with the agreement I reached with Progressive Conservative premiers at the Kingston conference a year ago. There were four Progressive Conservative governments then. There are six today, and there will probably be seven before the month is out.

● (1532)

Some hon. Members: Hear, hear!

Mr. Clark: We would also use the time of this parliament to continue the process of consultation with labour, business, the provinces, and the other partners in the Canadian economy, the process of getting agreement to the economic development strategy which this rich nation has to have to guide it toward the development it can achieve in the 1980s. We in this party began that process this summer in a conference at Montebello, Quebec, under the excellent direction of Bob de Cotret, whose decision to seek election to parliament indicates that this institution can still attract some of the most able Canadians in the land.

[*Translation*]

Let me deal precisely with the changes we would put forward beginning with the constitution. Our constitutional challenge is twofold: first, we must put an end to the deadlock in which Ottawa is opposed to all the provinces on the matter of the sharing of powers. This Prime Minister (Mr. Trudeau) has had ten years to design the constitution he wants. He has changed the constitution and he did so in reserving more and more powers for Ottawa.

That is how he sees it. He is a centralist who cannot even trust the provinces when they use their traditional and legitimate powers. My party and myself see Canada from a totally different point of view. We believe Canada is based upon respect for the provinces and upon recognition of the fact that the nation's welfare depends on a feeling of close co-operation between a strong government in Ottawa and strong governments in the provinces.

What is needed from the outset is to restore respect for this kind of partnership. This is no time for theorizing. It is high time to come to practical agreements in order to find solutions to problems of a practical nature. I am the national leader of a party which is in power in six of the ten provinces and I have already started using this common denominator to come to practical agreements with the provincial governments on actual issues. During the meeting which was held in Saskatchewan in August last, all provinces unanimously rejected the constitutional proposals of the Trudeau government. In September last year, in Kingston, the premiers of Ontario, New Brunswick, Newfoundland and Alberta agreed with me on certain specific changes in the constitution. The Manitoba premier signed that agreement later on, while the new premier of Nova Scotia approved it in principle and will soon be discussing it with his cabinet.

I spoke of the contents of that agreement with each one of the premiers, including that of Quebec, and I am convinced that a new national government would be able to reach an agreement with all the provinces on the majority of those reforms. Among them, Mr. Speaker, there is the enshrining in the constitution of the forbidding that federal spending powers be used to interfere in fields of provincial jurisdiction without the consent of the provinces concerned. That provision would have spared us the sale tax fiasco in Quebec. Those reforms also include a constitutional guarantee with regard to the equalization principle that is essential to the maintenance of national levels in a country like Canada. They recognize officially the role of the provinces in matters concerning cultural policies; they recognize that off-shore and underground resources are a provincial jurisdiction. They provide for the participation of the two levels of government in the composition of federal bodies. Those then are the subjects on which an agreement was reached by the provinces and myself. I am sure that we will follow through on this agreement in less than six months after we are elected. Naturally, the process of constitutional changes will not be limited to that; it will be no more than a beginning in the right direction, thanks to concrete agreements on concrete problems, and the cause of federalism will be better off because we will have proved that a new federal government is not committed to maintaining the *status quo* of the last ten years.

[*English*]

That is the necessary first step, sir, to constitutional reform, to prove that governments can agree on specific, concrete reform. That would change the atmosphere of the last ten years where Ottawa and the provinces seem to meet only to fight. Of course there are going to be disagreements among governments. There will be times when I am going to have to assert national interests in ways that will not at all please the provinces.

Some hon. Members: Oh, oh!

Mr. Clark: The difference will be in the atmosphere, in the way that we work together. And that atmosphere that has been poisoned by the determination to confront of this Prime Minister and his government can be changed by a recognition in Ottawa that the provinces are partners in confederation, not enemies. When we achieve that atmosphere of agreement I am convinced, as a Canadian from Alberta, who has worked to learn my second language and to understand the different cultures and the different conditions of this amazing country, that we can use that new atmosphere to address the larger questions of how our constitution reflects the cultural, the regional, and the national reality of Canada.

Let me turn now, sir, to the economy. It almost makes one choke to talk about it. I wish that the solutions to the nation's problems were as easy as simply taking a glass of water. What we need instead is a far more fundamental change. We are in this country now growing well beneath the potential of Canada.

Instead of real growth of 5 per cent, which with effective policies would be attainable, the Conference Board in Canada says that we will be fortunate to achieve 4 per cent this year and 3.7 per cent in 1979. We are paying an enormous price for that economic shortfall. Again, according to the Conference Board, a real growth of 4.75 per cent and an unemployment rate of 5.5 per cent would produce—and I emphasize these figures—$41 billion more in new wealth over the next two years, wealth that could be used to generate new jobs, create new investment and create growth. The board also estimates that achieving those growth and employment targets this year and next year would increase the tax revenues of the federal and provincial governments by more than $13 billion. That is one way to meet a deficit, because those are revenues which would help bring government financial accounts into much better balance.

It is not simply individual policies that are lacking now. There is absolutely no coherence to Canadian economic policy. There is no commitment to realistic economic targets. The minister and his own officials cannot agree. There is no over-all sense of direction. Yet the priorities for this economy are clear. First, Canada needs a program of major economic stimulus. I have proposed that kind of program based on the premise of putting money in the hands of individual Canadians who will spend their money more effectively than this government is spending it.

Some hon. Members: Hear, hear!

Mr. Clark: We have proposed a tax cut to put at least $300 per year into the hands of lower and middle income Canadians.

● (1542)

We have proposed a program, phased in over four years, to allow partial deductibility of mortgage interest and property taxes.

We have proposed significant tax incentives for research and development and small business, and the use of tax contracts for companies locating in slow growth areas.

I say in all generosity to the government: if you have no program of your own, please take ours!

Some hon. Members: Hear, hear!

Mr. Clark: Amend it if you will. You would probably want, on the question of mortgage deductibility, to consult your candidates in Westmount and York-Scarborough, both of whom agree with us. Once again, the Liberal party is split. I do not know whether it has anything to do with the Minister of Industry Trade and Commerce.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: I hear the question, "What about David Crombie?" As is not going to be the case with the Liberal candidates in Westmount and York-Scarborough, David Crombie will be in this House of Commons shortly to answer for himself.

Some hon. Members: Hear, hear!

Mr. Clark: When the minister puts that question—assuming he can get re-elected in his own constituency in time to come—he will find Mr. Crombie agrees completely with the program we have put forward and has said so on innumerable occasions. I wonder if the minister can say the same for his candidate in Westmount, and the same for his candidate in York-Scarborough.

I do not mind if the government, having borrowed our program, amends it, but at least it should bring some program to this parliament so that Canadians can believe this House of Commons is trying to deal with some of the economic problems the country faces.

Secondly, as well as stimulus, we need a restraint program that is real and has some purpose to it, has some permanence to it. There is absolutely no rationale to the government's so-called restraint program. For instance, in April, the government introduced incentives to research and development. But then what did they do? Now they dismantle fishery and forestry laboratories. They go out and fire civil servants, yet charge the people of Canada for the jet plane that takes the Prime Minister to talk to editors of the *Globe and Mail*.

Apart from the civil servants the Liberals have fired, there is no permanence to the government's so-called restraint program. It is, as the Minister of Finance said in Willowdale, the other night—we have got him on tape too—he said their program is merely a "pause"—and I quote him—before, as he put it, the government—and I am quoting again—"gets on again with redistributing wealth". That is their goal—not to generate wealth in this country but simply to slice, in decreasing and decreasing pieces, a slimmer pie.

This restraint program they are talking about was written on the back of an envelope; it can be reversed with another envelope tomorrow.

Some hon. Members: Hear, hear!

Mr. Clark: We have proposed a very different kind of restraint program. We would cut into real spending, not just planned programs. Our restraint program would have a definite sense of direction. It would focus on three goals: first, it would reduce the sheer cost of operating government.

Some hon. Members: Oh, oh!

Mr. Clark: I hear some shouts from the other side, Mr. Speaker. That is a policy of attrition that would involve no lay-offs, nor firings. I understand the discomfort that causes on the Liberal side because it is so different. They are firing civil servants today. What we are proposing is a policy of attrition that will naturally take its first effect on the former minister of almost everything, the temporary member of the legislature of Quebec for Verdun, the aspiring member for whatever constituency he can parachute his way into—he would be the first target of our restraint program to reduce the sheer costs of operating government.

The second focus would be getting the Government of Canada out of areas where the Government of Canada does not belong—getting it out of urban affairs—

Some hon. Members: Hear, hear!

Mr. Clark: —getting it out of Petro-Can, out of Northern Transportation Limited.

One of the things that has been very surprising, remarkable, and worth nothing about the government's restraint program is that they are prepared to get into restraint programs and fire civil servants but they are not prepared to get rid of some of the Prime Minister's toys like Petro-Can.

Third, we would reduce the costs the government has to pay for economic stagnation through unemployment insurance and other programs which stagnation makes expensive for the government and the people of Canada.

[*Translation*]

Mr. Speaker, we must have a strategy aiming precisely at job creation. According to the Minister of Employment and Immigration, there will be more jobs than workers in two years from now. That is ridiculous! I have also made a definite proposal to Canadians on that matter. Instead of spending $4.7 billion this year on unemployment insurance benefits to pay Canadians not to work, why not use the major part of that money to subsidize, as I said, some jobs so that young Canadians, men and especially women, could acquire the necessary knowledge and experience to work.

Mr. Speaker, we need a comprehensive scheme for economic development. And that scheme must cover at least the next decade. This government has no economic development strategy. As negotiators are in Geneva where they participate in major discussions related to GATT and they have no global framework allowing them to negotiate in favour of Canada's interests nor a national policy to support their demands.

A Progressive Conservative government would convene all economic partners, as we did this summer in Montebello, in order to hold elaborate discussions that would go on until a general consensus had emerged and practical decisions and committments had been made. I have already mentioned sectors where Canadians start with an advantage and from which we can progress, namely shipbuilding and its possibilities, our know-how in transportation and communications, our huge energy resources and the important market for heavy machinery represented by our own resources related industries which is now almost completely in the hands of foreign suppliers.

[*English*]

And finally, had this throne speech been ours to write, we would give priority to restoring some substance to democracy in this country. In some things, this government is merely incompetent. In others, it is deeply dangerous, because of its contempt, in practice, for the rights and the representatives of ordinary Canadians.

This is the first government in Canadian history to use the Official Secrets Act to bring charges against a newspaper. It is the first government in Canadian history to order a secret trial. It is the only government in British parliamentary history to have used closure to change the rules of parliament—when it deprived parliament of the power to control spending. It is a government which lets police officers testify in public, then insists that cabinet ministers, before the same commission, on the same case, testify in secret. It has let power pass to a little elite, and it delays elections when they get in trouble. The first reponse must be to get rid of that government.

• (1552)

Some hon. Members: Hear, hear!

Mr. Clark: But there is also a need to build into the system protection against future governments acting as badly. that is why we in this party would introduce a full freedom of information bill with narrow and precise exceptions, with an independent tribunal, probably the courts, empowered to resolve any disputes between the government and the citizen.

Some hon. Members: Hear, hear!

Mr. Clark: We would restore to the official opposition—the present Prime Minister or his successor—the capacity to designate two departments each year whose estimates would be examined without limitation of time, so that all of us would have to be prepared in anticipation of being scrutinized.

Some hon. Members: Hear, hear!

Mr. Clark: We would introduce to all departments the concept of zero-based budgeting so continuing expenditures, and not just new proposals, would be reviewed. We would

introduce a real sunset law so that Crown agencies would be required to come at regular intervals and to justify their need to exist, before a committee of parliament. We would vest in committees of parliament the powers and the resources to start their own inquiries so that we will never again have the atmosphere of continuing cover-up that has characterized this last decade of government.

Some hon. Members: Hear, hear!

Mr. Clark: We are a country in trouble but we in this House have to recognize that we are also an institution in trouble. Canadians are sceptical about parliament and, unfortunately, some of our own members play to that scepticism.

This parliament, sir, is the only Canadian institution which can reach and reflect the whole great diversity of Canada. It has been muzzled and limited in recent years. Parliament must be renewed if the nation is to be renewed. The obligation to lead in this House and in this country rests with the government. They showed yesterday, as they have shown repeatedly, that they are just too tired to lead.

My colleagues and I have a deep faith in this country. We know that there is a potential here no other nation shares, a potential for freedom, a chance to build, and an opportunity to excel. We will help this government in its dying days if it has anything to propose. But particularly after the further disappointment of yesterday's Speech from the Throne I cannot disguise our determination to form a new government, a government that is worthy of this country.

Some hon. Members: Hear, hear!

Mr. Clark: We have a motion before us to approve an empty program. We in this party cannot approve yet another refusal by this government to govern. Therefore, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker), that the following be added to the address:

This House regrets to inform Your Excellency that your government is unable to provide effective leadership for Canada.

Some hon. Members: Hear, hear!

[*Translation*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, first of all I would like to join the Leader of the Opposition (Mr. Clark) in congratulating the movers of the Address in Reply to the Speech from the Throne. Both movers drew their inspiration from the purest of liberal traditions, one by applying the concept of liberty developed by John Stuart Mill and the other by expressing the concern that this government has always had towards those in our society who are most in need of protection, and particularly senior citizens. Of course, I also share the feelings expressed by the Leader of the Opposition towards His Excellency the Governor General and his wife. I think that we will have other opportunities to extol the merits of these distinguished people and that we should do so some other time.

I cannot offer quite the same type of congratulations to the Leader of the Opposition. I recall the theses that were explained to us a long time ago when I was studying experimental and rational psychology and when we were told that the brain has three faculties: The first is memory, the second imagination and the third intelligence. As concerns memory, I can congratulate the Leader of the Opposition. He made a few blunders and a few mistakes about figures, but on the whole he recited his text well and his memory did not mislead him too often. As for imagination, he really took first prize for his litany of charges and illustrations. What we have seen is an overheated imagination creating a quite extraordinary fantasy in describing a situation which has no relation with reality. However, as concerns intelligence, I must say that it was left behind. There is not much food for intelligence in this text. I do not know if this is how the authors of his speech wanted to show their contempt for parliament or the Canadian people or perhaps only for the Leader of the Opposition. But whatever the case may be, it is certain that in view of the great many errors stated by the Leader of the Opposition, we must conclude, Mr. Speaker, that imagination beats intelligence every time.

Let me give a few examples before getting into the gist of my statement. Heavens, where to start? He talked about Sky Shops. We all remember of course that for several months in this parliament, opposition members were muckraking a senator who had been brought before the court. This indeed is typical of the "scandals" that the opposition is contantly bringing to the attention of parliament. As it is, the House knows, the courts ruled that the charges brought against Senator Giguère were not founded and he was found not guilty. The only use that I see in recalling this unfortunate incident is to somewhat shame the opposition which has used innuendos and slander, if not outright libel, to dirty the name of certain persons, forgetting afterwards that they were found not guilty and forgetting their accusations, but on the contrary repeating them again before the House as they have done today.

● (1602)

[*English*]

We heard a great deal about a lot of other subjects. We heard, for instance, that this is a very centralizing government. No figures were put forward by the Leader of the Opposition (Mr. Clark). However, just out of memory, I am sure most members of this House could give some very clear figures. If you take the last ten years in this country, total government spending has gone from a percentage of 32 per cent of gross national product to 40 per cent. The growth of governments at all levels has increased by a margin of about eight in this period of ten years. Four of those eight points have been accounted for by spending by the provinces, two and a half by the federal government, and one and a half by the municipalities. This is what the Leader of the Opposition calls a centralizing period in our history. He should at least look at the facts.

Some hon. Members: Hear, hear!

Mr. Trudeau: He mentioned the policies of this government to downgrade volunteers in this country, that we were trying to take away from the private sector and from all those people who are trying to do good in this country, trying to monopolize the powers to the federal government.

I was on the Hill yesterday noon. The hon. member for Brandon-Souris (Mr. Dinsdale) was on the platform with me. We learned that for the Canada Winter Games, an institution created by the federal government under Mr. Pearson in 1967, which will be held in Brandon next February, there will be 3,000 volunteers in Brandon for 2,500 athletes in order to get the games working. We learned in Edmonton just last summer that there were 9,000 volunteers.

Mr. Paproski: Ten thousand!

Mr. Trudeau: The hon. member for Edmonton Centre (Mr. Paproski) says 10,000. I think the whole thesis of volunteers being abolished by this government falls to the ground, just like most of the other points of the Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Trudeau: He mentioned something about Loto Canada taking over from the private sector which is interested in sports. The Leader of the Opposition may not have all that rapport with sports, but he might at least know that it is the sports organizations which have been coming to the federal government asking us to create a ministry for sports, which we did under the very excellent minister of sports whom we have.

Some hon. Members: Hear, hear!

Mr. Trudeau: They asked us to, for heaven's sake, begin funding them, which we did, rather than let it be only amateurism and kitchen table organizations, where our sports people were not given an equal chance with sportsmen from other countries.

The Leader of the Opposition talked about security matters and cover-up. We have heard a great deal about that in the last year or two. When the history of this period is written, I do not think it will redound to the glory of the Leader of the Opposition or to the members of that party.

We remember that that party was condemning us in 1971-72 because we dared to put GRC along with the initials RCMP on the uniform shoulders and the cars of the Royal Canadian Mounted Police. That party was accusing us of destroying the sacred traditions of the Royal Canadian Mounted Police.

[*Translation*]

The Leader of the Opposition does not even remember what the member for Prince Albert (Mr. Diefenbaker) said in the House, and what many members of his party also said. I think that at the time he was adviser to Premier Lougheed. He was not overly concerned with these things then, but he should be now.

[*English*]

He should realize that if these sacred traditions of the RCMP are being destroyed by anybody, they are being destroyed by the members of that party.

Some hon. Members: Hear, hear!

Mr. Trudeau: When it came to light that some of the officers of the RCMP had indeed been involved in some unsavoury acts, and at that time we thought they were few in number, we proposed to refer them to the courts. An inquiry was set up in the province of Quebec, the Keable inquiry. The opposition was attacking that inquiry, saying that we should set up our own inquiry, that it did not trust the Keable inquiry. They said that we should set one up because the federal government was involved.

A few months later more facts came to light. We did set up a royal commission of inquiry as the opposition had requested, the McDonald commision. What was then the position of the Leader of the Opposition and his supporters? It was to say that whatever the Keable inquiry was doing was okay.

When that provincial commission of inquiry was looking into the federal RCMP and asking the federal RCMP to table documents which were private and secret, the opposition party at that time felt it perfectly legitimate for that provincial commission to inquire into a federal body. However, it did not trust the McDonald commission, which was a federal or royal commission of inquiry to do the job. They used terms like "cover-up", which they have never been able to substantiate. As successive solicitors general have shown, we have put before the McDonald commission every piece of paper that they wanted to look into.

I cannot go into every one of the fanciful statements made by the Leader of the Opposition. There are a couple more I should draw to the attention of the House before getting on with my speech. One has to do with the Kingston conference. This is beautifully typical of the Leader of the Opposition.

He went to Kingston to prove to this country that he can get along with the provincial premiers. There were four Tory premiers meeting with him in Kingston. He was going to show that his is not the way of confrontation but one of conciliation. He came back from Kingston with a very celebrated document showing how clever, intelligent, and persuasive he has been. When you look at what he has done, he has given away the shop to the provinces.

Some hon. Members: Hear, hear!

Mr. Trudeau: No confrontation, Mr. Speaker. He promised the provinces he would give them the guarantees they wanted on equalization and spending power. These are two federal areas of jurisdiction. On both, as early as 1968 and 1969, we published in white papers, suggested modifications of the constitution which would circumscribe this federal power, but it is a federal power. Equalization is a federal law. The spending power is under federal jurisdiction. The Leader of the Opposition went there and came back with a great victory. He

promised to the provinces that he would circumscribe this federal power.

He came back with another great victory. He said in cultural matters he would recognize the primacy of the provinces. A great victory! He gave the provinces something. What did he get from them?

● (1612)

The Leader of the Opposition mentioned that the fourth great victory was in terms of offshore mineral rights. What did he get? He promised the provinces that, regardless of the constitution, and regardless of what the courts said, he would recognize that the provinces have a proprietary interest over offshore mineral rights. A great big victory! No confrontation in Kingston. He just lost his shirt, that's all.

Some hon. Members: Hear, hear!

Mr. Trudeau: Even before I get into my speech it is to easy to see how this man would run federal-provincial relations. There are ten premiers and one federal prime minister. He would change it to eleven premiers. That is a fine, fine way to do it, but who would speak for Canada? Where would the strong federal government be?

Some hon. Members: Hear, hear!

Mr. Trudeau: Letting his imagination run wild again he came up with several other facts. One had to do with federal Crown corporations. He does not like them. He does not like Petro-Canada. He does not like it when Air Canada makes a bid to take over Nordair. He denounces this as federal intrusion, arrogance, and everything else. What about the Alberta Energy Corporation? Does he object to that? What about when the Alberta government buys into Alberta Gas Trunk Line? Does he object to that? What about when the Alberta government takes over Pacific Western Airlines? Does he object to that? Crown corporations are not good if they are federal Crown corporations, but if they have to do with some strong premier, to whom he owes I do not know what obeisance, then they are okay. Nothing is wrong with that. Has the Leader of the Opposition objected to the existence in Canada of Petrofina, British Petroleum or Gaz Acquitains, or any Crown corporations belonging to France, Belgium, Britain or Saudi Arabia, for all I know? No, no objection to that, but if the Government of Canada has a Crown corporation in the energy field, that is terrible.

I wonder what kinds of principles the Leader of the Opposition has. Is he interested in the Government of Canada and in the welfare of its citizens, or is he just trying to destroy something the federal government has set up to serve its citizens? I do not know what principle guides him.

Again I must ask the Leader of the Opposition the question which was asked from this side of the House when he said that in the life of this government Canada had slipped from second place in terms of standard of living to seventh. I think that is what he said. We asked him to name the seven. I wonder if he would name them now, or should I name them for him? Who went ahead of us? The United States was there already, and I can give figures to show that in that period we have crept up on the United States very strongly. But who are the others? Kuwait? Bahrain? United Arab Emirates? Qatar?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Trudeau: That is why I was saying that the Leader of the Opposition was using his memory and not his intelligence because, if he used his intelligence, he would know that it does not describe the standard of living when you divide gross national product by the figure of population. Sure, you get a figure, and it will be higher in the United Arab Emirates than it will be in Canada, but that does not give the standard of living, except perhaps of the Emirs. They have a higher standard of living than we do, but in order to establish who ranks where, we have to look at what we can buy with that money in each particular country. I will give the Leader of the Opposition some figures on that subject in a moment, but I repeat that I am nonplussed by the series of absolute falsehoods and absolute misrepresentations put forward by the Leader of the Opposition on every subject he touched upon, whether it was the sovereignty of parliament, secrecy, cover-ups, scandals, figures, statistics or anything else. I think the best way to attempt to deal with the subject as a whole—

Mr. Clark: "Falsehoods," you said?

Mr. Trudeau: It is a falsehood to say that Canada has slipped to the seventh rank in terms of standard of living. I do not say that the Leader of the Opposition deliberately misled us. His speech writers probably deliberately misled him.

Mr. Clark: Do you stand by "falsehoods"?

Mr. Trudeau: The Leader of the Opposition wants to ask a question. If he wants to ask a question, let him.

Mr. Clark: Mr. Speaker, my question to the Prime Minister, perhaps as a prelude to a question of privilege, is whether or not he stands by the word "falsehoods", saying that I have lied to the House of Commons, knowning full well—and I do not have all the lists available to me—that if we were to include the Emirates, of which he is so fond, Canada's standard would probably be thirteenth or fourteenth.

Mr. Trudeau: I asked the Leader of the Opposition to give the list. He did not have it. I supplied it for him. I said that it was a falsehood to draw from that list the conclusion that Canada does not have as high a standard of living as some of the others.

Mr. Baker (Grenville-Carleton): Cheap!

Mr. Trudeau: He has been led into a miscalculation, probably innocently, because he does not understand the statistics.

Some hon. Members: Hear, hear!

Mr. Trudeau: Rather than once again trying to jump from one subject to the other in order to go into all the areas which the Leader of the Opposition has led us through, I will try to divide the remarks I have to make into two areas, the economy first, and then the subject of national unity.

The Leader of the Opposition submitted that on unemployment and on inflation in particular this government has a great deal of explaining to do, and I propose to give those explanations in the course of the next few minutes. On unemployment the Tories say that they would put Canada back to work. Well, the simple fact is that Canada has not stopped working. Canada has created more employment in the past ten years than any other industrial society.

In each of the past ten years we created an average of more than a quarter of a million jobs, and that rate is unequalled anywhere in the industrialized world. Let me give some figures. I have several to give. I would say that they concern the 15 most industrialized countries. They concern those countries with which we do about 90 per cent of our trade. Therefore, they are the most important countries. They do not include Kuwait and Bahrain, but they do include the countries with which we do 90 per cent of our trade, by and large.

These figures are OECD figures and, when possible, I have taken the period from 1968 to 1977. In some cases the OECD figures are not provided for 1968 and 1969. In those cases I start in 1970, but we do know the Canadian figures, and we do know that the tables would be even better if we had the figures for all the other countries because Canada did well indeed in those first two years, 1968 and 1969.

● (1622)

Percentage change in employment from 1970 to 1977, Canada, rate of growth in employment: 23 per cent. The next closest is the United States with 15 per cent, then Australia, and then those countries about which we say a great deal of good and which are sometimes named as models for Canada. Sweden is at 5 per cent as compared to our 23 per cent; Japan, 5 per cent; West Germany, minus 6 per cent; and Switzerland, minus 11 per cent. Probably they rank very high in terms of the standard of living. The reason is very simple; not only did the number of jobs not grow in those countries but it was actually reduced by 5 per cent or 11 per cent. Why was that? For the very simple reason that workers in those countries, who came from Turkey, Portugal, Spain or Yugoslavia, were sent back home when the economy slowed down, so naturally there were fewer unemployed in those countries, the governments did not need as stimulative an economic policy and therefore were better able to protect their currency.

The Leader of the Opposition understands, I am sure, that if that were the situation in Canada, if we could actually reduce our work force, it would be relatively easy to show a better exchange rate. But when we must find jobs for the fastest growing labour force in the world, it is a different problem from that in the countries I have mentioned. Therefore, Canada, in terms of the employment growth rate, is the best in the world. That is true for those seven years and it is equally true if we take the difficult years of the post OPEC crisis from 1974 to 1977. We still lead the world in terms of job creation.

Let us consider the rate of growth of the real domestic product. In that respect Canada is third. The annual average between 1968 and 1977 has increased by 4.5 per cent a year. Ahead of us are Japan and France; we come third before Germany, Australia, Finland, Belgium, Italy, Switzerland, Sweden, and the United Kingdom. If we take the three difficult years, from 1974 to 1977, we see that Canada comes second just after Norway.

Let us consider the growth in industrial production which shows that Canada has been at work these past years. In industrial production the OECD base year is 1970. In the percentage increase we come second, right after Norway. Norway is at 38 per cent; we have a 32 per cent increase in industrial production since 1970. What has happened? We have grown very fast, we have a faster job creation than any other country, but still we have an unacceptably high unemployment. Thank heavens it has not increased since the month of June, but it is still much too high, that is certain. Why is it too high and what can be done about it? Once again this is where you should not use your imagination but rather your reasoning.

If you look at the rate of growth of the labour force, you will find that between 1968 and 1977 of all the countries in the world Canada's labour force has grown the fastest. We are followed by the United States, Norway, Australia. Sweden's rate of growth in the labour force is down at 10 per cent as compared to our 33 per cent; Japan is at 7 per cent; once again Germany has a negative growth rate and so has Switzerland. Therefore, even though we created jobs at a faster rate than any other society, our labour force has increased faster than in any other industrial society, so naturally the result is a high rate of unemployment.

It is said sometimes that the government could have foreseen that. Obviously this situation is due to three things: it is due to the birth rate. After the Korean was there was a baby boom. We knew that all these young people would be coming onto the labour force in the 1970s. Second, it is due to the immigration rate, and we are happy to continue to receive immigrants in this country.

Some hon. Members: Hear, hear!

Mr. Trudeau: Third, it is due to the participation rate. I am careful not to use the word "falsehood", but once again there is lack of understanding. When we talk about the participation rate and we say that more young people and more women are entering the labour force now than in a previous societal state, we are not judging, we are not saying they should not, we are just describing a reality, we are just saying that more women now are second workers in a household and that younger people are entering the labour force sooner. This explains why the employment force has gone up faster. This is not a judgment and we are not proposing to change this. As a matter of fact, just look at this side of the House, Mr. Speaker, and

you will see that we put more women to work on this side than they do on the other side.

Some hon. Members: Hear, hear!

Mr. Trudeau: It was foreseeable that with immigration and with the higher birth rate there would be a very fast growth rate in employment. So what did we do? In the early 1970s we brought in the best unemployment scheme in the world, and we were not helped in this by the other side. We brought in a very generous—perhaps an overly generous unemployment system—in order to help those who we knew would be unemployed when these situations arose and when the baby boom emerged in the larger number of young people entering the labour force. So we brought in this very generous scheme, but since then we found some abuses of it, so we are tightening it up. Our first reaction, however, was one of intelligent compassion.

Some hon. Members: Hear, hear!

Mr. Trudeau: We also went about creating more jobs. The growth of employment was created essentially by the private sector, but it was brought about in economic circumstances in which both the federal and provincial governments had a role to play. In our case we helped to create more jobs by way of budget deficits. Here I look askance at the leader of the NDP who always seems to be saying that we are cutting back too much. We must remind him that we will still have financial requirements for this year of some $11.7 billion. So indeed we are cutting back the rate of growth. However, we are stimulating the economy to a very large extent indeed, to a much larger extent, comparatively speaking, than is the premier of Saskatchewan whom the leader of the NDP was citing as an example.

Mr. Broadbent: What is the growth level in Saskatchewan?

Mr. Trudeau: I am talking about the economic policy. The leader of the NDP suggests that we should be more stimulative than we have been. I am telling him that we are immensely more stimulative than the Saskatchewan government. That is the point I want to make.

Some hon. Members: Hear, hear!

Mr. Trudeau: We have brought in a series of other measures. I cannot go into them all in detail, but let me just mention some in passing to show that this business of stealing each other's programs seems to have gone in a different direction than the one suggested by the Leader of the Opposition.

Several years ago we brought in research and development incentives. We applied an investment tax credit to R and D, and then we gave additional R and D expenditures a 50 per cent write-off, so that the cost of a $1 expenditure in R and D can cost as little as 20 cents. The Conservative party is only now getting around to encouraging R and D in its programs.

For years we have been bringing in measures to encourage small business. Their tax rates are half the tax rates of normal corporations. Recently we have allowed family corporations to roll over $200,000 of capital gain without tax. Recently we have removed the manufacturing sales tax on the first $50,000 of sales by small businesses. In manufacturing and processing we have reduced the federal tax level from 36 per cent to 30 per cent. We have given a two year write-off on machinery and equipment. We have given manufacturers access to the investment tax credit. And on it goes in the resource sectors and other sectors where we have been helping the private sector create jobs in ways which now the Tory party feebly proposes to imitate.

We have also—and I noticed that the Leader of the Opposition said nothing about that except to criticize it—embarked upon direct employment programs. I think he was criticizing the Opportunities for Youth program and other such programs, and yet many countries have come to Canada to see how successful our programs were, and have copied them. These programs have directly created jobs for many of our young people.

Some hon. Members: Hear, hear!

● (1632)

Mr. Trudeau: This winter job experience training for youth will employ another 58,000 young Canadians. Next year $710 million will be spent for job creation and training. That will involve some 370,000 people. I am not sure in what way one can look at the Tory response to this situation of high unemployment. They talk about putting the economy back to work. They talk about creating more money by making more work and by getting more taxes from having fuller employment. Apart from imitating some of our schemes, the trouble is that they do not say how to do it.

Obviously they have some economic policies. We can get glimpses of them when the hon. Leader of the Opposition announces a $2,200 million tax cut. Then he has this mortgage and municipal tax scheme which will cost something in the area of $1,600 million. Then he has a whole series of miscellaneous other programs for small businesses, research and development, and other things, which are feeble imitations of our programs. They are estimated at something like $1.5 billion, for a total of $5.3 billion.

The hon. Leader of the Opposition indicated that somehow he will fund this by eliminating the Minister of State for Urban Affairs (Mr. Ouellet). Right away he will get $20 million off the top. Out of $5.3 billion he will get $20 million. Then he will put an end to Petro-Canada. The saving there will be $200 million. That is a total of $220 million. Also we know he will abolish the Department of Multiculturalism. He told us that, approximately a year ago out west. That will result in a great saving of $5 million.

Where is the other saving? It will be the 60,000 public servants who will be lost through attrition. The calculation which I read in the *Financial Times* indicated an approximate

saving of $1,200 million. I am not sure how he will work the government through attrition over three years, losing 60,000 public servants, because those who go off by attrition are not always those one wants to lose, and those who stay on are not necessarily those one should not fire. It is an easy, painless process. It is something like his approach to the provincial premiers. There will be no confrontation with the public service. He will reduce the size of government by letting people die off. Does this take a great deal of courage and organizational skill?

Some hon. Members: Hear, hear!

Mr. Trudeau: Out of policies which will cost approximately $5,300 million, there will be an estimated savings of approximately $1.5 billion. The simplest thing to say in response to that is that the Red Tories have been replaced by the red ink Tories. That is what they will be.

Some hon. Members: Hear, hear!

Mr. Trudeau: I should like to talk about inflation because those facts are also subject to criticism and analysis. We have received the criticism, but we have not received the analysis. We have not heard the Tory policies on the subjects I will discuss, but first let us look at the facts. We know that for the past two months the rate of inflation has been slowly coming down. Also we know that from August to September inflation was wrestled to the ground for one month. I dare say it will not be a permanent victory, but we will continue fighting in the manner which I will indicate.

In order to set the record straight when we talk about standard of living and cost of living, let us look at some of the Organization for Economic Co-operation and Development figures. The standard of living is expressed in terms of real disposable purchasing power. In 1968 we were second, right after the United States. They had $4,679 and we had $3,516. Eight years later, the latest date for which we have figures, we are still second. I am talking of constant dollars, obviously Canadian dollars brought to the 1971 base. In 1976 the United States were at $4,258 and Canada was at $4,082. Thus, we were still second, and away ahead of Switzerland, the Netherlands, Germany, Norway, Japan, Italy, but perhaps not ahead of Kuwait. I am not sure, I do not have the figures for Kuwait. If we are talking of real disposable purchasing power, probably we are pretty well ahead of Kuwait. For something which costs perhaps $50 in this country, one will pay perhaps $300 in that country. If one is not the Emir himself, who will have a little bit of difficulty maintaining his purchasing power.

The United States is listed first on the cost of living index. Putting that country on the basis of one hundred and comparing the cost of living of various countries to the United States in any of the years 1968, 1970, 1974, 1976 or 1978, Canada is always in the top little group. Let us take the two years to which reference is always made. In 1968 we were second. The cost of living index in the United States was one hundred and the cost of living index comparatively in Canada was one hundred and one. In 1978, ten years later, the United States was 100 and Canada was 102. We are still second, and away ahead of France, Germany, Switzerland, and Japan. Japan was 165 compared to our 102. Though the figures on inflation are not nice and we would rather have a lower rate of inflation, obviously the result of these years of inflation indicates that Canada has done immensely better than most of the other industrialized countries.

Some hon. Members: Hear, hear!

Mr. Trudeau: I should like to put another index before the House. Looking at food prices, calculated in current United States dollars for a given basket of food, and reported by United States agricultural attachés around the world—that basket of food is the same in Australia, Canada, United States, United Kingdom and so on,—in Canada we are second. We pay $19 for that basket in Canada. There is one country ahead of us by one cent. That country is Australia where the basket costs $18.99. After us, in terms of food prices, come the United States, United Kingdom, and further on Germany, Sweden, Denmark, Japan, and all these other countries. Thus, in terms of food also we are among the winners.

I should like to refer to another index, real personal disposable income.

Some hon. Members: Oh, oh!

Mr. Trudeau: I know these figures are tedious, but they should be on the record for the benefit of the opposition.

Some hon. Members: Hear, hear!

Mr. Trudeau: Because we are neck and neck with the United States in a lot of these industries, I have compared the gains over the past ten years in Canada with the gains in the United States. Therefore, taking 1968 as 100, the real personal disposable income per capita in Canada has risen from 100 to 151.90. In other words, we have increased our real personal disposable income per capita. That is gross earnings plus all which is received in terms of transfer payments, minus all taxes. We have gained some 50 per cent. Compared to the United States, in that country it went from 100 to 124. Once again we are ahead of everyone and we are doing very well in terms of real wealth.

Some hon. Members; Hear, hear!

Mr. Trudeau: Other industries are referred to in the census and by Statistics Canada. I will refer to a few in order to show that over the past ten years this country has not really seen itself reduced from riches to rags. Let us look at a few of these indices, first in relation to personal expenditures on consumer goods and services.

● (1642)

In the case of food, beverages and tobacco, our expenditure on these items compared to our total expenditures has gone down from 21 per cent to 19 per cent. In the case of rent our expenditure has gone down from 19 per cent to 17 per cent.

The percentage has gone up in respect of recreation, entertainment, education and cultural services.

There is another way of expressing this, and the Minister of Agriculture (Mr. Whelan) is constantly reminding us of this. It relates to the percentage of disposable income spent on food, the assumption being that when you are wealthy you spend a smaller proportion of your income on food than when you are poor. This index puts the United States first and Canada second, away ahead of most of these so-called model countries. In the United States 12 per cent of disposable income is spent on food whereas in Canada it is 13 per cent. This means, according to this index, that we in Canada have a surprisingly advantageous situation.

Let me refer to the index in relation to households. In 1968 some 91 per cent of households in Canada had hot and cold running water. Seven years later this had increased to 97 per cent. In relation to the number with baths or showers, in 1968 there were 90 per cent and in 1977 there were 97 per cent. In 1968 some 29 per cent of households had home freezers. This increased to 47 per cent in 1977.

The opposition can look at these indices. I will send them over if hon. members are interested. These cover the point about flush toilets, sewers, and everything else.

Some hon. Members: Oh, oh!

Mr. Trudeau: Hon. members will see that we are not really caught in the vortex that they seem to be describing. Indeed, in Canada the facts are that in spite of inflation we are doing well, indeed.

Why do we have a high cost of living? Obviously there are many reasons. We cannot say at this time that this is inflation generated in Canada. We have found that from the first half of 1975, when wage settlements on a yearly basis were at a rate of 22 per cent, they have dropped to something in the order of 7 per cent, with a cost of living of 8 per cent to 9 per cent. That means that at this time inflation is coming in from outside, very simply because of the high cost of things we import, and very simply because of the lowered value of the dollar, which means Canada is paying more for everything it imports.

In the face of this situation the Leader of the Opposition says the throne speech contains nothing and the government has done nothing. Throughout the month of August we announced cuts in government spending. From projected spending in this fiscal year we are taking $500 million. From expenditures projected for the next fiscal year we are taking away $2 billion.

In relation to growth in the public sector, and I am not talking of the provinces or the municipalities, in the present year and the next we are growing at a rate that is less than as fast as the economy itself is growing. The civil service in the past two years and in this year has been growing at less than 1 per cent, and next year that growth will be zero.

We have taken a very difficult decision in respect of Bill C-28 which was brought in during the last parliament and which will be brought in again during this parliament in a modified form. What is the position of the opposition in respect of this bill, which really is a follow-up to the commitment made by the ten premiers and myself in February when we decided that total compensation in the public sector should not lead that of the private sector? We are putting that in the form of a bill and will ask the Leader of the Opposition and his party to support it. I understand the NDP will not support us, but it will be interesting to see whether the Leader of the Opposition has a position in this regard. He will complain about inflation, but we want to know whether he will support the government's policy which has been announced but which he feigns not to know.

What is his position on this policy in view of all these matters of restraint? I can predict now what it is. Every time we bring in a bill, and there will be many, cutting federal expenditures, members of the opposition complain. Already today we have heard the complaint that we are cutting too much in the wrong places. The opposition always find some reason not to support the expenditure restraint by the federal government, but never will they propose an equivalent amount to be cut in other areas. We will just watch for their support in this particular respect.

In the face of inflation in the past this government has taken what I would say is a very compassionate stand: indexing of various pensions including family allowances, old age pensions, veterans' pensions and so on. This has been a major step in protecting those people in the weaker element of our society against the evils of inflation. These measures have cost a great deal of money.

We continued these measures of restraint in the month of August by cutting expenditures in some areas, taking away from those who have and who do not need quite as much. In this way we have been able to increase the guaranteed income supplement by $20 per month per household, and this will affect some 3,300,000 pensioners. In respect of family allowances, and I will explain it once again because the people out there watching television do not seem to have understood it properly—

Some hon. Members: Oh, oh!

Mr. Trudeau: What is wrong about having open government? We are the ones who brought television into the House!

Some hon. Members: Hear, hear!

Mr. Trudeau: There will be a thirteenth cheque, as the Minister of National Health and Welfare (Miss Bégin) always reminds us, of $200 per child per year over and above the $20 per month that will continue, and will be accelerated in the usual fashion. This is redistribution.

I noticed that the Leader of the Opposition attacked our Minister of Finance (Mr. Chrétien) for having said this government was concerned with and would continue redistribution. We will, because that is Liberal policy.

Some hon. Members: Hear, hear!

Mr. Trudeau: The principle of redistribution is to take from them who have in order to give to those who do not. In the case of the Leader of the Opposition he has two kinds of redistribution in mind. We have already heard talk about one, and that is redistribution of federal powers to the provinces. That can be quite painless for the Leader of the Opposition. We have had an example of the other kind of redistribution, namely, the housing policy of which he is so proud. Under this housing policy, them that has gets, and I think we can give a few examples of that.

Again let me put some housing facts on record because the opposition would seem to indicate that in this area of housing we have not done enough. Let me just indicate once again that of the 15 most industrialized countries of the world Canada was second in housing starts from 1970 to 1977. The index shows Belgium first with 152, Canada second with 126, and the United States, with its mortgage deductibility, at 116, fewer housing starts than in Canada. Norway, Japan, and the other countries follow. We have such a good record because of good Liberal housing policy in Canada.

Some hon. Members: Hear, hear!

Mr. Trudeau: I understand the Leader of the Opposition wants to save $20 million by abolishing the Ministry of Housing and Urban Affairs, but he should consider what has been achieved in the past ten years since we set up this ministry. The central objective of federal housing policy has been to increase the supply of all types of shelter and to maximize individual choice and to stabilize prices.

● (1652)

Aided by a variety of tax incentives and a near tripling of CMHC budgets from $655 million in 1968 to $1,890 million in 1977, Canada's housing industry has produced over 2.1 million starts since 1968, the best record in our history and the best record, after Belgium, of any industrialized society. In the latest four-year period, 1973 to 1977, Canada annually produced approximately 250,000 starts, far better than any other four-year period in our history. For instance, if you take from 1963 to 1967 there were 155,000 housing starts, and in 1958 to 1962 there were 134,000 starts compared, once again, to 248,000 starts for the period 1973 to 1977. That is well ahead of the Economic Council's goal of one million over five years.

Federal government programs were essential in achieving this number of starts. The proportion of starts with some National Housing Act subsidy increased from 6 per cent in 1968 to over 40 per cent in 1977. It is because of that large increase in starts since 1973 that prices for houses have stabilized. In 1976-77 the price of existing homes only increased by 3.9 per cent. There has been a housing policy in this country, Mr. Speaker. It has created houses in a number exceeding any other period in our history, and, I repeat, better than any other industrialized society with the exception of Belgium.

I understand that the Leader of the Opposition and his party are flailing around asking themselves what they can do in order to redistribute wealth in their way. They do not like the way the Minister of Finance is doing it. They do not like the way this government is doing it. So, what are they going to do to redistribute wealth? Let us take a look at the practical application of their policies. For instance, there are the renters in Canada. They are not a small group for there are 2.4 million householders in this country who rent their shelter, 37 per cent of all households. These renters are not the rich people. Approximately 60 per cent of all renters make $10,000 or less, and many of these are older Canadians or families which are starting out.

Let us take, for example, one senior citizen, a widow who is retired and renting, and what does she get from this Tory tax policy? She gets zero, Mr. Speaker—not one cent.

Some hon. Members: Shame! Shame!

Mr. Trudeau: Think of the single person, Mr. Speaker, with a low fixed income, and renting. They do not get a cent either. There is the newly married young couple starting out in an apartment—nothing for them either. Here is a $1.6 billion election tax cut promise that ignores the pensioner, the single person with a low fixed income, and the new, young family.

Let us now look at the man in the low middle income bracket who owns a home and who has no mortgage. This is not a small group either. There are 4 million householders in Canada who own their homes, and one half of these have no mortgage. That means that 2 million out of 4 million home owners have no mortgage. They are not going to benefit from this promise. What does the Tory promise say to this person, this low middle income earner who has a house but no mortgage? It says, "If you want this tax break, well, go out and mortgage your home." Of course, if they do that this will put the expenditure way above the $1.6 billion which is the calculated Tory figure.

Mr. MacEachen: Awful advice, Sinc.

Mr. Trudeau: What about these people who do own a home and who have a mortgage, the people that the Leader of the Opposition and his party are so concerned about? Let us take some of the examples given in the Tory leader's own publication. For example, let us look at the man and woman with two children who earn $10,000 per year and who own a home which is mortgaged. And let us say that the mortgage interest is $1,800 annually, the national average. Such a person would get a tax advantage of $450.

An hon. Member: Still good.

Mr. Trudeau: Well, Mr. Speaker, it is still pretty good, but the trouble is that when you look at the man who makes $50,000 a year and who has the same kind of mortgage, he gets $933, twice as much. so, if you are richer you get more, and that is good Tory redistribution!

Some hon. Members: Hear, hear!

Mr. Trudeau: All these examples can be repeated ad nauseam, Mr. Speaker. The effect of them generally is that if you are twice as rich you get twice as much money from the Tory policy. This is the kind of redistribution the Leader of the Opposition is in favour of, not the kind of redistribution he criticized the Minister of Finance for.

An hon. Member: Give more examples.

Mr. Trudeau: I would give more examples, but I have something more interesting. I have something which tries to deal with the Leader of the Opposition's answer when he is asked, "What is it going to cost the provinces?"

Mr. Chrétien: That is a beautiful one.

Mr. Trudeau: I hope I have not lost it.

Mr. Chrétien: The man of peace for the provinces, a billion dollar loss.

Mr. Trudeau: I am giving the federal cost, their estimate of $1.6 billion. I think it was the provincial treasurer of Ontario who has already complained that it is going to cost him $300 million.

Mr. Chrétien: Four.

Mr. Trudeau: Is it four?

Mr. Chrétien: Yes.

Mr. Trudeau: We know that our calculation is something in the area of $1 billion in cost to the provinces because of the tax collection agreements. The Leader of the Opposition was asked about that; if he forgot about it, or if he was trying to hide it, or if he did not understand it.

He has mentioned tapes that he has about us. We have a tape about him. It is on the CBC "World at Six", Friday, September 29. The opposition leader was asked to explain just why and how the provinces would not lose their revenue. He seemed unclear himself on just how it worked. This is the usual CBC understatement, "He seemed unclear on how it would work". Let me just read his answer. All of this is in quotes; even when I smile, Mr. Speaker.

LEADER OF THE OPPOSITION: Well, what I'm saying is that we would—the calculus that we issue, coming to a $1.6 billion total cost figure after four years of operation is based upon federal tax. That would be the cost to the federal treasury. We would only be rebating to the provinces, to use your term, something that we—an affect upon taxation that would—an affect upon their—I'm trying to put this clearly.

Some hon. Members: Hear, hear!

Mr. Trudeau: This is still in quotes. You can see how he puts it clearly. Listen carefully, Mr. Speaker, he is putting it clearly.

The rebating to the provinces would be a sum in excess to the cost to the federal treasury and we would be rebating to the provinces something that we would not have come to federal government in the first place without this program. It would not be a new—the cost would be an administrative share, an administrative cost but a very insignificant one.

Some hon. Members: Hear, hear!

Mr. Trudeau: They say that imitation is the highest form of flattery, and now they do not want us to adhere to the principle of the British Empire and Westminster, where they thump and otherwise make noises, but to applaud, as the Leader of the Opposition and his party are now teaching us to do in this revolutionary move to make this parliament more open.

Some hon. Members: Hear, hear!

Mr. Trudeau: I have given a lot of OECD figures. I would ask the House to bear with me for two more quotes. I just want to put them before this parliament because they bring another approach to our economic situation and the impending doomsday rhetoric that we constantly hear from the opposition, and that we heard about today. We hear about inflation, unemployment, or the falling dollar, a lot of dire predictions, a lot of imaginary musings, but very little is said which would create the confidence in this country which this country deserves.

● (1702)

Let me just put on the record the remarks of a gentleman who has criticized me in other circumstances, including the one referred to at the end of 1976, by the Leader of the Opposition, Mr. Earle McLaughlin. This is a quote from the *Globe and Mail* of January 13, 1978, as follows:

W. Earle McLaughlin, chairman and chief executive officer of the Royal Bank of Canada, told the bank's annual meeting that 'the most calamitous thing' for business and Canada 'would be to be swept away by the waves of pessimism often displayed by too many.'

Mr. Stevens: Is Earle the poor man?

Mr. Trudeau: I do not know if he is poor, but he certainly knows how to run a bank which is—

Some hon. Members: Hear, hear!

Mr. Trudeau: The article continues later:

Taking the past seven years—'a purely arbitrary medium-term yardstick since virtually any other reference period would do,' Mr. McLaughlin said Canadians have outperformed the Americans 'by almost any economic yardstick you might propose.'

In the period, real personal incomes in Canada had increased 38 per cent, even taking into account the weakening Canadian dollar, compared with a 17 per cent U.S. increase. Canadian material standard of living had increased more than in the United States and 'despite our unemployment, we have been creating new jobs 50 per cent faster than the United States.'

In another vital indicator, Mr. McLaughlin said, total investment spending in Canada rose by 168 per cent, compared with a growth of only 107 per cent in the United States, 'the past 12 to 24 months notwithstanding.'

And Canadian corporate after tax profits grew by 186 per cent, 7 per cent more than in the United States.

He goes on to give many other indices of warranted optimism. I would just give one more quote since investment spending is referred to by Mr. McLaughlin.

The *Windsor Star* of October 5, quotes Mr. Roy F. Bennett, president of the Ford Motor Company of Canada, when speaking to the Windsor Chamber of Commerce, as follows:

"I would suggest there is a real danger in the Canadian business community that we may become so preoccupied with the spectre of this pair of culprits (inflation and unemployment) that we could lose sight of the many fundamental strengths in our economy.

If we do, we may fail to take those business initiatives which, in many respects, are the solution to the nation's fundamental economic ills,"—

Later, he said:

"Although inflation is eroding our earnings, the purchasing power of Canadians has never been greater than it is today . . . the market for goods and services is booming and continuing to grow."

The article continues:

He said while the value of the Canadian dollar continues to depreciate, the international competitiveness of Canadian producers has substantially improved. "We are probably in a better position to compete in international markets than we have been for at least the past 10 years," he said.

He noted the Canadian car market is at an all-time high.

I did want to talk about the problem of national unity at some length but I think I will save part of my remarks for some other occasion, because I have taken a lot of the time of the House. I would briefly contrast our approach here again to that of the opposition, because the Leader of the Opposition did say some words about his approach to the problem of national unity and I have already commented on that a little bit.

Let me first say that we do give very high priority to the problem of national unity and to the remedies we propose, for a very simple reason. It is that the Canadian economy will not attain its full potential unless this problem of disjointed unity, of political uncertainty, is solved, and unless an investor, whether he is going to invest in Windsor or Winnipeg, knows he is investing in a country of 23 million people, not of 23 million minus six million. This is very important for the economy.

To those people who say, "Why are you tinkering with the situation? Why are you spending your time talking about national unity when there are jobs to be found and inflation on your back", that is the answer. Economic uncertainty flows from political uncertainty. It is extremely important that on all sides of the House we tackle this problem with great urgency.

[*Translation*]

The second reason why this problem must be solved immediately was stated just two days ago by the Premier of the pro ince of Quebec, Mr. Lévesque, who was speaking in the National Assembly, and I quote:

One thing for sure anyway, we do not see anything but sovereignty-association as a solution likely to break the vicious circle in which are trapped two different people.

Well, that is what we have always maintained, Mr. Speaker. Quebeckers, like westerners and maritimers, want a solution to this constitutional imbroglio which has been dragging in this country ever since 1927. Quebeckers are anxious to see this parliament not only grapple with this problem of the constitution, but solve it once and for all because we know, Mr. Speaker, and all surveys bear this out, that the option of a renewed federalism is to be preferred to any other option for Quebeckers, including of course separation or sovereignty-association.

Quebeckers want a renewed federalism, a new constitution. They are anxious to get results, and they prefer that solution to sovereignty-association. And because the people in Quebec will be called upon to express their opinion in a referendum to be held by the provincial government presumably within a year, we must in the meantime be able to show the province of Quebec that after 51 years of efforts we have finally made some progress, and that is why it is urgent to implement the government's program.

The Leader of the Opposition talked of confrontation, he said that the federal government wants to move too fast, that he, the Leader of the Opposition, would sit down with the provinces, discuss their agenda, start with the division of powers, because that is what concerns them. Has he any guarantee that eight, nine or ten provinces will agree with him on a division of powers within a year or two? The only guarantee he can have, of course, is that if he agrees to give the provinces all the powers and all the jurisdictions they want, if he wants to dismantle the federal government, Mr. Speaker, if he wants to turn the federal government into a vacuum, give the provinces all the powers, of course, he will agree in no time with the provinces on the division of powers. But we know that issue was discussed for three years, from 1968 to 1971, and as the proposals were not forthcoming—and I am talking basically about provincial proposals because the government made several proposals to improve the division, including those I mentioned earlier—the provinces, for the sake of peace and quiet, said: Well, let us get it over with and try, in Victoria at least, to repatriate the constitution and find an amending formula. Now, the Leader of the Opposition says: Hey, hold your horses! Let us take our time! Let us not act too hastily. We have to discuss with the provinces, so no confrontation. I am not for confrontation. I want a solution to be found, but once again, I remind the Leader of the Opposition and all those who are listening that the people in Quebec will have to vote within a year on the various options, and unless we have a renewed federalism to propose, I can guarantee the Leader of the Opposition that federalism is in for a rough time.

● (1712)

[*English*]

The Leader of the Opposition wants to begin with the division of powers because the provinces said that they want to begin with the division of powers. Does he have even the slightest hope that he will get the ten provinces to agree on a new division of powers within the next little while? He shakes his head yes, Mr. Speaker. He is saying that Mr. Lévesque will agree on renewing our federalism rather than pursue his option of *souveraineté indépendance*.

He thinks that the premier of the province of Quebec will make it easy for him, the Leader of the Opposition, to find agreement among ten provinces in a way in which we will have a new division of powers in this country. In order to pursue this will-o'-the-wisp he is going to set aside the Bill of Rights. He is going to set aside the proposition to give greater representation to the west and to the east in the institutions of the central government. He is going to set aside linguistic guarantees in order to pursue something, when he should know at the outset that the premier of Quebec will not consent. If he is looking for unanimity, as the premiers suggested at Regina last August that they were looking for, he will not find it. He will not find it this year, and he will not find it next year. At some point he will have to be courageous and take a stand which is just not a feeble echo of what the ten premiers are saying.

Some hon. Members: Hear, hear!

Mr. Trudeau: I have no doubt as to the reason why the Leader of the Opposition shakes his head yes, that he is going to find agreement, because he has already shown us at Kingston how he would do it. Anything the provinces ask, he gives them. And he comes back and says "What a great victory! There was no confrontation! Look what I accomplished at Kingston." This is what he would do when sitting down with Mr. Lévesque and the other premiers who want to despoil the federal government of its powers and decentralize this country to a state when there would no longer be a government able to talk for the people of Canada.

Some hon. Members: Hear, hear!

Mr. Trudeau: I am not here to argue for any particular form of constitutional bill. We put one in front of the House last session, Bill C-60. It was our considered opinion on what a total arrangement for a new constitution could be. It could be changed. It was our considered position, but I do not think there is only one perfect solution, one particular set of federal institution reforms or division of powers which is superior to all others.

It is not vital to me, Mr. Speaker, whether the Senate is named by the political parties or whether it is directly elected. What is important is that it amplify the voice of western and eastern Canada which feel alienated.

Some hon. Members: Hear, hear!

Mr. Trudeau: It is vital to me that it does give protection to the kind of linguistic equality that this government has put into the statutes.

It is not vital to me whether the Supreme Court has nine judges or 11 judges, whether it sits or it does not sit in civil law matters. All I am saying is that it is important that the Supreme Court of this country has the confidence of Canadians from every region. It is time that we got on with the job of finding ways by which that confidence can be established. We should not sweep that under the carpet too, and say that we will discuss division of powers, which will take us years and years and years. It is important before then to establish the Supreme Court which corresponds to the values for which all Canadians stand.

It is not vital to me whether Her Majesty is formally described in the new constitution as The Sovereign Head of State, or as Her Majesty the Queen, or as the Sovereign of Canada, or in any other way. We have indicated many times that our intention was not to change the role of the monarchy. We indicated that as far back as 1968 when we published the white paper on the constitution. We have repeated it constantly since then that that was our intention.

At one point when we were writing a new constitution we had to say something about the Queen. I think the opposition would have been the first to complain if we had written a new constitution without mentioning the Queen. Therefore we had to put in something. We had our drafters put the description of the situation of today as they see it under constitutional law in the best language they could. This is what they attempted to write, and this is what we want to be in the constitution.

I know some people on the other side who would like to write in what the position was of the Queen in Queen Anne's day, but this is not the position of this government. We want to describe the situation today following the 1947 letters patent which gave to the Governor General the power to exercise Her Majesty's prerogatives which were transferred in final resort to the Governor General about a year and half ago. This we want to put in the constitution. We are repeating, Mr. Speaker, and we have said it since 1968, that this is the intention. The intention was explained to Her Majesty at Buckingham Palace by the then minister of justice, and she saw it that way too. The people who are hollering "the monarchy" in this country are the people on that side of the House who are using it as a political football.

Some hon. Members: Shame!

Mr. Trudeau: And it is not the first time!

Some hon. Members: Hear, hear!

Mr. Trudeau: It is not for the Leader of the Opposition or for the right hon. member for Prince Albert (Mr. Diefenbaker) to say what the intention of the government is. The intention of the government has been expressed by the Minister for Federal-Provincial Relations (Mr. Lalonde), by the Minister of Justice (Mr. Lang), and by myself. Our intention is to preserve the monarchy and to describe her position as it is now. But the intention of the other side of the House is to try to garner votes on the subject and to try to split Canadians on this subject. I am telling them that if there is a debate on the monarchy in this country, if we do find people responding to their invitation to set up groups to protect Her Majesty, who is in no way endangered by this government, there may be other groups who will form to attack the monarchy, and then we will see a fight in this country on a political basis, a division which will have been caused by the Leader of the Opposition.

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

Mr. Trudeau: If they had any sense at all, if they were really concerned with the preservation of the monarchy as a symbol of Canadian unity and as a symbol of our nationhood, they would not be playing politics with Her Majesty as they are doing now.

An hon. Member: What a fraud.

Mr. Trudeau: They would sit down and try and rewrite in better words what they think we have drafted badly. But they would have the courage to try and do it themselves, or they would assist as the provinces are doing, in a new drafting to translate, the intention perhaps better. But they would not be snidely pretending that this government is trying to downgrade an institution which many Canadians feel close to their hearts, and that is what the opposition is doing.

Some hon. Members: Hear, hear!

Mr. Trudeau: To make it all very simple, what I am telling the premiers and the Leader of the Opposition and his party is that if you do not like Bill C-60, that is fine. Let us sit down and revise it. It was brought in and given a first reading last session precisely so we could study it some more—

An hon. Member: With a deadline.

Mr. Trudeau: That is exactly what we said in the last session that we will bring it in for first reading only, we will set up a parliamentary committee to study it, we will ask the premiers to study it in the provinces, and we will ask them to come back with better wording, if they have it. If they want to revise it, improve it, fine. If they want a new division of powers, fine. Let us hear what they want to propose.

I see the Leader of the Opposition suggesting that we are the ones now. He will wait for us to propose some new division of powers. We are not asking for a new division of powers. I understand it is his party. It is the provinces that are asking for a division of powers. They have made some proposals. We will study them. I have already written to the premiers in that sense. We will make some counter-proposals. We will show that in some instances it is important for the federal government to have powers that are now exercised by the provinces because we believe that Canada must maintain a strong government if it is going to remain united.

● (1722)

Some hon. Members: Hear, hear!

Mr. Trudeau: All I am saying is, let's get on with it, let's act. For 51 years, under six different prime ministers, the national government and the provincial governments have tried to tackle the problem of the constitution. They have always come up with failure. If people are fed up with politicians discussing the constitution, it is not because they do not think it is important. It is because they think the politicians should get on with it, finish the job, and not discuss it for another 50 years. That is the position of this government. That is why we have set deadlines which we will do our best to meet. That is why we will stick with them.

Some hon. Members: Hear, hear!

Mr. Trudeau: I am not sure of the position of the Leader of the Opposition. I do know they brought out a blue paper called "Constitution and National Unity" in April, 1978. On page one of this paper they said "the legitimacy of the existing constitution has been substantially eroded."

They go on to propose what? They go on to propose essentially constitutional changes, not division of powers. Let the Leader of the Opposition read his own position paper. They proposed institutional changes like we did in Bill C-60. They suggested we were copying them at that time because this seemed to be a good wicket to be on.

They talked about the House of the Provinces. It is our House of the Federation. They talked about federal-provincial conferences and the need to institutionalize them. They talked about appointments—another victory at Kingston. At Kingston the Leader of the Opposition gained from the premiers the right for them to name people to the Supreme Court and to federal bodies like the CBC and so on. That was another great victory.

This is what they talked about in their paper on national unity in April, 1978. They talked about the Supreme Court. They said later "we will talk about language rights, later we will publish things on human liberties, later we will talk about the division of powers, our phase II."

What happened? The premiers got together in Regina in 1978. They said they did not want to talk about the Senate, the Supreme Court, and federal-provincial relations. They said they wanted to talk about the division of powers. What did the opposition party do? They simply put out another paper in September, 1978, called "The Process of Constitutional Change" in which they denounce this frantic haste which is unwise. They said it was unacceptable for the federal government to proceed with the very matters that in April they were saying we should proceed with.

Some hon. Members: Hear, hear!

Mr. Trudeau: As soon as the provinces say they want to discuss the division of powers, "Right on, Premier Lougheed," says the Leader of the Opposition, "Right on, Premier Davis, ready, aye, ready, we will discuss whatever you want, we will forget the other."

Some hon. Members: Hear, hear!

Mr. Trudeau: In the September paper called "The Process of Constitutional Change", they not only reverse their position from April, but they reverse it between page 5 and page 13. On page 5 they talk about "the fundamental silliness of the Trudeau government's position which is pretending to act unilaterally under section 91(1)".

Because the premiers have said, "You cannot exercise your powers which are recognized under the BNA Act under sec-

tion 91(1)," the Leader of the Opposition says we cannot exercise those powers, it is silly of the Trudeau government to try to do it.

The Leader of the Opposition is complaining about federal interference in provincial jurisdictions. Was there any greater interference ever heard of in Canada than the provinces telling us that we cannot exercise a jurisdiction under section 91(1) given to the federal government? If that is not interference, what is?

Some hon. Members: Hear, hear!

Mr. Trudeau: The provinces have said, "Unless there is some kind of unanimity, some consensus"—they use both words—"you should not use your right to amend the federal constitution." Nobody has ever contested the right of the provincial governments under section 92(1) to change their constitutions. If they want, they can sit down and write there shall be a Queen, there shall be a form of cabinet government, there shall be a legislative assembly, there shall be courts, there shall be an administration and so on. They can do it. But according to this party over here, we cannot do it. We cannot write a constitution which says there will be a Queen, there will be a Governor General, there will be a cabinet government responsible to parliament, there will be two Houses and one will be constituted in this way and the other in that way, and there will be courts. They say we cannot write a constitution for us which is authorized under section 91(1), but they can do it for themselves.

This is indeed a queer view of the centralized powers under section 91(1). I have heard there is a kind of chicken that lays a lot of wonderful eggs. Maybe the Minister of Agriculture (Mr. Whelan) can tell me more about it. There is only one problem. After it has laid the eggs, it turns around and eats them.

Some hon. Members: Hear, hear!

Mr. Trudeau: After laying a very, very big egg, covering very many pages with a very learned argument about why we should not use section 91(1) and why we should not act unilaterally, the Leader of the Opposition, on the last page, comes forth as he did in his speech, and says he is going to show leadership if there is any confrontation, you can rely on him to stand up to them. There is a little weaseled phrase on the last page of this learned page which says "Clearly there are areas where the federal government can act alone, and if necessary we will do so."

Some hon. Members: Hear, hear!

Mr. Trudeau: Well, they sure did stand up to the provinces. We saw how they stood up to them in Kingston. Let us see how they stood up to them on some other occasions. Take the offshore mineral rights. We know this has been contested in this country for at least 12 years. There was a Supreme Court decision. Finally, after months and even years of negotiation between this government and the three maritime provinces and Newfoundland, which wanted to have 100 per cent of the resources on the offshore, and the courts seem to have decided otherwise, at least on the west coast, we stood up for the federal government, as it is our duty to do, to stand up for federal rights under the constitution.

There are premiers who stand up for provincial rights. That is their duty. That is their job. That is what they are elected for. I think the Leader of the Opposition has chosen the wrong House in which to sit. He should be sitting in the provincial Houses standing up for the provincial governments.

Some hon. Members: Hear, hear!

Mr. Trudeau: After years of negotiation we put together an agreement with the three maritime premiers suggesting a division of the resources. It was not a judgment of jurisdiction, just a fair division of resources, actually a very generous one for the provinces. After it was put together, it was signed by the three maritime premiers and myself.

A new Conservative premier has now been elected in Nova Scotia. There is a federal by-election now, and the Leader of the Opposition went there and said, "If you want 100 per cent, we will tear up this agreement," which was signed formally in these very parliament buildings a couple of years ago, "and we will give you 100 per cent." That was one example of him standing up to the provinces. If he has to, he will stand up to them and give them 100 per cent.

• (1732)

Let us consider another example, lotteries. I know the history of this very well because it was back in 1967 that I introduced amendments to the Criminal Code to make lotteries legal in Canada. Incidentally, the province of Alberta was the province from which I received the greatest number of letters. Albertans were scandalized because I was introducing an "immoral" system. In Quebec there were other issues. In Manitoba the issue was gun legislation, but in Alberta the issue was lotteries. Some ten years later we tried to make a deal with the provinces. We wanted to share the lotteries, but the provinces wanted 100 per cent. Who does the Leader of the Opposition support? The provinces, of course. Why should the federal government have its lottery when the provinces want to have 100 per cent? Why should we have anything, even if it is only to help sports and amateur sports? Why should we have anything of this?

The Leader of the Opposition takes a very firm position. Using his own words, he will stand up for federal rights, but he says that the lotteries should be 100 per cent the provinces. Fortunately, the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) was able to come to an arrangement with the provinces. There will be a shared arrangement. I do not know if it is going to stick. You never know, because the new premier of Nova Scotia might meet with the Leader of the Opposition, and he might unstick it.

Some hon. Members: Hear, hear!

Mr. Trudeau: Shall I mention the sales tax?

Some hon. Members: Yes. More, more.

Mr. Trudeau: In very simple terms, the Leader of the Opposition accused us of infringing provincial rights, invading provincial jurisdiction and so forth. What happened? We said to the provinces that we would cut income taxes in our jurisdiction, federal income taxes, if the provinces would do something in their jurisdictions. Nobody was invading anybody's jurisdiction. We were saying, "We will do this, if you do that". Eight of the provinces said "Fine". Mr. Parizeau said: "I cannot give you an answer. I will tell you later, after your budget". So after the budget he said: "I do not want to do what you ask, but I want you to give the money as if I had done it". Who was invading whose jurisdiction? We were cutting our taxes, provided the provinces would do something. One province said it would not do anything, but it still wanted us to cut taxes in that province. We were still being told what to do with our federal income tax, but not in exchange for a deal or as a *quid pro quo*. Unilaterally we were being told how we should arrange our budget. A fight ensued, and we kept hearing from the Leader of the Opposition that not only was Mr. Lévesque supporting Mr. Parizeau, but even Mr. Ryan was supporting Mr. Parizeau. So naturally the Leader of the Opposition supported Mr. Parizeau too. He takes not only the position of the provincial premier but also that of the leader of the opposition in that province.

Some hon. Members: Oh, oh!

Mr. Trudeau: Alberta wants international prices for its oil. Ontario wants lower prices. So does New Brunswick, and I suppose now so will Nova Scotia. They do not want to pay the international price for Alberta oil. They do not want this high price to be applied all across Canada. There is division. We have managed to settle these matters in the past several years. There have been many negotiations. When the Leader of the Opposition was on the back benches he naturally supported the premier of his province, but now that he is the leader of a party, he cannot support one premier against the other, so he does not support either. He just says: "You figure it out amongst yourselves; I will not take a position. Let the federal government do something and I will be with you, Brother Lougheed, and with you, Brother Davis".

Mr. Andras: That is going to be difficult.

Mr. Trudeau: It will be difficult because on January 1 he will have to make up his mind. The Minister of Energy, Mines and Resources (Mr. Gillespie) has said that we will not increase prices on January 1 if we can avoid it. That would please Brother Davis, but it would not please Brother Lougheed. Can we ask the Leader of the Opposition to stand firm on this in the interests of the people of Canada? Who will he support? I know he will not support us. He will support one premier or both, and if he cannot support either, he will say something about referring the matter to the Supreme Court of Canada.

Some hon. Members: Hear, hear!

Mr. Trudeau: Well, Mr. Speaker—

[Mr. Trudeau.]

Mr. Clark: You have run as far as you can.

Mr. Trudeau: I have exhausted my time.

An hon. Member: You would make a good leader of the opposition.

Some hon. Members: More.

Mr. Trudeau: I remember a sixteenth century divine about whom it was said that when he spoke he exhausted time and encroached upon eternity. I will not do that. I think I will just wind up by saying that this is a time when the whole industrialized world is coming to grips with very difficult economic problems. Our own country is trying to solve these problems and, as I demonstrated, it is performing better than most, better than all, actually, if we consider the over-all total of performances.

At this difficult time we have a Leader of the Opposition and an official opposition unable or unwilling to make any of the hard choices. We have an official opposition which tries to evade its responsibility and blame the government for everything. The Leader of the Opposition talks about the Speech from the Throne and his anxiety about getting into government. The official opposition will have to learn how to accept some responsibilities. It will have to learn to do so in economic matters and in matters of national unity.

It will have to learn to accept its responsibilities in some of the areas which were referred to in the opening remarks of the Leader of the Opposition, such as matters of national security. When a member of his party was asked by the deputy commissioner of the RCMP to hand over secret documents belonging to the RCMP, the publication of which would be a danger to the security system of this country and to the operation of the RCMP, the Leader of the Opposition turned a blind eye and said, "I do not want to get involved in this". He does not have the courage to accept his responsibility in important matters like that, but he will stand up and talk about his anxiety about coming into government. Let me just say that this government accepts its responsibilities. Sometimes that does mean confrontation. Sometimes it does mean having to say no to the provinces, to labour, to big business or even to the opposition, but we accept our responsibilities.

If the people of this country listen to the siren song of the Leader of the Opposition, who seems to say, "Change the government, you have nothing to lose," let me answer that the people of Canada have everything to lose if they put into power a party which has no confidence in this country, no confidence in its ability to overcome its difficulties and which does not believe that the federal government has the right to lead all the people of this nation, even through the difficult problems which are put to them.

Some hon. Members: Hear, hear!

● (1742)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be debated at the time of adjournment are as follows: the hon. member for Northumberland-Miramichi (Mr. Dionne)—Unemployment Insurance Act—Request for tabling of correspondence with provinces; the hon. member for Nickel Belt (Mr. Rodriguez)—Fisheries—Proposed transfer of weather forecasting services.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in my view we have heard the best possible demonstration we could have had in ten years of why the country is in so much difficulty.

Some hon. Members: Hear, hear!

Mr. Broadbent: I say completely sincerely that if ever we had a display of misguided intelligence, that was it. The Prime Minister (Mr. Trudeau) has made an interesting distinction which I will turn around on him in just a minute. Today, at the opening of his highly disparaging speech about the Leader of the Opposition (Mr. Clark), he launched into a personal assault making reference to the fact that the Leader of the Opposition was using notes. Of course, he himself spent a good part of his time using notes. It is all right when on one side of the House an arrogant, condescending and aggressive Prime Minister does one thing, but when someone on this side does it, somehow it is unacceptable.

An hon. Member: Oh, come on.

Mr. Broadbent: Come on yourself. Look at your side for a minute.

Then the Prime Minister went on to say that he had studied some psychology and had learned that a distinction existed between reason and imagination. He put his hands in his pockets and said, yes, that was a good distinction, and the Leader of the Opposition was very good on imagination but was not so good on intelligence. That was really the gist of his argument.

An hon. Member: That's the truth.

Mr. Broadbent: That is personal vindictiveness and a great way to "unite" this country! But that is what we got from the Prime Minister. He has taken the intelligence with which he was gifted and has governed this country for ten years, but had he used that intelligence, that is there and that is real, to mould support? Has he brought people together to try to build an exciting and decent nation? No. The only time the Prime Minister uses that intelligence is when he is in battle. We saw it in 1972, we saw it in 1974, and for the first time in four years we saw it here today. Suddenly he came alive. Why? Because he likes to fight. The Prime Minister likes to combine two contradictory attitudes: that of a philosopher and that of John Wayne. I say to him that this is a totally undesirable combination for a prime minister of a country.

Let me show what it was all about. He said that the Leader of the Opposition was not good with his facts. I will bring out a few for the Prime Minister to show how, through his distorted, twisted, misleading and false set of facts, quite a different picture will emerge from the one he tried to convey. Two can play that game. The Prime Minister has had responsibility for this nation for ten years, and that is the relevant question, as he knows. But of course he likes to win arguments. He does not like to convince, persuade, lead or give support because he is doing the good or decent thing, but he does like to be clever and win arguments.

That is just the opposite of serious statesmanship or serious philosophy. He trotted out that old canard about job creation and said that Canada leads in job creation. He compared us with other countries. But what he did not tell us was that, unlike many countries with which he was making the comparison, we have had thousands of immigrants every year. So it would seem that we would have to create a few more jobs than would other countries. Also, the other countries had lower birth rates—he did make an allusion to that—and therefore they did not have to create the same number of jobs.

The relevant economic indicator is not the number of jobs you create, for God's sake. If you have enough jobs for your people, you do not need to have a high rate of job creation—people are not insane. So the relevant indicator, which he did not talk about, is the level of unemployment. It is the level of unemployment that is the meaningful thing for comparative purposes. If you consider immigration, if you consider the birth rate and if you consider the fact that there are indeed men and women in this country who want jobs, the task of the government is to create a sufficient number of jobs so that they can work, instead of winning a meaningless statistical battle by saying that we have created more jobs than another country which does not have the same number of immigrants and the same birth rate.

When the Prime Minister came to office in 1968 there was a 3.4 per cent unemployment rate. In September of 1978 the rate was 7.7 per cent, an increase of 600,000 in real numbers

in that decade. He left the impression that now we are doing much better than other countries in terms of real performance, not in terms of the average in the ten-year period. We are talking now about a government which brought down the throne speech and which has to accept responsibility for what it has done for four years and what it plans to do for the next year before it calls an election.

How does our rate of unemployment compare with that in other industrial countries? According to the last yearly average in 1977, the rate of unemployment in Japan stood at 2.1 per cent, in Germany at 3.5 per cent, in France at 5.2 per cent, in the U.S. at 7 per cent, in Italy at 7.2 per cent, and in Canada at 8.1 per cent. We are the worst of the lot in the average for 1977. But the Prime Minister did not mention that.

With regard to inflation levels he thought we were doing wonderfully. He did not tell us the current level in Switzerland, Japan or Germany, which are all doing much better than this country, and I can list many others.

As to redistribution of income, my God, I thought for a minute I was listening to Trotsky. This man who came to office in 1968, this man who alleges now that he is really concerned about the Tory housing policy because he wants to do something for the low income groups, this man who, in his combative style, maintains he is so deeply concerned about inequality, does not face the fact that after having been in office for ten years there is more inequality today than we had in 1968.

An hon. Member: Not true.

Mr. Broadbent: It is true; check your figures.

Some hon. Members: Oh, oh!

Mr. Broadbent: I listened for two hours—it is my turn now. If hon. members check the statistics in the past decade, they will find that the situation of the poor in this country has become marginally worse—not a great deal but marginally worse—not better. This man who talks about inequality has done nothing about it for ten years, and yet he berates the official opposition as if really he had been centrally concerned.

The Prime Minister talks about good housing, about housing starts, as if it were some miraculous, fantastic accomplishment. He said we have created more houses than countries like Norway, Belgium or Sweden. Again I repeat that they do not have immigrant societies, they do not have thousands of people coming in every year, and they do not need to renew their housing stock the way we need to.

If ever a man should turn his own distinction back upon himself, I say it is the Prime Minister. If he wants to talk about reason and intelligence as opposed to imagination, I say he has provided a lovely set of imaginative statistics that are designed to try to convince everyone. What did he say? He said at one point that "we are doing very well indeed". I say that if you select your data carefully, you can convince Liberal backbenchers who are looking for something to get them out of their morass, but I tell you that he will not convince the ordinary person in this country.

Some hon. Members: Hear, hear!

Mr. Broadbent: In the throne speech almost no attention was paid to what I think is the central issue, and that is the state of the Canadian economy. There are other matters too. It is correct, as the Prime Minister said and also as the Leader of the Opposition has said on other occasions, that you cannot separate national unity or the problem of our federal state from the state of the economy. But may I emphasize that the central concern is the economy. The central way, but not the exclusive way, of dealing with national unity also is economic.

● (1752)

What is the major economic dispute in this land right now? No one met that dispute head on. I should like to deal with it in terms of the Prime Minister. Although my differences with the hon. Leader of the Opposition on principle are significant and real, it is the Prime Minister and the government of the day who are responsible for getting us out of our difficulties. What is the economic reality? As everyone knows, there are more than one million unemployed. The private sector is operating at 85 per cent capacity. In real terms the business sector has not indicated that it wants to invest more next year than this year. As I have said on other occasions, businessmen are not foolish or stupid. If they are operating at 15 per cent unused capacity, they will not change that now. They will not overexpand another 15 per cent or so.

If this is the reality, with our level of unemployment and the private sector not expanding, what should we be doing? For a minute I thought the Prime Minister was going to be serious instead of being polemical. He spoke about the level of government stimulus. Also he made an entirely misleading and facetious comparison with Saskatchewan. He said that the government is providing more stimulus than Saskatchewan in order to create jobs. Of course, what he did not mention was that the unemployment rate in Saskatchewan is 3.6 per cent. In the whole period he has been in government he has not achieved that level nationally. Of course, the level of stimulation must be much greater at the federal level. In managing a mixed economy with intelligence, Allan Blakeney in Saskatchewan has achieved virtually full employment. The Prime Minister should talk to him, in addition to Helmut Schmidt, if he wants lessons in economics.

The central reality in the land is whether we should adopt restraint as our principal economic policy—cutbacks, rollbacks, restraint. It all began with Sterling Lyon. I am not questioning the motives; I am questioning the policy argued by the official opposition. Now the Prime Minister, not having implemented his own promises for four years, since August 1 has been implementing the policies of the hon. Leader of the Opposition. Does that make economic sense? That is the question I want to raise and will attempt to answer.

We have a mixed economy. In my lifetime we have experienced, in Canada and throughout the world, the most

sustained period of economic growth in the history of man. From World War II to the present we have experienced the most sustained period of economic growth. Why is that? I ask the Prime Minister why that is so. The reason is that precisely during that period of time governments became involved in the economy. Because of the experience of the great depression, western economies all over the world, including the Government of Canada, have seen a central role to be played by governments in fiscal and monetary policies as well as seen the advantages of adopting an industrial strategy.

The argument made by the government in its Speech from the Throne and the argument made by the official opposition is that somehow we must cut back and restrain ourselves into prosperity. It is bad economics and worse social policy for this country.

Some hon. Members: Hear, hear!

Mr. Broadbent: It will not work. Under these circumstances we are saying that instead of cutbacks and layoffs, which would be the effect of a restraints program, of a further 100,000 Canadians by mindless and indiscriminate abolition of programs which are of benefit to Canadians, we need stimulation in the economy. We have said that taxes should be cut for ordinary people. There should be more cuts for lower income groups than high in order to provide stimulus. We have said that the federal sales tax should be cut by one-third to stimulate the manufacturing sector of the economy. Also we have said that there should be more public sector investment and that money should be put into needed energy projects, the housing sector for people who need homes, rapid transit facilities and grand national schemes. I will not go over the details of the package we proposed to the people of Canada any more precisely than I have already. This process would provide a real stimulus.

I say to the Prime Minister that the debt next year will go up approximately $1.5 billion. But if he looks at the level of private savings in this country, he will see that they are the highest since World War II. An elementary lesson in Keynesian economics would lead one to conclude that if we have a high level of saving in the private sector and by individuals, and the private business community is not expanding because of no demand, then the government should step in. If the Prime Minister looks at the record of Japan and the recent record of Germany over the last several years, their levels of debt for a number of years have exceeded ours because they stimulate at whatever level is needed in order to produce jobs and expand the economy.

Our proposal to create jobs for Canadians who want them, and to bring some real growth to the economy in the next decade, should start now with tax cuts for individuals, manufacturers and public sector investment. Yes, the debt will increase perhaps $1.5 billion next year; but according to our calculations, if the level of investment I have advocated outside the House is made, some 400,000 jobs would be created in the next two years, and in the next three years the national debt would be reduced by some $6 billion to $7 billion. That is what serious economic policy should be all about at this time.

May I call it six o'clock, Mr. Speaker?

Mr. Speaker: It being six o'clock I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Broadbent: Mr. Speaker, the Speech from the Throne must be seen and understood in the context of the economic problems Canadians are now facing. What are those problems? We have one million unemployed. We have an industrial sector that is operating at only 85 per cent capacity, which means businessmen have decided not to expand. Businessmen are not foolish and are not going to take up another 15 per cent of unused capacity when they have more capacity than they now need. Also, and this is important and crucial to an industrial country, we have already lost some 15,000 jobs in the manufacturing sector in the past year.

What response has the government made? The Prime Minister for four years has been ignoring his own commitments and promises to the people of Canada, yet since August 1 he has been attempting to implement those of the Leader of the Official Opposition. This approach to a complex economy can be summed up as a policy that amounts to nothing more than a slogan; it is cutbacks, rollbacks and restraint. According to the Government of Canada we can now in 1978 restrain ourselves into prosperity. That is ludicrous in principle and it is harmful in its effects.

We recall that at the outset of economic difficulties during the time of the great depression the prime minister of the day applied the same policy. It did not work for R. B. Bennett in the 1930s and it will not work for Pierre Elliott Trudeau and the people of Canada in the 1970s. We do not have to go back to the 1930s because, unfortunately, we have a good example already before us of what happens when you apply an across the board restraint and cutback policy.

Not long ago in the province of Manitoba a Conservative government was elected principally on that policy, and it applied it. According to the unemployment statistics which came out earlier this week, the province of Manitoba with that cutback philosophy, which has now been taken over by the Liberals and preached by the Leader of the Opposition, experienced in one year an increase of 35 per cent. The rate of increase in unemployment in the province of Manitoba over the past year was four times the rate of increase in the country as a whole. That is the kind of result you get when you adopt an economic policy that amounts simply to cutbacks.

At the national level, when we heard from the President of the Treasury Board (Mr. Andras) and the Minister of Finance (Mr. Chrétien) some six weeks ago that they were going to apply a program that was described in broader detail in the throne speech last night, we calculated that the effect on the economy as a whole would be a net loss of some 100,000 jobs.

I questioned the Prime Minister about that the other day. I asked whether he would confirm that an assessment within the Department of Finance had yielded that expectation. As usual, he was evasive and did not answer. Today in the city of Ottawa a private economic consulting firm made a report which pointed out that with the policy announced by the Government of Canada we would lose not 100,000 jobs, as we calculated, but some 94,000 jobs. That means more men and women will be collecting unemployment insurance and welfare instead of contributing in a positive way to the economic development of this country.

The President of the Treasury Board said in the House today that the federal government was really talking about man-hours and not people. Let me point out to him, and he ought to know, that already in the city of Ottawa over 1,700 civil servants have received their quit slips. They have been informed they are losing their jobs. These are not abstract statistics and not mere man-hours, these are men and women: some 362 in Statistics Canada, 250 in Public Works, 650 in National Health and Welfare and 500 in the Public Service Commission. Some 1,762 have already received notice that they will be unemployed. That is the consequence of what I think can only be described as an irresponsible and mindless economic policy. Whether this kind of program is implemented by a man named Trudeau, as prime minister, or by a man who would like to have that job, Joe Clark, makes no difference to the NDP all across Canada, and we will have nothing to do with it.

What do we propose to put in its place? I submit that what we want to do instead is not designed to create Utopia overnight and will not remove all aspects of inflation or completely obliterate unemployment within a year or two. What we propose is a policy designed to come to grips with the real world rather than some pseudo-fantasy created by the government and the official opposition.

● (2012)

What does it consist of? It consists of the kind of package that has worked so well in West Germany as applied by Helmut Schmidt where unemployment and inflation are at approximately 3 per cent. It has worked very well in Japan where they have unemployment and inflation around the same level. Both of those countries approached the problems of their economies not by denigrating the public sector, but by seeing in a modern economy that it plays an integral and fundamental role in the development process.

So what do we say? If you have manufacturing which is operating at only 85 per cent capacity when you want men and women to be employed on those unused machines, we say reduce the federal manufacturers sales tax by one-third. We have recommended that, and we calculate that if it is done it would inject approximately $1.5 billion of stimulus into the economy, producing some 75,000 jobs—jobs in the manufacturing sector that would benefit those in the electrical industry in Ontario, those who are producing wood products in British Columbia, those working in the shoe industry in the province of Quebec; in short, Canadians in every part of our land who are involved in manufacturing.

Secondly, we would recommend that men and women who are not employed but have sufficient income to be paying income tax be given an income tax reduction. But unlike the other parties, we say let us give a greater tax reduction to those with the lowest income; starting at the lowest level, a $400 tax cut and diminishing the higher up the income tax scale you go, finally fading out entirely at the very rich level. I include in this category members of parliament whose incomes do not warrant a tax cut. We recommend a one and a half billion dollar tax cut of that kind. The net effect we calculate would produce some 125,000 jobs.

The third element of our proposal at this time, which so clearly distinguishes us from the Conservative party and the government of the day, is that we recommend, at a time when the private sector is not investing—because businessmen are not foolish—that we inject public capital to stimulate the economy. We recommend public sector investment of $1.7 billion.

Where would this money go, Mr. Speaker? We say that we need rapid transit facilities in downtown Toronto, which the government promised some time ago. We would expand these public transit facilities thereby putting unemployed construction workers in Toronto to work. We recommend that the Hall royal commission report that the government has sat on for so long should be implemented. If it were implemented, we would not only be meeting the needs of farmers in the prairies who want improved grain handling facilities to get their wheat to export markets, but we would also be providing jobs in Nova Scotia where they make the rails and railroad cars. Instead of a 30 per cent unemployment level in Cape Breton, perhaps it would be cut in half.

With that kind of package—a personal income tax cut, a federal manufacturers sales tax cut and public sector investment—we would over a two-year period create some 400,000 jobs. This would begin to turn things around in this country in the way that the people of our land desperately desire and expect politicians who assume their responsibilities to act. These are the things which are needed right now in the short run.

Beyond the short run requirements that ought to be acted upon for the people of Canada, we must give now—and it ought to have been included in the throne speech—some serious commitment to a long-range industrial strategy. The issue is not the bogus one the two old line parties would like to con the people of Canada into believing, that it is either small government or big government. The issue is effective government. Are we going to at long last have effective government leadership in this country?

We say we need it. The NDP say we should be doing here what other industrial countries have done, what Japan did after World War II when they decided that they would become the leaders of the world in the electronics industry. They began to put their research and development money into that field, and there was co-ordinated government leadership with the private sector to make sure that money went into research and development. My party says let us start doing that long-range planning now in our country.

There are, for example, three important sectors; food, housing and transportation. Eighty per cent of Canadian expenditures are in these three sectors. Let us improve them. Let us take our food industry and make it one of the most productive and efficient industries in the world, not only to meet Canadian needs but to enable us to get into the export business. We could be developing our food processing industry abroad. There is the example in the Atlantic provinces of the fisheries industry in Newfoundland, one of the last great fisheries in the world. We should be expanding it with our 200-mile limit. We could do for fishermen what we did for our farmers many years ago.

We set up the Wheat Board for our farmers. It went into the world markets and sold wheat for Canadian farmers to Asia and Europe, and as a result our farmers are among the best paid in the world. If there was a little initiative coming from this government, we could do the same for fishermen on the east coast and on the west coast. We could be expanding sales. We have an 85-cent dollar. Let us use that to take the opportunity to get into new markets and lay the foundation for more jobs. That way the province of Newfoundland—and I do not exaggerate—within a matter of years could be self-sustaining in the fishing industry and men and women there would be collecting pay instead of handouts or unemployment insurance. That is what the people of Newfoundland and the rest of Canada as well want.

The same could be said for development in housing and transportation. But then there are certain more crucial, fundamental sectors. I say to the Minister of Industry, Trade and Commerce (Mr. Horner), who is here tonight and who should know from his own responsibilities within his department, that there are certain aspects of Canadian industry which are second to none in the world, and if we had the right kind of development at this time we could be world leaders in terms of sales, thereby providing thousands of Canadians with jobs. In this context I think particularly of our computer industry, the energy development field which includes hydro and nuclear facility developments abroad, and the plastics and food processing industries. However, we must begin now with concentration on and careful selection of certain sectors of this kind for development to provide continuing jobs in the future.

Above and beyond the selection of certain crucial areas for international development that could provide for continued and sustained jobs, there is a fundamental difference as well between members of my party and the other two parties on the question of resource development. We have said for years that it is time we stopped exporting our raw materials and buying back finished products from other countries.

Some hon. Members: Hear, hear!

Mr. Broadbent: We should be exporting steel, not iron ore; plastics, not unprocessed gas and oil; wood and paper products, not raw pulp. The underlying assumption is industrial strategy at the national level. In every province where resources are the key, we must have a resource policy whereby Canadian resources are developed by Canadians for the benefit of Canadians. That is what it should be all about.

This approach at this time, a short-run program designed to provide some 400,000 jobs and get people off welfare and handouts, combined with a long-range strategy, is what we ought to have had in the throne speech instead of the cutback, restraint mentality which is essentially negative and which will eventually lead to fewer, not more, jobs.

● (2022)

In conclusion, in suggesting this course of action for the people of Canada on behalf of my colleagues and this party, I do not say it is perfect; I do not say all our difficulties are going to go away but I do say that it recognizes reality. It recognizes that we have a mixed economy; it recognizes that we cannot go back to some primal existence that did not work in the 1920s and 1930s in terms of economics. If implemented, if acted upon by this government even before they face the electorate in the next election, what it would do for young Canadians, for old Canadians, for men and women who want to work is restore a sense of optimism and confidence about this country.

Canadians of my generation were lucky in the main. We grew up in prosperous times. For the most part we had things better than our parents, better than the young people coming on the labour market now. I, as leader of the New Democratic Party of Canada, and all of my colleagues want desperately to create the possibilities for young Canadians that we had in our youth. That is why we are advocating the kind of policy that I have outlined tonight.

Because of these positive things that are not in the Speech from the Throne and which we think ought to be there, I should like to move an amendment to the motion proposed by the Leader of the Official Opposition. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and this House condemns the government for its lack of economic planning and an industrial strategy, as evidenced by its failure to make a commitment to stimulate economic growth by reducing the federal sales tax, by reducing personal income taxes on middle and lower income earners, and by embarking on a new program of public sector investment."

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Thank you, Mr. Speaker. The opening of the fourth session of the thirtieth legislature of Canada went rather smoothly compared to the big demonstrations of the past, and I am pleased about this. I think the

Canadian people in general prefer their elected representatives and their administrators to be less demonstrative and more efficient. Having said this, I want to congratulate Mr. Speaker for remaining in office, and I hope that under his guidance parliament will do an outstanding job and lead our country on the road to economic progress, harmony and social peace. I also want to congratulate the hon. member for Beauharnois-Salaberry (Mr. Laniel) who remains Deputy Speaker and the hon. members who will still act as deputy chairmen of the committees. I also wish to welcome the young women who will be pages in this chamber from now on. This is a good initiative, and I am pleased about it.

Mr. Speaker, I am sorry to note that the hon. member for Roberval (Mr. Gauthier) and leader of the Social Credit Party of Canada is absent for health reasons. All hon. members will certainly agree with me that the hon. member for Roberval who has been sitting in this House for 16 years is a glutton for work and that his contribution to the business of the House has always been marked by an objectivity and a sincerity worthy of a good Canadian.

You will certainly notice that I do not have the advantage of having behind me many hon. members to show on television how hardworking we are, as is often the case on the government side. However, I am not here to win applause, but I want to thank my hon. colleagues opposite and other hon. members who were kind enough to applaud me when I was invited to take the floor by the Chair. It is a mark of good fellowship. It also shows, I hope, that we are all working together in the best interests of the country. After all, Mr. Speaker, what is most important is to be here to fulfil my duties, to represent the people which sent me to parliament, to represent also the country as a whole, to speak on behalf of those who cannot come here to speak for themselves, that is the little people, the workers, the small businessmen, the small merchants, the farmers, the professionals, in other words, the entire population. So, let us forget about television for the moment and try to be efficient.

Mr. Speaker, I must heartily congratulate the sponsor and seconder of this motion who did their duty. I listened to their statements and I believe that the government should take heed of the suggestions put forward, especially with regard to the well-being of our families and senior citizens. The Prime Minister (Mr. Trudeau) made similar remarks in his speech this afternoon. That means that we all wish for the well-being of our families, that we all want to ensure that our senior citizens have a well-deserved security and that it is up to parliament to guarantee them that security.

● (2032)

Mr. Speaker, the Speech from the Throne contains the same ideas so often expressed on such occasions. And it is a good thing, because so long as problems remain unsolved, they have to appear on the order of business of the Parliament of Canada. To repeat the same things over and over again is not a bad thing; on the contrary, I think it is a good thing, since it is to show confidence in the principles that prompt individuals or political parties in the pursuit of their objectives. Does not God himself set the example by making the sun rise every morning? And when skies are grey, are we not sad because we cannot see it rise? So, why not imitate our Creator?

Mr. Speaker, the Speech from the Throne stresses the problems caused by inflation, the resulting unemployment and Canadian unity which is going through a crisis which threatens the very existence of Canada. The majority party in the House, or at least its leaders, are aware of the seriousness of the situation, of the disorder in our economic system which brings about inflation and thus forces a great many workers into unemployment against their will.

Some will argue that some are wilfully unemployed and refuse to work. Let us say that these are exceptional cases. We must not generalize. Each week, people come and ask me to help them find a job. It is the same in our manpower centres, at any rate those in my area. Many workers go there and ask our employment officers to help them find work. In spite of their goodwill, those officers find it impossible to find a job for them.

Mr. Speaker, a wise judge has said at the hearing of an employment insurance case that you cannot expect anyone to look for something which does not exist. Well, Mr. Speaker, it is obvious that you cannot find a thing which is just not there and this is exactly what is happening now in our country as workers are looking for jobs which are not available. I have already said to the House that no good mother would send her jobless son, whom she is supporting, out to pick strawberries in October by threatening to starve him, if he does not. Everybody knows that strawberries don't grow in October. Even if the boy did try, surely he would not find any. These would be conditions impossible to meet.

A proverb says that you cannot teach an old dog new tricks. By the same token, nobody will convince me that our whole work force has suddenly turned lazy. I heard that argument during the depression years, 1929-1939, and hon. members of my own age may recall such remarks about the unemployed. People who had jobs and financial security would somehow claim that if the unemployed and the poor were in that condition, it was all of their own doing.

Mr. Speaker, as it turned out, the opposite was true. As soon as the leaders of that time, who were puppets of big business and big financial interests, declared World War II, the unemployed who were supposed to be heartless loafers answering the call of the authorities, enlisted in the Canadian army or applied for jobs in ammunition plants, to supply the European war sites. Others answered the call as farm hands. As former chairman of an intensive production committee and as a good Canadian, I wished to take part in my country's war effort to save our freedoms, so I remember appealing to my fellow

countrymen for more production to feed our armed Forces, and ammunition plant workers. That call was met generously. Those so-called lazy people became model labourers, so much so that government officials boasted about our workmen's efficiency and outstanding performance both in factories and on the battlefields.

Mr. Speaker, the same causes will have the same effects. We are witnessing a flash-back to the dirty thirties and were it not for our Canadian social security programs, the current economic depression would have still more serious consequences than at that time, because prices are now higher and the cost of living has reached an all-time high. Some cabinet members are aware of that serious problem and have the courage to speak out. I am referring to the present Minister of National Health and Welfare (Miss Bégin), the hon. member for Saint-Michel, who is quoted as making a sensational statement in Langford Mills. Her comments were reported in *Le Droit* on May 29, 1978, and I quote:

● (1042)

Two million children live in families whose income is insufficient to meet their needs, stated Miss Monique Bégin, Minister of National Health and Welfare, speaking over the weekend to the national council of the Young Men's Christian Association.

Miss Bégin said that in the case of at least 600,000 workers' families, two-thirds of the income is spent on food, clothing and lodging—

—but what is left for the other things?

The share of income in the hands of our poor families has changed very little since the end of the Second World War, she said.

Yet, this afternoon, I heard statements that totally contradict the thoughts of the Minister of National Health and Welfare.

This would lead us to believe that despite their good intentions, the most fortunate Canadians have found a way of pulling out of the recessions on the backs of the poor.

This afternoon, the right hon. Prime Minister said that his government would strive above all to have the neediest share in the great wealth of this country; I feel he is right and, on that score, I am of those who are ready to help him, because, indeed, where our poorest families are concerned, we often seek out in those families the persons who are the most devoted to society, who at times make a career of it in our society.

Miss Bégin ended her speech on these words:

—our economic system must be changed to encourage and not discourage work. Our economic system serves millions of Canadians poorly.

Mr. Speaker, may I, in passing, congratulate the Minister of National Health and Welfare for introducing a measure to improve the lot of our neediest families through higher family allowances. Yet, I am one of those who are in favour of universal family allowances. I do not think that the wife of a doctor who earns $100,000 a year should be penalized by receiving lower allowances than the wife of a labourer, because in my opinion motherhood cannot be assessed in dollars. I feel that we should have universal family allowances and those who earn higher incomes should automatically, as in the case of old age security, pay taxes and definitely reimburse the treasury.

Mr. Speaker, I must express my gratitude on behalf of the senior citizens who will receive an increased pension supplement of $20. I would also like to express the wish that the Minister of National Health and Welfare will introduce some amendment to the legislation providing the payment of a pension or a supplement to an individual who has not yet reached 65 years of age but whose spouse is 65 years old or over.

Mr. Speaker, many of my constituents are suffering as a result of that fact. Following the death of the older spouse, the survivor who has not yet reached 65 is no longer entitled to a pension. It is quite distressing. I think we should all agree in the House that when an individual has received that pension or a supplement, he should still get it even after the death of his spouse. I am convinced that Canada will not be on the verge of bankruptcy for that reason and the victims could thus avoid some very serious problems.

Mr. Speaker, all types of productive power can meet the needs of all human beings living on this planet. God would not be the Almighty Being of infinite wisdom in whom I believe with all my heart if He would allow more human beings to be born on this planet than there are goods to meet the material and intellectual needs of everyone. A good father would not do this, hence our Father in His infinite wisdom cannot let this happen. If there are thousands of people on our planet in dire poverty, it is not because of a shortage of goods, but rather because of the lack of adequate means of distribution and purchasing power.

I believe, Mr. Speaker, that all will agree that during the last session both the Prime Minister and the Minister of Finance (Mr. Chrétien) said that generally we must strive to raise the purchasing power of the entire population, of low wage earners, for the benefit of the whole country.

Mr. Speaker, in early September I was in Africa as a member of a delegation of the Canadian parliament. I attended all sittings of the commission I belonged to with other Canadian parliamentarians from whatever parliament they were members of. In the course of our proceedings I heard a member from Zaire deplore the fact that a lack of paper prevents his country from getting enough books printed to meet the needs of the population and this is why thousands of Zairians remain ignorant because they cannot learn how to read and write—two indispensable tools which enable each individual to get an education and learn what is going on around the world. Anyone can get an education with these two tools if he has the willpower and the desire to do his own investigations and to learn more. As a member of the Canadian parliamentary delegation I made myself a duty to intervene to demonstrate that men and not God are responsible for such a state of things. Zairians have no paper for printing books to

educate their people while in Canada, in my province, in my own riding of Bellechasse hundreds of wood producers have worked hard to cut wood and pile it on the public road for shipment to the paper mill and yet they are unable to sell it so it will be shipped to its destination. Paper mills are closing their doors in several communities of our country especially in the province of Quebec.

● (2052)

Mr. Speaker, that is an example of human foolishness. On the one hand workers have produced pulp for the production of newsprint or other products and they cannot sell it in order to get their reward for their toil. On the other hand there are nations which cannot get the necessary paper used to produce schoolbooks to ensure the education their citizens are entitled to get as human beings. This is only one example of a bed distribution of goods due to the stupidity of an economic system which is not motivated, or rather which is motivated solely by profit and not by distributive justice. On the American continent, our workers and our industries are faced with over-production, yet elsewhere on other continents, especially in Africa, people are doomed to starvation. However, the situation is no longer what it used to be several centuries ago. The means of communications and transportation of products are very efficient and would be even more so if those who have the monopoly of finance allowed our factories and our plants to build ships, trucks, planes and produce them in sufficient number to ensure the distribution of the goods so produced thereby satisfying the essential needs of human beings throughout the world.

We have in Canada, and specifically in Quebec, shipyards which have been operating at a snail's pace for many months, and skilled workers who are laid off because of lack of contracts to build ships which could transport Canadian products throughout the world and improve our trade balance. The Minister of National Defence (Mr. Danson) has repeatedly stated in the House that important shipbuilding contracts had been authorized, so what are we waiting for to execute them, to give work to our employees, our workers, so as not to be caught by surprise by a world war which could happen any day, as was the case in 1939. If we let our shipyards—and what I am about to say is extremely serious—deteriorate because of lack of contracts, we will one day find ourselves in an embarrassing situation. I think that for the welfare of Canadian industry, the cabinet should do its utmost to maintain our shipyards in operation, because a shipyard must always be working to stay abreast and maintain its expertise, that is to stay up to date.

I hope the government will take the necessary steps to reassure the shipbuilding industry and realize that we should keep that industry afloat to keep our expertise in Canada. That is why I say our interests dictate that we build up a shipping industry, which will enable us to face any eventuality and meet our responsibilities as a member of NATO.

[Mr. Lambert (Bellechasse).]

As far as economic incentives and the fight against inflation and unemployment are concerned, Mr. Speaker, the Speech from the Throne does not propose anything of any value unless I did not understand its full meaning. Are we to believe that the government no longer trusts its own programs, namely Canada Works, and could it be why the moneys previously earmarked for that program have been considerably reduced? I thought, Mr. Speaker, the aim of the program was to create jobs and make it possible for communities to carry out essential public projects.

Last Sunday, October 8, I attended the opening of a community centre at Saint-Nazaire, a town in my riding. The organizers of that project had applied for a grant under the Canada Works program, I had recommended the project to the minister and it had been accepted. On behalf of the people of Saint-Nazaire and my own, I thank the minister for the $48,000 grant which was provided for the completion of that project. To my great surprise, and I would like to call the attention of members of the cabinet to that fact, Mr. Speaker, although that centre cost $120,000, only $16,000 is still due, the difference between the $48,000 federal grant and $120,000 has been covered by the local residents who certainly deserve full credit. Mr. Speaker, this afternoon we heard about voluntary work. In the case that I mentioned, I believe that there was voluntary action and that the people involved wanted to make a common effort to reach a certain objective.

This, Mr. Speaker, is the result of a good program when it is well applied, well administered and able to stimulate the economy. This is why I say that in view of the present economic difficulties, the government should increase the funds of the Canada Works program while being careful in selecting the projects submitted to prevent wasting public funds. It is always essential to have some control. But in the case that I have mentioned, I can assure you that I was happy to be able to help to inaugurate this community centre in a small town of 450 people. This is extraordinary. It is the proof that there are people who really want to survive and ensure the survival of their village.

I also submit that it would be a good thing to review the implementation standards of this program so as to be able to help when need be in implementing a project which has gone through a first stage and which could survive if the public authorities made a small effort. Unfortunately, Mr. Speaker, the employees of the Department of Employment cannot always understand the needs of the community and the objectives of a project, and on the basis of the standards which have been set, they are forced to apply the legislation and the regulations as they are told without taking into account the fact that life must go on and that, with a little help, a business can eventually provide work for the community and provide for essential needs which must be met at all levels.

• (2102)

I therefore wish, Mr. Speaker, to congratulate the mayor of the municipality, Mr. Claude Lachance, a young man full of ambition and courage, along with all his colleagues and the residents who participated financially and through their voluntary services, again a good example for our youth. Mr. Speaker, you cannot put a price to such a thing as giving a good example to those who watch you, giving them the wish for a better life, giving them the courage to use their energy to participate with their follow citizens in the development of their environment. I believe that when such things occur, we must talk about them so that others may do the same.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his time has expired. I am convinced that if he asks for the unanimous consent of the House, he will be allowed to complete his remarks. Is there unanimous consent in the House to let the hon. member complete his remarks?

Some hon. Members: Agreed.

Mr. Lambert (Bellechasse): Thank you very much, Mr. Speaker, for your help in asking for consent on my behalf. I am thankful to you and also to all my colleagues for their generosity. Frankly, I would not want to abuse, I will try to be brief, but I still have a few ideas which I would like to express and which should help us all, I hope, to do something really worthwhile for our country.

In continuing my remarks, Mr. Speaker, I would not want to forget mentioning that in the interests of the Canadian people it is urgent that the government increase its help to small and medium businesses for they provide 60 per cent of all jobs in Canada. These businesses might go bankrupt by competition from large corporations and from multinational companies which unfortunately secure most of the government financial assistance. Mr. Speaker, it is an area on which I draw once again the attention of the government so proper care will be given to the distribution of government funds for industrial development so small and medium-sized businesses will have their share of the pie because those small and medium-sized businesses are operating mostly in rural areas and small villages while large corporations and large multinationals are working in large centres where they have all the economic advantages of transportation and communications they can hope for.

Mr. Speaker, small businesses are an important link in the Canadian economy. While serving the consumer they meet the needs of other small and large businesses. Although they cannot match the variety or volume of production of large businesses they still remain competitive from the point of view of prices, service, geographical location, presence in specific markets. According to the statistics, the number of small businesses in Canada varies between 800,000 and 900,000, about 90 per cent of all businesses. I, for one, attach a lot of importance to these kinds of businesses which are sort of a rampart for the safeguard of private enterprise. That is why I suggest to the Minister of Finance (Mr. Chrétien) that he give small businesses additional tax rebates to allow them to survive and run at full capacity.

As we were coming back from Africa, Mr. Speaker, my colleagues and I were exchanging points of view on what we had seen in those countries and what we had come to realize during the parliamentarians' conference. Then a colleague said that if we let farm producers produce what they can—and the same thing goes for the industrial sector—there would be no unsatisfied needs in the world and he said the problem was with means of distribution, not means of production. That colleague is a member of this parliament. I am sure he will support what I say when the time comes and take it upon himself to exert pressures so we can improve the system of distribution that could help solve a lot of problems.

Mr. Réal Caouette, who was for many years the leader of my party and a member of this House—I refer to him with some emotion and everybody has recognized he was a great Canadian—explained often in this House the causes of that failure of our system in the distribution area in advocating measures like granting to the Bank of Canada more power to mint the nation's credit, the distribution of a national dividend to every Canadian, and a discount on Canadian products in order to increase the consumers' purchasing power and permit them to consume according to their needs to stimulate the economy of our country. I remember those words, and I am always faithful to that philosophy. That is why I recall his memory, and that is why I make a point of keeping in the same vein in order that we succeed in getting these changes we need.

As for what is contained in the Speech from the Throne about the Canadian constitution, Mr. Speaker, it is a general summary of what has often been stated by the Prime Minister. Again this afternoon we heard that policy, the statement of these principles, and I for one am glad to hear in the Speech from the Throne that another legislation will be introduced during this session as a replacement for Bill C-60 with some improvements I am anxious to know.

• (2112)

Mr. Speaker, I already have had the opportunity to express in the House my opinion on the serious matter during a debate on a motion of the Prime Minister (Mr. Trudeau) on July 6, 1977. At that time I was hoping that parliament would review the work of the Senate committee which was appointed in 1970 to undertake a comprehensive study of the whole issue and which presented its report on March 16, 1972. And I think that if the recommendations contained in that report had been followed since 1972 we would have made much progress and we would be close to reaching an agreement on a new constitution, a truly Canadian constitution made by Canadians for Canadians.

I hope that some day this will be achieved and that following the adoption of that new constitution by the provinces and the Canadian parliament it will be submitted to the approval of all Canadians by way of a referendum. Our country will be given a fifth constitution, but it will be the first time in our history that it will be subject to approval by the people and I think that after its adoption a copy of the constitution should be given to every Canadian who should be encouraged to consider it as a credo for Canadians and to live by it and I think it is only under this condition that we shall have harmony in our country.

I say that my party agreed with the constitution. During a national assembly every issue has been considered and we should clearly establish that we are in a Christian country. We should first establish our faith in God. We should establish the rights and obligations of the individual as a human being, the rights and responsibilities of the family, the basis of our society, the rights and responsibilities of provincial governments and the federal government. If all those responsibilities and rights were established clearly it would put an end to those useless discussions on the constitution and as Canadians of whatever ethnic origin we might work more and make every effort to build and develop our country further.

We are now divided. Each side tries to pull harder than the other and we do not progress too fast. Economic problems are increasing dissatisfaction is growing and this has given rise to a critical situation which is of great concern to me. As a Canadian citizen, Mr. Speaker, I would like all members of parliament as well as members of provincial legislatures and those who are interested in solving that problem, the leaders of intermediate bodies, to make their contribution and enable us to draw up a Canadian constitution of which every Canadian would be proud.

Mr. Speaker, if we want to live harmoniously in Canada, that is what we must do. Those are the views which I cherish very deeply and after travelling throughout the country and having taken the views of the residents of other provinces, when we speak as gentlemen and as Canadians we arrive at that conclusion.

Mr. Speaker, I believe that as long as the provinces will be forced to beg the federal treasury for revenues they will complain about the invasion of the federal government in areas which are under provincial jurisdiction, and that is the main cause of the division we are experiencing in this country. I would like to remind my colleagues of two very real experiences I lived, one in 1935 and the other in 1940, but I will talk about them on another occasion in order not to abuse the kindness of the House.

Mr. Speaker, as far as Canadian harmony is concerned, if we want to achieve our objectives, we will have to change—and I stress this—our system of financing the public sector, a burden which is becoming heavier every day, to wit the 78-79 budget whereby Canadians will have to pay $6.5 billion in interests on the public debt, which is $1.65 million more than last year. Moreover, Mr. Speaker, the national debt increases by $31 million each day, which is $11.5 billion over the current fiscal year. These are figures which Canadians must know and about which we should think very seriously. The government anticipates cuts in various areas but it fails to take the means to alleviate the burden of interests. Mr. Speaker, one of the way for the government to relieve the burden of debts and interests would be to amend the legislation on the Bank of Canada so that it be permitted to generate all the money supply the country needs. As it is, it generates only 8 per cent of it, 92 per cent being created by chartered banks. It should be the other way around.

Mr. Speaker, if the Bank of Canada is authorized to create 8 per cent of the money supply and if we use it with great confidence, why would it not be authorized to create 92 per cent of it? It is not normal that a public service as necessary as a monetary system be left into the hands of institutions whose first purpose is to make profits without considering the services and the primary function of a monetary system. Governments are at the mercy of those financial institutions, and I have here, Mr. Speaker, two copies of a magazine called *Le Nouvel Informateur.* I came across this publication by pure chance when I was on a plane coming back from Africa. This issue is very recent as it was published in September and it contains a description of the serious investigation made by a Frenchman, Philippe Simoneau, on the powers of bankers and how they use them. I invite my colleagues in the House to read it so that, when we consider the bill which was numbered 57 during the last session and which concerns the Bank Act revision, they will be able to contribute intelligently to the study of this bill and the amendments that will have to be made.

Mr. Speaker, in closing I would like to say that when we make such proposals there are always jokers to say that we want to implement a system of funny money in Canada. To these people I would like to ask if the tragic monetary system that we are now using is acceptable in view of the present results. Mr. Speaker, this does not shock me. The same things were said 38 years ago about the proposals of the Social Credit, and I would like to quote an editorial written by a man whom many people knew and who was the head of two important daily newspapers, *Le Soleil* of Quebec city and *L'Action catholique,* and who moreover is the father-in-law of Quebec Premier René Lévesque. I am talking about Mr. Eugène L'Heureux. Here is what he said:

> After ridiculing Social Credit like so many others, we are now able to look objectively at this monetary doctrine as we believe that it deserves to be studied in view of the present serious circumstances.

That was 40 years ago, but it is still true today, and I quote:

> That is why we extend our heartfelt congratulations to those who take the trouble of investigating whether or not implementing certain Social Credit principles could help solve the ever-growing problems that classical economic schools of thought cannot resolve.

The situation has not changed today.

However, we think that one should think twice before totally rejecting this monetary doctrine without submitting it to a test as it is the only one so far that advocates a set of positive remedies to the problems brought about by the big financial interests that control the world.

It is quite possible that the solutions or part of the solutions suggested by the Socreds will prove inadequate. We hope that Social Credit opponents—who are just as convinced as we are that big money circles are responsible for the present crisis—will in their turn advocate systematic solutions and not only casual, inconsistent remedies devised only to poke fun at the Socreds.

Usually that is what they do, just for the fun of it. They cast aside our philosophy but they are not able to give us good reasons for it.

No one intelligent and honest really believes that the economic situation could go on worsening as has been the case for the last ten years without impunity and despite the bankers' optimistic hanky panky.

This afternoon the Prime Minister was quoting a banker, Mr. McLaughlin, who was just that type of optimist. Some hanky panky is pessimistic and indeed I read last year some books which were rather gloomy.

Let us hope that our fears will not be justified. But as much as the so-called utopian theories we fear the probable consequences of the lack of new ideas in the economic field and the passivity of our leaders.

As spectator interested in this human drama, neither for nor against social credit—

—he is objective, he does not suffer from tunnel vision.

—we admit that one can be against social credit—

So do I. Not just for the sake of it but as long as it is not a combat based on lies and derision. These accusations must be founded on something positive.

—on the condition that one comes up with something better to replace the social credit doctrine.

Clearly the world needs an economic revival.

It is the same thing today. I continue quoting:

—if social credit cannot provide the driving force let us propose a better medicine. We do not favour social credit all that much.

Neither do I and if some have better measures, let them bring them forward and I will support them.

It is time that the democratically elected people stop playing into the hands of high finance, directing all their efforts towards the consumption of means advocated by such and such group in order to insure their economic dictatorship.

And I will end now with these words:

This narrow negative work which could not serve better those who exploit the rest of the world probably holds in store nasty days for our society. We would like to stave off this tragic outcome.

And yet this was written 40 years ago!

We do not care whether social credit succeeds or not but the necessity, the urgency to do something to prevent monetary capital from prevailing over human capital cannot leave us indifferent.

Mr. Speaker, I agree with those words but I do not agree that government authorities should take more interest in and give more attention to the monetary capital which is soulless and lifeless, over the interest of human capital which represents life, which is the greatest wealth that God has given to mankind.

Mr. Speaker, once again I would like to thank my colleagues. I had a message to deliver and as spokesman for my party I had to deliver a more elaborate message, and I must thank my colleagues for understanding this important responsibility. I want to assure the House and all my colleagues of all my co-operation, because if there are more viable solutions to this debt problem, this situation where the dollar is overriding the importance of human capital, I am always ready to lend my support, even if that means working 24 hours a day.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, first of all I want to congratulate the members for York South (Mrs. Appolloni) and for Verdun (Mr. Savard) who delivered such good speeches yesterday afternoon in the House. I intend tonight to deal with some problems of government policy, especially as they concern the national capital region and the public service.

[*English*]

When I was a student at university, we talked about the hungry thirties, which were followed by the frightened forties and the fabulous fifties. But what happened to the economy of our country and the western world in the sixties and the early seventies surpassed everything for which we could have hoped. In this period things got out of line. As far as Canada is concerned, we are now suffering the consequences of the maladjustments which crept into our economy. Our wage rates became higher than those of our trading partners. Our productivity did not keep pace. We lived high on the hog and now Canada, along with other nations of the western world, has to make some very painful adjustments.

The economic medicine which is prescribed is not popular. It is not the kind of thing which enhances an elected government in a democratic society. As a member from the national capital region, I feel every day the consequences of the policy which was described in the Speech from the Throne—restraint—and I am sure members of every other party represented in this House do also.

This afternoon the Prime Minister (Mr. Trudeau) very well pointed out that the room within the federal budget for reduction in government expenditures, a policy which seems to be generally accepted as the kind of medicine we must face now, can only be applied in very restricted areas of the federal budget. We cannot reduce the statutory commitment for old age security. We cannot reduce interest payments on federal debt. We cannot reduce the money that must be paid to the provinces to support the cost of hospital and health insurance and so on. However, in areas in which federal services are rendered, whether it is national defence, whether it is housing, whether it is the services of the Departments of National Health and Welfare or Public Works, the federal government can apply its economy measures.

● (2122)

Those of us who are representing areas very heavily populated by public servants have the responsibility of saying to the people we represent: "You must by the very facts of life reflect national decisions and the national will. As your representative, I will do my very best to see that the policies are applied as fairly as I know how, but I will not deceive you, nor will I say things which are in themselves all things to all people, avoiding the hard facts and the tough decisions that have to be made".

The government has proposed cuts that involve some 5,000 indicated positions in a federal service of 300,000. I say "indicated positions"; they are not all filled. It is hard to say, but perhaps 3,500 of those will involve positions that are actually filled and will probably be declared redundant in the process of the examination of which functions the government is no longer going to perform. I choose my words carefully here, Mr. Speaker. I say "of which functions the government is no longer going to perform".

I have received calls, as have other people, from long-term civil servants. As an example, I received a call from an employee of the department of health who has been working for many years on the hazards of asbestos dust to health and is being laid off. I have received calls from people who have served in the public works testing laboratory conducting experiments over a long period of time and are being laid off.

I look at my colleagues around me and know they can multiply the examples that can be cited. The policy of the government will be pursued through attrition as much as possible, and through transfers as much as possible, but there inevitably will be some positions declared redundant, in respect of which the incumbents will not be able to find employment in the public service itself.

The Public Service Commission has a priority program of reassigning, and every facility will be offered within the public service to see what kind of additional posts can be found. The problem here has been complicated by the government's policy of decentralization, a policy which was applauded by every other party in this House of Commons. The Leader of the Opposition (Mr. Clark) was elected officially by espousing decentralization. I remember the plea by the hon. member for Cape Breton-East Richmond (Mr. Hogan) of the NDP for more government services in his own backyard. Every party in this House has endorsed decentralization as an instrument of national unity. That has complicated the difficulty which public servants find now in searching for posts which are not filled and for which they would be qualified.

I note that the policy of decentralization by the Government of Canada has run into a snag which has very seriously delayed it. The province of Quebec has refused to guarantee the rights of the sons and daughters of public servants moved to that province to schooling in the language of their choice. The Government of Canada, through the Prime Minister, the Minister of Finance (Mr. Chrétien) and the President of the Treasury Board (Mr. Andras), has said that public servants will not be moved if the government of that province is not prepared to guarantee those rights. I note some members on the other side are laughing a bit about this. I personally find this a very serious and intense matter.

The first comment we have is this. The cuts in government expenditures which are part of the package of economic kmedicine will mean some layoffs, and this will hurt. We know that.

Another policy that is implicit in the medicine has regard to wage restraints in the public service. The Speech from the Throne says:

> You will be asked to approve amendments to the Public Service Staff Relations Act to ensure that compensation in the federal public service remains in step with the private sector, and does not lead the way.

As the Prime Minister indicated this afternoon, this commitment came out of a federal-provincial conference of the heads of government in Canada, and at that conference, as the Leader of the Opposition so eloquently pointed out, the opposition parties were well represented by the heads of the provincial governments.

The commitment which was unanimously given to that conference and accepted was that there should be some kind of restraint in excessive wage demands in the public sector. As a result we had Bill C-28. In the form in which that bill was presented to this House I could not support it; nor could many of my colleagues on this side. A number of us worked during the summer, and we have made a number of suggestions. I cannot speak for others, but I will speak for myself. I believe the government will bring in a much better bill.

The bill as originally drafted would have given guidelines to arbitrators to bring down awards recognizing total compensation comparability. It did not talk about the option of conciliation, which is the second option available to staff associations in the public service. Adoption of Bill C-28 in the form in which it was presented to this House would, in my opinion, have forced every staff association to have chosen the strike route, and would have very seriously undermined arbitration, which most of us consider to be a more desirable way of settling disputes.

The bill had other defects. It did not recognize the inequality of pay for women which the private sector has very seriously embedded in it. The Human Rights Act would perhaps have overruled the original draft of those clauses in Bill C-28. Bill C-28 had a technical error in the assignment of duties to individuals as well as to positions.

When we talk about the private sector we must remember that there is not just a nice neat little package with the label on it "private sector". There are all kinds of employers in the private sector, good ones and bad ones. There are sweat shops and well paid positions. Which employers are you going to make the comparison with? And if the objective is comparison of the public service, it should be with more than the private sector. It should be a comparison with outside employment. For teachers that would mean the municipal school boards, and for our nurses it would mean municipal and provincially operated hospitals.

Those of us who have looked at the act feel that the legislation dealing with total compensation comparability has to be much more sophisticated. There are over 100 elements involved in pay. What is the monetary equivalent of the public servants' superannuation plan for the private sector in your comparison? Those of us who have looked at the act feel there has to be an agreement through the pay research bureau for a means of working out that kind of comparison in dollars and cents terms.

Therein lies the possibility of compromise and negotiation. If there is not agreement on the method of doing the calculations, there can be no agreement on anything else and the arbitrators will not get meaningful instructions. We say this kind of a package is acceptable in principle. We know there are some sections of the public service that are under-paid as well as some that are over-paid. In any organization with 300,000 men and women there are bound to be maladjustments, particularly if you are trying to make a rational standard of comparison in order to develop salary and wage scales that can be applied generally.

I feel confident that the new bill which is coming in will be a much more acceptable bill, a much more humane bill, and those of us who are supporting the government on this side are doing our very best to make it so.

● (2132)

I want to say something with regard to a problem in the national capital itself. The relocation of some offices across the river involved some difficulties which seems to have been worked out. Most of the public servants that I know are very pleased to have such excellent working conditions in the new structures. The difficulties of transportation, income tax deductions and parking have all been worked out. Parking problems are no worse there than in many other places. However, there are still problems that have resulted from this move concerning vacant office space in the national capital. This could have been avoided through better planning and anticipation. I am hoping that the municipalities will not suffer an abrupt loss in revenue they would have received otherwise by way of grants or in lieu of taxes, and that the government will see its way clear to some adjustments which the Minister of Finance in a conference meeting with the municipalities this spring so clearly promised.

On Monday there are going to be a few by-elections. There is going to be a by-election in the constituency of Ottawa Centre which is next to mine. At the reception last night a charming lady came up to me and said, "I hear there is going to be a by-election in your constituency." I assured her that I was still there and that that report was something like the report of Mark Twain's death, which was slightly exaggerated. However, the voters in the constituency of Ottawa Centre will have to make a choice on Monday.

Let us look at the position of the official opposition party in this House. Nobody could have put it more eloquently than the Prime Minister when he said: "The desire of the official opposition party is to do everything painlessly; 60,000 public service jobs out of 300,000 are going to disappear and nobody is going to feel it." It reminds me of the old fable of the man with the sword who swung at somebody's head and the fellow said, "You missed", and he said, "No, just shake your head." The suggestion that this can be done by attrition is an insult of the intelligence of any student. The Government of Canada has indicated 5,000 positions will disappear. If it is difficult for hon. members on the other side to think that 5,000 positions will not be absorbed by attrition, how can they absorb 20,000 a year by attrition?

The Prime Minister pointed out that attrition occurs in the wrong places, that it does not come where you want it. The policy of the government was to determine that certain functions would no longer be performed which would then eliminate the jobs in those areas. The policy of the Tory party is to say through this magic word, attrition, so many people are going to retire and we are going to have a full freeze on hiring for three years. At the end of three years the public service will be just as efficient and all vacancies are going to be in the right places, the total payroll at the end of three years will be down by $1.2 billion, and public servants won't even feel it. I do not think that the public servants of this country are going to buy that for one minute.

Some hon. Members: Oh, oh!

Mr. Francis: I hear some members on the other side saying something about pensions in the government service. I know there has been a great deal said about the public service superannuation plan. I placed some questions on the order paper, and I received my answers just yesterday. In the public service superannuation account there is in excess of $9 billion as of March 31. The rate of interest is approximately 7.8 per cent and approaching 8 per cent. It is a weighted formula related to the interest rates on new borrowings.

The last time the Minister of Finance went to borrow money he paid 9.5 per cent for 20-year Government of Canada debentures. So the interest rate will still be rising. Over $700 million per year is coming in by way of interest payments, and the disbursements for basic pensions and escalation are scarcely more than half that, maybe $370 million. Out of this some people have made a disastrous scenario, but it has not been the professional people, the actuaries such as the Tomenson-Alexander firm which people were so worried about. They said that if we left the fund alone and did nothing it would exceed $40 billion by the turn of the century and if you did nothing with it eventually go over one trillion dollars.

The fund was set up with interest rate earnings of 4 per cent, and interest rates are now approaching twice that. The Conservative candidate in Ottawa Centre was "Mr. Conference Board" who led the attacks on the escalation of public service pensions, stating along with the national citizens coalition that they would wreck the country.

I understand that the Tory candidate said today in an open line program that he really approves of the escalation of pensions. Well, Mr. Speaker, he sure kept that a secret and managed to unveil it at the last minute, just before going to the

polls on Monday in a civil service constituency. I raised the question with the voters, "Is this the man you want to represent you when it comes to negotiating on legislation affecting public service superannuation?" The Speech from the Throne said that it is coming, that we will have amendments to the Public Service Superannuation Act designed to ensure that public service pensions are in line with contributions.

I remember the statements of the hon. member for Winnipeg North Centre (Mr. Knowles) that day in March when the President of the Treasury Board made his declaration on what government policy would be. He said at that time that there would be some changes, that the government was going to stop the nonsense of having everybody retire on December 31 to get their escalation, and that it was going slowly, in a year by year process, to raise the escalation from age 55 to 60, and every three years they would look at the fund to see how much money was in it. With a 9½ per cent interest rate in the last government bond issue, I am not worried about whether there will be enough money in the fund to pay for escalation.

I say to the people of Ottawa and to the public servants that the government put escalation according to cost of living on the books on a fully actuarially funded proposition, in a fund that is basically so over-funded that it is almost scandalous, rising at a rate of over one billion dollars a year. There is protection for the retired pubic servant to ensure that the cost of living will not slowly steal a little bit each year from the pension that he or she has to live on. I am proud to be a member of the party that legislated this.

I said that there was a choice the voters would have to make, and it is a very significant choice. I invite them to consider the issue of the cost of pensions. They say that there is a third choice, another candidate for the New Democratic Party in that riding. The program which that party is putting forward is one where they are also promising everything painlessly. They do not accept the analysis of our economy and/or the economic medicine that we prescribe.

The weakness of the New Democratic Party is its lack of discipline. I remember the last time we had a Post Office strike—Lord forbid that we have another like it. At that time the Liberal candidate for Ottawa Centre was the postmaster general. I remember the debate in which the hon. member for Oshawa-Whitby (Mr. Broadbent) got up and said of the postal workers' demand for a 40 per cent wage increase that they should get it. There was not one word of criticism in that debate of anything that the union asked for. I can remember when Joe Davidson said that the public be damned if the union did not get what they wanted. I can remember Joe Davidson coming before the committee of the House of Commons which was looking at the amendments to the Public Service Staff Relations Act and saying that our postal rate should be 25 cents a letter.

It was a joint committee which included the hon. member for Winnipeg North Centre, and I am sure that he can confirm that what I said happened. Nobody from his party said one word of criticism. Nobody. If we have a problem with comparability today in the public service, if we have some areas that are out of line, if we have some very aggressive unions abusing the right to strike—and I say that if post office workers go on strike again they are abusing the right to strike, testing the public and elected representatives—then the members of that party have some responsibility for the encouragement they have given, their failure to condemn and their failure to be responsible in the position they took. Again I say to the people who are going to have to vote—

• (2142)

An hon. Member: It is true the employer is pretty good there.

Mr. Francis: I am not defending everything as being perfect on one side or the other. I am saying we have a tough proposition before us and the people are going to have to make a choice. If we are facing a policy of restraint, if we are facing a policy of some rates of pay being out of line, then we must ask why it happened and who the people are who encouraged it to happen.

The Public Service of Canada is crying for certain things to be done. The public service will serve the public. They know they must respond to a national will. They ask that they be recognized when they do a job well. They ask that they have the dignity they feel they should possess as human beings because they do a job with pride and with decency. They are embarrassed when there is waste; they are embarrassed when things are not right. They want the Public Service Staff Relations Act amended, and amended in a humane way. They are going to remember who it was put collective bargaining on the books in the first instance.

I submit that the amendments this House will finally carry will be more in the spirit of the original legislation than in the spirit of Bill C-28. Public servants are going to remember that the Public Service Employment Act also calls for substantial revision. They will await the report of the D'Avignon special committee of inquiry, on which there is not only Mr. D'Avignon as chairman but Mr. Davidge representing the employees and Mr. Bruce Brittain representing the employer. They are going to remember that this government enacted legislation according the full cost of living escalation to their pensions.

Mr. Knowles (Winnipeg North Centre): After 25 years of prodding!

Mr. Francis: The hon. member for Winnipeg North Centre says "after 25 years of prodding." I give him full marks for his consistent interest in this area, but he has never had responsibility for government or responsibility for applying tough economic medicine such as the government has to do now. The same is true not only in our country but in many other countries of the world. It is going to fall heavily on those of us who have the responsibility to be speaking for the national capital and the public service at this time.

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I thank my colleagues for that generous applause, which I know is heartfelt and appropriate under all circumstances. I want to spend the few moments I have this evening addressing some remarks to the Speech from the Throne specifically and to look at some of the reasons we are back in parliament rather unexpectedly.

Before doing that, however, I want to extend to the mover, the hon. member for York South (Mrs. Appolloni), and to the seconder my sincere congratulations for the manner in which they carried out this very traditional and important function. The hon. member for York South spoke with great ability, perception and grace. She had a most difficult function, defending the indefensible, and I give her full marks for the way in which she presented her speech and attempted to carry out this almost impossible task.

Today is what is known colloquially as leaders' day. This afternoon and this evening I have been contemplating what the effect might be on someone who came into this chamber, as they might, to observe the speeches made this afternoon, particularly as far as the two main speakers were concerned. I think it is fair to say, and I believe most members would agree, that if any person who was disinterested in the affairs of this House had come into the chamber this afternoon, he would have been under the impression that the Prime Minister was the person sitting directly in front of me—the Leader of the Opposition (Mr. Clark) in actual fact—because he spent his whole time charting the course of action as he saw it that had to be taken regarding the important issues in the country at this time.

What did we have from the Prime Minister (Mr. Trudeau)? We had a speech that could only be assessed as a scandalous personal attack on the very constructive suggestions made by the Leader of the Opposition. It was the kind of attack that might be considered appropriate for an opposition leader, but the tone was set by the Prime Minister for the way in which this government is going to look at things in this session. The Prime Minister came forward carping and criticizing what I consider to be the very responsible and constructive suggestions made by the Leader of the Opposition.

If this is the kind of atmosphere that the so-called leader of our country is going to create in this institution, what kind of progress will we make in the days and weeks ahead? I have to commend my leader for the way in which he conducted himself at a time when we have no business being in this parliament, a time when we should at last be going to the people for a new mandate, for a new government.

I want to point out to hon. members opposite that a provincial election is taking place in Saskatchewan right now. Maybe the Prime Minister should observe what is going on there. The premier, who was embattled and felt considerable pressure with respect to his office, started his campaign with a serious and uncalled for attack on the leader of the Conservative party in that province. I anticipate as a result of this uncalled for and unsubstantiated attack that in Saskatchewan after October 18 another will be added to the ever-growing list of Conservative governments. There will be seven after October 18.

I want to consider why we are here, Mr. Speaker. The Prime Minister spoke today of leadership and the kind of qualities he thought, in all modesty, that he could present to this country. He has given us examples of that kind of leadership over the last few months. We have no business being here now. There is nothing in the Speech from the Throne that warrants this government continuing in office. Can anyone in this House seriously suggest that there is anything of substance in the Speech from the Throne that will deal with the issues in the country at the present time? Are any new initiatives of any consequence being taken by this government with respect to the economy? Are there any suggestions with respect to the great so-called issue of national unity in our country?

• (2152)

It is simply a rehash, sir, of helter skelter announcements made by the Prime Minister over the course of the last few months without consultation with members of his cabinet. Unilaterally, as is his custom, he came forward with suggestions he thought would be politically appealing at this time. Quite frankly, in my estimation these suggestions were ones that he felt were necessary in order to save his political scalp.

I was elected in 1974, along with the Minister of State for Small Business (Mr. Abbott). Those of us who were elected in 1974 may be people who are going to make history because of the fact that we may be in this parliament a sufficient number of years to qualify for a pension. The kind of leadership we have from this Prime Minister is the pre-empting of programs on national television. He has done this on two or three occasions. On each occasion the great announcement for the Canadian people who have been waiting for this television appearance is: "I am sorry, but I am the leader of the country and there will be no election".

I am reminded that over the course of the summer the Prime Minister went to Bonn for the summit meeting, along with other leaders of western countries. I could only come to the conclusion that while he was there he must have done some good. I think what he did for Canada was possibly sell his now patented speech to Mr. Callaghan, who gave a similar speech in England not too many weeks ago. The only accord that I have seen come out of the Bonn summit is to say that those who were involved in the deliberations possibly agreed that there would be no more elections.

Let us remember the Prime Minister has a basic contempt for this institution to the extent that he rarely, if ever, participates in the debates in this House. In fact during the time I have been here he has only been seen in debate on one occasion each year, and that is on the occasion of the Speech from the Throne debate. That is the way in which he regards the institution of parliament. That is the way this Prime Minister feels about obtaining advice from members of his own party, or indeed members of the opposition representing, as we do, every region and part of Canada.

Undoubtedly members on his side of the House will be quick to point out that he comes in during the question period with his idea of answers to questions. But he is really setting a precedent as far as prime ministers are concerned, in terms of our parliamentary history, by the way in which he ignores and disregards this House. He does not participate in debates. He ignores members on his side, refusing as he does to take advice from them respecting the issues of the day.

It is no secret, and I know members on the other side will agree, that the Prime Minister is seeking less and less advice from caucus. Indeed, long ago he stopped taking advice from his cabinet. He has surrounded himself, and continues to do so, with a small clique of advisers in the Prime Minister's office. This is the ruling class in Canada today. This is the kind of participatory democracy we now have in Canada, participatory democracy, as we all recall, being promised by the Prime Minister at the time he started out in politics and at the time he started out as Prime Minister. Members on the government side know full well that if they want anything done, if they have anything to say or anything to ask for, they have to get permission and clearance and go through this clique of advisers to the Prime Minister.

I hope to demonstrate in the course of my remarks that the Prime Minister is withdrawing more and more from the traditional parliamentary system and proceeding into a system more akin to a presidential system, one where his word, and his word alone, his opinion and his opinion alone, are given consideration. The cabinet and his own parliamentary group are mere appendages to suit the convenience of the "philosopher king". I say "philosopher king" with the emphasis on the "king". The leadership given by this Prime Minister is the leadership of fear—fear of facing the electorate. That is the kind of leadership we have experienced. Notwithstanding his histrionics and rhetoric today and his attack on the suggestions made by the Leader of the Opposition, one thing that has marked his particular time in office is that which demonstrates he is very wary and reluctant to face the electorate.

We are here for the purpose ostensibly of dealing with some of the great problems that we have. We are now faced with a Prime Minister who is more concerned with his own survival than he is with the real needs of our country. I say that more out of a sense of chagrin than a sense of criticism. If this Prime Minister really had the interests of Canada in his heart he would go to the people.

What we need now is not short-term policies put forward, of whatever type, but a fresh government with a fresh mandate. Anyone who has any concept of planning the economy and as well national unity would understand that a fresh government of whatever stripe after an election would have at least four years within which to put in reasoned and planned policies and programs that would be instituted over a period of time. Difficult decisions could be made because there would be a new mandate for the new government.

I see, Mr. Speaker, that you are about to rise. Therefore may I call it ten o'clock and continue my remarks tomorrow?

[Mr. Hnatyshyn.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

UNEMPLOYMENT INSURANCE ACT—REQUEST FOR TABLING OF CORRESPONDENCE WITH PROVINCES

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I put a question to the Minister of Employment and Immigration (Mr. Cullen) during question period today. I think it is important that all members of the public know where their political representatives stand on issues as important as unemployment insurance. I was somewhat reassured by the minister's reply. However, he did not address himself to that part of my question in which I asked for the tabling of any correspondence between the provincial premiers and himself. I want to have that information tabled, if it exists, in the interests of providing to Canadians the positions of the premiers.

It is well known that at the first ministers' conference last winter the premiers approached the conference with a very tough stand against increased government expenditure. It was a stand for cutting the fat and cutting back on employment by government, etc. I am not criticizing that stand at all, Mr. Speaker; there are obvious areas where cutbacks can and should be made. However, this is the time of elections in some parts of the country. The Tory premier of New Brunswick does not have much of a record of his own to run on, and to date he has been running on federal issues, issues which he does not seem to know much about. He forgets that over half of the money his government spends comes from the federal government. He did not talk about that during the campaign. He talked about false issues. From what was said by that government's representative at the conference with the Minister of Employment and Immigration yesterday, he does not know what the proposals with regard to unemployment insurance are all about.

● (2202)

The principle of unemployment insurance is extremely important. It is a principle to which this government is and must remain firmly committed. Other principles are involved which must not be violated. One of these is relatively new. In fact, it is only about 18 months since the principle of variation of benefits and, more particularly, qualifying periods in the Unemployment Insurance Act was brought in. Those regional variations must remain. In fact, there should be more of them. We must not carry on with this fetish that everything must be the same in all parts of the country, because the same conditions do not exist at any given time in all parts of the country. Therefore, we must protect and enhance the idea of regional variations. There are many changes that could be made in the Unemployment Insurance Act without reducing benefits to those who really need them.

There is something which must be said, and it cannot be emphasized too much. There are some abuses of the unemployment insurance scheme. However, all of those abuses are blamed on the employees. In many cases, the employer is as guilty as the employee. An employer too cowardly to write on a separation slip that an employee left without cause or was fired without cause is as guilty of ripping off the unemployment insurance scheme as the employee who takes the money. I see no difference in the situation. However, it is always the employee who is villified by the critics of unemployment insurance.

One change that could be made in the program would be to write into the act very tough penalties for employers who falsify separation certificates. That would take away some of the stigma from those who, through no fault of their own, receive unemployment insurance benefits, benefits to which they have contributed.

This is not a welfare scheme as many people seem to think. No doubt there are those who try to use it as a welfare scheme, but it is not that. Those who draw unemployment insurance benefits have paid into the scheme for the benefits they are receiving. I do not pretend that they pay premiums equivalent to the benefits they receive. Many people pay premiums all their working lives and never receive any benefit except the termination benefit when they retire. It is important to remember that this is an insurance scheme.

It is essential that the information I asked for earlier today be made public so that people will know where their political representatives stand. Certain premiers could not then raise false issues, taking one stand at a conference at Ottawa and then taking the exactly opposite stand in their province because it is convenient to do so during an election campaign.

● (2207)

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, in this afternoon's question period the hon. member for Northumberland-Miramichi (Mr. Dionne) asked whether, in view of yesterday's press reports, the minister could confirm that all provincial premiers are opposed to changes in the Unemployment Insurance Act. I take it that the hon. member was referring to provincial ministers with manpower responsibilities because these press reports related to a federal-provincial conference which took place yesterday in Ottawa dealing with proposed changes to the Unemployment Insurance Act. I am not aware that the subject of changes to the unemployment insurance program has been raised at the prime ministerial level in any of the provinces. I happened to be at the federal-provincial conference which took place yesterday, so I can assure the hon. member that I am in a position to set the record straight.

It is fair to say that there was a frank and open discussion about the changes which are being proposed and, as the minister himself indicated in the House earlier today, there was support for the notion that the unemployment insurance program must be tightened up in view of its tremendous cost and its disincentive effect. There was dispute about how this ought to be done, but no proposals made by provincial ministers were offered which, in our view, would have had any different results. No matter what you do, when changes are made to restrict the unemployment insurance program, inevitably you are going to impact on people. I can confirm that the minister gave a clear undertaking that he was willing to consider a softening of the proposal having to do with repeaters in order to take account of the severity of unemployment in particular regions. The minister has not yet worked out the details of this, but he was very sympathetic to the views collectively expressed by the ministers present at the conference.

In so far as any correspondence is concerned, I do not know what the hon. member is referring to. If he can clarify that for me, I will undertake to discuss it with the minister.

Mr. Deputy Speaker: Order please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 11 a.m.

At 10.10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, October 13, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

REQUEST FOR LEGISLATION TO END STRIKE—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. The government's failure to resolve disputes in the Post Office appears likely to disrupt postal services to all Canadians. Since legislation appears to be the only way to protect the public interest, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the government introduce, today, emergency legislation that will ensure continuation of the postal service and continuation of negotiation; and that the House leaders of all parties meet immediately to arrange for the House of Commons to deal with that legislation in all stages today.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

MANPOWER

CUTBACKS IN RETRAINING PROGRAMS—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43, in order to seek the unanimous consent of the House for the following motion. In light of the fact that among the budget cuts announced on September 8 by the President of the Treasury Board (Mr. Andras) were cuts of some $62.5 million in funds for several Manpower retraining programs, and that these cutbacks reduce the level of support for adult education retraining programs to the level where many people, especially married women with children at home, will be unable to take advantage of them, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the President of the Treasury Board be informed by this House that it finds such cuts at a time of rising unemployment to be unacceptable, and that he be instructed to rescind these cuts and to restore the level of funding to all Manpower retraining programs to the level that prevailed before his announcement.

Mr. Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion for debate can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL RESOURCES

EXPLOITATION OF OFFSHORE RESOURCES—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43. In view of the continuing refusal of the federal government to deal with Atlantic provinces, like Newfoundland, in a more equitable way in recognizing their historic and legal claims over their social and economic destiny with respect to development of offshore resources, I move, seconded by the hon. member for Annapolis Valley (Mr. Nowlan):

That the Prime Minister and his cabinet modify their policies in this respect to recognize the rights of the provinces to develop and exploit offshore mineral and petroleum resources, which will be done in any event as in the case of the western provinces, under the aegis of national energy policy guidelines, National Energy Board regulations and environmental policy.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

URBAN AFFAIRS

LES TERRASSES DE LA CHAUDIÈRE PROJECT—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43. It relates to the multimillion dollar developments studied by the Standing Committee on National Finance in the other place and is a matter with which members on this side have been concerned for some time.

Mr. Bill Perks, National Capital Commission vice chairman, indicated in late 1974, when the Les Terrasses de la Chaudière proposal was presented to the NCC planning committee, the following:

The committee was not asked if this was appropriate; what we were asked to do was tinker with something that was a fait accompli.

Therefore, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Minister of State for Urban Affairs, on motions, explain how the Campeau project could have been a fait accompli in 1974 when the Campeau corporation's only holding in the entire six-block pole west area was a $100,000 option to purchase one property in one corner of the area, and what role any cabinet ministers played in this becoming a fait accompli over 1½ years before the contract was signed.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion at this time requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENERGY

CUTBACK IN HOME INSULATION PROGRAM—MOTION UNDER S.O. 43

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise on a matter of urgent and pressing necessity in order to seek the unanimous consent of the House for the following motion under the provisions of Standing Order 43. In light of the fact that among the budget cuts announced on September 8 by the President of the Treasury Board (Mr. Andras) was the reduction of some $110 million in funding for the Canadian Home Insulation Program, which will result in less insulation being installed in Canadian homes this fall and winter and will lead to a higher consumption of oil and natural gas, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That the Minister of Energy, Mines and Resources be directed to provide this House with an explanation of this blatant rejection of his policy, and that he be directed to provide to this House any estimates available in his department of the extra cost to the economy in both lost jobs and the increased consumption of fossil fuels as a result of the destruction of the home insulation program.

[Mr. Speaker.]

Mr. Speaker: Presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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URBAN AFFAIRS

LES TERRASSES DE LA CHAUDIÈRE PROJECT—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity arising from the refusal of someone on the other side of the House to allow the motion of the hon. member for Ottawa-Carleton (Mrs. Pigott).

Questions have been asked in the House, on numerous occasions, about the squandering of public money on the Les Terrasses de la Chaudière project. The Minister of State for Urban Affairs (Mr. Ouellet) has always said that this giveaway was good value. Now that the Senate Standing Committee on National Finance has studied the matter thoroughly and concluded that the government lost its shirt, it is time for this House to see that everything is done to get to the bottom of this gross waste of public funds. Therefore, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That in view of the statement of the Senate finance committee in the report entitled "The Accommodation Program of the Department of Public Works" that "the decision to proceed appears to have rested on other than purely economic considerations", this House requests the establishment of a royal commission on government accommodation procurement procedures with particular reference to all negotiations and agreements leading to the lease-purchase agreement for Les Terrasses de la Chaudière complex in Hull.

Mr. Speaker: Presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1112)

NATIONAL SECURITY

RCMP FILE "CARTE BLANCHE"—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of pressing necessity concerning the reports of a top secret RCMP file named "Carte Blanche", bearing the number D 929-2-32-6-2-1, and reports of RCMP internal telexes dated November 25, 1971, and December 8, 1971. I would ask permission of the House to move a motion as follows:

That the Solicitor General immediately confirm or otherwise the genuineness of these telexes, that he outline the reasons that no apparent steps have been taken by the government to deal with serious espionage information that may have been uncovered and, finally, that the minister confirm whether or not the

telex of December 8, 1971, states RCMP security distrust of the federal government by declaring that Jean Pierre Mongeau was supplying information to the then Quebec Liberal government's minister of cultural affairs on the Parti Québécois while at the same time he was working with the Prime Minister's then principal secretary, Marc Lalonde, and the then solicitor general, the member for Dollard.

Mr. Speaker: The presentation of such a motion at this time, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

REQUEST FOR LEGISLATION TO END STRIKE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. The Prime Minister will recall that his Postmaster General—who is occasionally in the House—gave the clear undertaking that he would be prepared to meet his responsibilities. We gather that means to ensure that the mail is delivered and to act as quickly as possible.

Since we now know that this morning mail service stopped in Charlottetown, Montreal, Windsor and Calgary, with a threat of more stoppages to come, will the Prime Minister today introduce emergency legislation in this House to guarantee the continuation of postal service and also guarantee the continuation of negotiations?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is unkind of the Leader of the Opposition to suggest that the Postmaster General is not in the House. He should know that the Postmaster General has been dealing very efficiently with the letter carriers' strike in the past week, and that this morning he is meeting in an attempt to settle a strike which, if it has not been called officially, seems in effect to have stopped the Post Office across Canada.

There is a meeting going on at this time, and we expect government representatives to meet with the postal union, CUPW, at two o'clock this afternoon. We hope they will call off the strike, which is premature in the sense it was not called by the union executive. If they do, then the question of the Leader of the Opposition remains hypothetical. If they do not call it off, the government will have to take very urgent steps indeed.

Mr. Clark: Mr. Speaker, the efficiency of the Postmaster General and the government is particularly evident today in Charlottetown, Montreal, Windsor and Calgary, where the mail is not being delivered. I assume the Prime Minister has some contingency plans in respect of what will happen if there is yet another failure this afternoon. Will he tell the House of Commons what those contingency plans are, and will he also tell the House how long he intends to delay taking action to ensure that Canadians can count upon their mail being delivered?

Mr. Trudeau: You will have recognized, Mr. Speaker, the hypothetical nature of the question. I am asked what will happen if the meetings at two o'clock are not successful. I can tell the Leader of the Opposition that he should stay around this afternoon to see if the meetings are not successful—

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, of course, the nation will recognize the continuing evasive nature of the Prime Minister's answers. I have asked the Prime Minister, does the Government of Canada have any contingency plans in the event that the policy of failure as usual continues with the Postmaster General; and what are those contingency plans?

● (1117)

Mr. Trudeau: Mr. Speaker, I do not know whether the Leader of the Opposition insists on the policy of failure as usual, when last week the letter carriers continued, without a strike, and signed a very good contract with the government.

Some hon. Members: Hear, hear!

Mr. Trudeau: This is what we hope the meeting at two o'clock this afternoon will achieve. The House will be convened until at least 4.45, Mr. Speaker, for the vote. I urge the Leader of the Opposition, if he is so anxious to see what the government will do, to stay in his seat and he will see.

Mr. Clark: Mr. Speaker, I know that the Prime Minister has very little use for this institution.

Some hon. Members: Oh, oh!

Mr. Clark: I will wait until it is quiet on the other side of the House, Mr. Speaker. The Prime Minister will not give the House of Commons information which we have a right to receive. Will he at least agree to act on an undertaking which was given by the Postmaster General several months ago, in response to a suggestion from this side, that there be established a special parliamentary committee to look into all the operations of the Post Office—a parliamentary committee established along the same lines as that set up in relation to the penitentiary service, a committee that produced some very useful recommendations at that time?

Since the government has a record of quite consistent failure in ensuring delivery of the mail in this country and ensuring peace in the Post Office, will the government and the Prime Minister agree today, at this moment, before delaying anything to another two o'clock meeting, to establish a committee along those lines and let this parliament take a look at changes

that might guarantee more effective delivery of the mail in this country?

Mr. Trudeau: Mr. Speaker, I find the Leader of the Opposition strangely self-effacing this morning. Just after I suggested he stay in his seat until 4.45, he says that I have very little use for parliament. It seems that he does not have a very high opinion of it himself.

Some hon. Members: Hear, hear!

Mr. Trudeau: The Leader of the Opposition knows—and I repeat it for the third time—that meetings are taking place at two o'clock this afternoon. We hope that there will be a recall of the strikers and resumption of work. I can assure the Leader of the Opposition that if there is not, the government will be prepared to announce what measures it intends to take.

NEGOTIATIONS TO AVERT STRIKE—GOVERNMENT INVOLVEMENT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, the Postmaster General has just arrived in the House.

Some hon. Members: Hear, hear!

An hon. Member: Special delivery.

Mr. Dinsdale: Yes, special delivery.

Mr. Paproski: Pony express.

Mr. Dinsdale: I would like to direct my question to the hon. gentleman. I see that he has a smile on his face; perhaps he is the bearer of good tidings. We certainly hope so, because of the critical importance of a reliable, efficient postal service to the people of Canada.

Is the Postmaster General aware of the statement that was made on television this morning by the president of the Canadian Union of Postal Workers, that not once during the long, drawn-out period of negotiations has the Postmaster General or his deputy met with the union officials, either formally or informally? Could the Postmaster General deny, or confirm, this allegation; and could he explain, in view of the critical importance of a reliable postal service, this dereliction of duty if the statement is true?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, as far as my smile is concerned, if the hon. gentleman was on this side of the House he would always have a smile.

Some hon. Members: Hear, hear!

Mr. Lamontagne: It is not a question of negating or affirming whatever statements Mr. Parrot has made as president of CUPW. I can assure the hon. member that I have met with him on many occasions in a friendly way, discussing matters relevant to the Post Office and trying every time to establish some kind of agreement as far as the operation of the Post Office is concerned.

• (1122)

I can assure the hon. member that my staff and officials at the Post Office have spent hours, days, weeks and months trying to find solutions to our problems: we have done all that is necessary. If it happens that we do not get what we expected, it is not because our staff did not do their duty and did not take responsibility.

MEASURES TO RESOLVE PROBLEMS

Hon. W. G. Dinsdale (Brandon-Souris): A supplementary question, Mr. Speaker. The Postmaster General obviously has no good news for the House at this moment: this is to be regretted, because the situation is deteriorating very rapidly. Let us take a longer-term look at the matter. We cannot blame the current Postmaster General, as the situation has deteriorated gradually.

Is the Postmaster General aware, in view of the current total breakdown in labour management relations in the Post Office Department, that next week in the city of Washington the postal, telegraph and telephone international unions will be meeting in a world congress and that the major theme of the congress will be industrial democracy in the postal service? I read directly from the union bulletin on the matter—

Some hon. Members: Order.

Mr. Speaker: Order, please. Does the hon. member have a supplementary question?

Mr. Dinsdale: My supplementary question is this: is the minister aware that this meeting is taking place to discuss joint consultation and workers' participation in the management of postal services and telecommunications as a solution to the postal problems arising out of mechanization and automation, and is the government considering this procedure as a long-term solution to the growing postal mess in Canada?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I can assure the hon. gentleman that we are aware of what is going on in the United States. We are in contact with the post office there. We had British officials of the post office here to discuss the matter with them.

I want to rectify something. When the hon. member refers to total breakdown of labour-management relations in the Post Office, I would point out that we have 28 bargaining units who negotiate from time to time in the Post Office, and there is only one that is not in agreement at the moment. Twenty-seven others are all settled.

* * *

PUBLIC SERVICE

HEALTH AND WELFARE STAFF REDUCTIONS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the President of the Treasury Board. On the

issue of the cutbacks in employment in the public service, can the minister give the House an unequivocal assurance, as the Liberal candidate in Ottawa Centre has tried to do, that all of the 650 employees of the Department of National Health and Welfare who have been given their termination notices will still find jobs within the public service?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, if you will allow me to answer, I can confirm to the House that some 400 surplus notices sent by my department have been supported by unions representing the employees of my department as giving an early chance to the employees to find another job in the pool of unfilled positions. I therefore hope to rehire those people in other jobs in my department which have been left open for about three quarters of them.

[*English*]

DEPARTMENTAL STAFF REDUCTIONS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I asked for an unequivocal assurance and I did not receive it. My question is, again, for the President of the Treasury Board. Can he give an unequivocal assurance that the 250 employees of the Department of Public Works, the 500 employees of the Public Service Commission, the 362 at Statistics Canada and the 300 at Central Mortgage and Housing, will still be able to find jobs within the public service?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I answered the same question yesterday in more global terms. We are seeking every avenue to re-employ those public servants whose jobs may be declared redundant, but I will not give an unequivocal guarantee that every single person who is affected can find a job. However, we expect the vast majority will and we will bend every effort to that end.

Mr. Symes: A supplementary question. I ask the minister if he can explain the rationale in firing employees with up to 20 years' experience and those with particular skills. I am thinking of those particularly in the scientific field who obviously will not be placed in positions for which they have been trained and for which they have developed special expertise.

● (1127)

Mr. Andras: Mr. Speaker, the exercise of expenditure reductions is a very difficult process. It is, in fact, a painful process and not one which arouses any joy or happiness. However, in our view it is a necessary action for us to take, as a government, at this time.

As I said before, we will do everything we can to alleviate the effect on people directly affected. It is possible that we will not be able to accommodate some people in other jobs. We will institute other measures to make any separation as decent and painless as possible.

[*Translation*]

PUBLIC SERVICE COMMISSION STAFF REDUCTIONS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is also directed to the President of the Treasury Board who in August last announced a budgetary cut of $15 million from the budget of the Civil Service Commission; $12.5 million of that cut was made at the linguistic program directorate. Considering that a commitment had been made in September, 1977, to the effect that this program would end only in 1983, could the President of the Treasury Board tell us why he does not abide by his commitments and why that budgetary cut applies only to one of the few French units based in the national capital?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the Public Service Commission reductions to which the hon. member refers in the area of language training came about as a natural progression of the lessening requirements for such facilities. In fact, regardless of the statement made last fall to which the hon. member refers, it was then apparent that these facilities, as they existed, in fact included a considerable degree of redundancy. The requirements had lessened; therefore, we took the necessary action. The alternative is to keep people employed or to keep facilities occupied which are totally unused, and that certainly is wasteful.

[*Translation*]

Mr. Laprise: I would like to ask a supplementary question, Mr. Speaker.

Considering that the government delivers a severe blow to the French fact in Canada when laying off more than 600 French teachers in the civil service, thus retreating in its program of bilingualism, would the President of the Treasury Board reconsider this policy since there are requests for linguistic training from more than 2,000 English-speaking public servants at the present time?

[*English*]

Mr. Andras: Mr. Speaker, again, I think the figures used by the hon. member are somewhat exaggerated. My information is that closer to 400, rather than 600, people will be affected. In essence, what the hon. member is suggesting—if I interpret his comments correctly—is that people, whether they are French, English or whatever, are kept at jobs that are no longer required, thus carrying an expense to the taxpayer which is no longer justified. It has certainly nothing to do with the continuation of our commitment to bilingualism, national unity, or anything else. To suggest such a thing is, I think, very, very wrong.

Oral Questions

POST OFFICE

LABOUR-MANAGEMENT RELATIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a supplementary question to the Postmaster General. I remind him that he has indicated to this House on a number of occasions that he would accept his responsibility and act quickly. However, referring to a press release of his dated June 7, 1978, he indicated there were two problems with the Post Office, one of which involved labour-management relations and the other being how to achieve a faster and more reliable mail service. The press release went on to say, "The discussions of the past three days by the—"

Mr. Speaker: Order, please. If the hon. member has a question, perhaps he would get to it.

Mr. Alexander: I will put it this way: the Postmaster General has been most ineffective in discharging his responsibilities. What happened? Why did the proposals and the measures that the Postmaster General indicated he had on June 7, 1978, fail so miserably?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, it is difficult to answer a question like that. If the hon. member wants to see what we have done with the Post Office during the last year or so, I will be tabling within the next three days the annual report of the Post Office. In that annual report will be everything that has been done in the Post Office in the last year, so the hon. member will see that we have been efficient.

● (1132)

Mr. Alexander: Mr. Speaker, we know what the Postmaster General has done to the Post Office. Let me just say, as he stated in his press release, that he was on the right track on June 7 and had every confidence in the proposal that had been placed before him for consideration. There is a quote by the Postmaster General in the Ottawa *Journal* of October 10—

Mr. Speaker: Order, please. The hon. member realizes, I am sure, that we are not engaged in debate.

Mr. Alexander: The Prime Minister indicated that he thought a Crown corporation was the answer to the problems that exist in the Post Office. The Postmaster General now says that a Crown corporation is not the answer because of the attitude of the postal workers and because of the mistrust, to use his word, of the government. Does the Postmaster General now say that? In other words, how can we introduce a Crown corporation if there is still this attitude of mistrust of government? Will he kindly answer that question?

Mr. Lamontagne: Mr. Speaker, I said, and I repeat, that the institution of a Crown corporation in the Post Office is not the solution to all the problems. I said, and I repeat, that it is a step toward finding a better solution for having a more efficient Post Office.

[Mr. Andras.]

Mr. Alexander: I want to remind the Postmaster General of comments he made as a result of questions on March 7.

Mr. Speaker: Order, please. If the hon. member has a supplementary question, will he put it directly.

Mr. Alexander: On March 7, the Postmaster General indicated that in the event the solutions he had failed, he would agree with the implementation of a parliamentary inquiry into the problems in the Post Office. Will the Postmaster General keep his word in that regard, because apparently all the solutions the Postmaster General had on the table failed? Will he now implement his undertaking and institute a parliamentary inquiry in order that we can look into all the problems of the Post Office prior to the introduction of a Crown corporation, so we will know just what we are doing? Will he be a gentleman in that regard?

Mr. Lamontagne: Mr. Speaker, I do not think I ever said that I wanted a parliamentary inquiry, or that I even suggested that. I said that we can take our responsibility as it is. When we table the bill establishing a Crown corporation, the hon. member will have all the latitude he wants to discuss the Post Office. At that time he will be able to make his remarks.

[*Translation*]

MEASURES TO SETTLE DISPUTE

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Postmaster General. Considering that indeed we do have a strike right now in the city of Montreal and in the province of Quebec generally, that on numerous occasions in the past the minister told the Canadian people that he is prepared to assume his responsibilities and that yesterday evening he could see that the federal government will not tolerate another strike in the Post Office, what immediate action can we expect this morning on the part of the federal government, in view of the statement made by the minister last night?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, you know very well that it is my duty to be here to answer questions from members of the opposition to enlighten them on the circumstances prevailing in the Post Office at the present time. As the hon. member on the opposition side said, it is true that there is a strike in Montreal and in several other places. I also said, I think, that the government would accept its responsibilities and I take the Prime Minister as witness when he said here yesterday he would take his responsibilities. I think that we did so this morning. I had a consultation with my colleague the Minister of Labour considering that his department has a lot of experience in negotiations, to try a last time to bring the parties together, to try to see if we can come to a negotiated eleventh hour agreement. If we cannot, we shall then take the necessary steps.

Mr. Grafftey: A supplementary question, Mr. Speaker. Like every member of this House, Mr. Speaker, I sincerely hope the minister will succeed in his negotiations this afternoon. But given the statement he made last night to the effect that he will not tolerate another strike in the Post Office and given that, in the province of Quebec, there is a strike going on right now, does the minister have a bill to introduce in the event he should fail in the negotiations this afternoon to solve the problem which now exists in Quebec?

Mr. Lamontagne: Mr. Speaker, I can tell the hon. member of the opposition we will take all necessary measures if we fail in this afternoon's negotiations. I would urge him to remain in the House until five o'clock to see what happens then.

* * *

[*English*]

AGRICULTURE

FINANCING OF FARM CREDIT CORPORATION

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture. Will he inform the House whether the government is considering making any substantive changes to the Farm Credit Corporation in the coming months?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I have had discussions with the chairman of the Farm Credit Corporation. As I said yesterday, we have talked about privatization of those programs in which the government is involved. We are considering different ways. I have asked them to come up with ways and means of financing the Farm Credit Corporation other than by government financing. We hope to come up with some suggestions with regard to that.

The Farm Credit Corporation would still be under the authority of the Government of Canada. However, we think a better job could be done by finding the finances outside of government—at least some of them—and thereby provide an even better service to farmers than at the present time.

Mr. Murta: Mr. Speaker, that is exactly what I thought the minister would say. With regard to the privatization that it appears will take place within the Farm Credit Corporation, does the minister envisage the Farm Credit Corporation working in far closer concert with the chartered banks and the credit unions in Canada, in terms of the total amount of money that will be loaned to farmers? Also, will the amount of government money going into the Farm Credit Corporation be reduced from the present level?

Mr. Whelan: Mr. Speaker, I am sure the hon. member knows there will be a $23 million cut in funds to the Farm Credit Corporation for the next fiscal year. Applications for farm credit loans are greater than my advisers expected. It appears that many people have tremendous confidence in this Minister of Agriculture and this government and want to continue on in agriculture, borrowing sums, buying more land, and so on. The number of applications is far greater than we had anticipated. We are running out of money at this time because of the confidence expressed by their desire to enter agriculture at this time.

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FINANCE

REPEAL OF PUBLIC UTILITIES INCOME TAX TRANSFER ACT—CONSULTATION WITH PROVINCES

Mr. Peter C. Bawden (Calgary South): Mr. Speaker, my question is for the Minister of Finance. In September of this year, the President of the Treasury Board announced the repeal of the Public Utilities Income Tax Transfer Act. In view of the fact that this action is clearly discriminatory taxation, detrimental to thousands of consumers, particularly in Alberta but in other provinces as well—Newfoundland, Prince Edward Island, Quebec and Ontario—will the minister say whether consultation took place with the provinces before this decision was made, and will he also say whether he is prepared to reconsider this action on the part of the government?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, whenever we have to cut expenditures, some programs, of course, are hurt. I am glad the opposition now realize that it is not easy to find areas in which we can make cuts.

On the precise question, I will be meeting with my provincial colleagues at a finance ministers' meeting at the end of the month. I have received notice from some ministers that they want to discuss this matter, and we will certainly be willing to discuss it. Of course, they must realize that we have to find this money because transfer payments to the provinces are very substantial. No area can be exempted from the cuts on which we decide.

Mr. Bawden: Mr. Speaker, my supplementary question is to the Minister of Industry, Trade and Commerce. If the minister is aware of the government's proposal to repeal this act, will he say whether he is familiar with the argument of a former minister of finance, Mr. Sharp, when the legislation was originally passed, that the purpose of the act was to avoid giving inducement to any province to nationalize its utilities, due to the disadvantages of privately-owned utilities compared with publicly-owned utilities?

● (1142)

Does the minister believe the arguments put forward by the government at the time the bill was passed are no longer valid, and will he tell us whether he feels any concern about the possible elimination of privately-owned utilities as a result of this action by the government?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I am fully aware of the arguments put forward at that time and now. I have made my representations to the cabinet and to the Minister of Finance, and my

colleague has assured me he will discuss this matter fully with his counterparts in the provinces.

FUNDS FOR RESEARCH AND DEVELOPMENT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in the absence of the minister responsible for scientific research, I will address my question to the Minister of Finance. Some months ago the minister responsible for scientific research announced a substantial increase in government support in that field, setting a goal according to which 1.5 per cent of the gross national product will be spent on scientific research and development by 1983.

The budget cuts involving scientific research announced by the Minister of Finance and the President of the Treasury Board range between $50 million and $60 million. Has the government set a new target date by which time this country will be spending 1.5 per cent of the gross national product on scientific research, as the minister announced several months ago?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there has been a reordering of certain priorities in that field. In the month of June we did, of course, announce incentives to the private sector to carry out more research and development. We are, naturally, very interested in research and development, but we have to work within the finances available to the federal government.

Mr. Orlikow: Mr. Speaker, in view of the stated intention in the Speech from the Throne to give increasing support to industries in the fields of manufacturing, energy and transportation, could the minister explain to the House the rationale which has led to cutbacks in research facilities affecting forestry, fisheries and agriculture, areas which provide some of the most important opportunities for employment in this country?

[*Translation*]

Mr. Chrétien: Mr. Speaker, there have been no budgetary cuts, for example, in the field of agricultural research facilities, as the hon. member has suggested. The minister concerned or the responsible ministers have tried to establish priorities in their departments and they have decided to implement some minor changes. However, I must reaffirm that we are still interested in helping Canadian research as much as possible, but in the present economic situation, we must obviously impose budgetary restrictions.

* * *

[*English*]

BROADCASTING

CBC NATIONAL NEWS

Mr. Marke Raines (Burnaby-Seymour): Mr. Speaker, my question is for the Secretary of State. Is the hon. gentleman concerned because the national news normally broadcast at eleven o'clock on the CBC network seems to have been replaced by coverage of American sports events? Would the Secretary of State consult the CBC to see whether the national news can some day be reinstated and broadcast at the usual hour of eleven o'clock? We are giving a half billion dollars a year to the corporation, yet we are failing to get our national news on schedule.

Hon. John Roberts (Secretary of State): Mr. Speaker, I should be happy to draw the representations made by the hon. member to the attention of the CBC authorities.

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THE CANADIAN ECONOMY

DEVALUED CANADIAN DOLLAR—EFFECT ON TRADE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. Would the minister tell us whether he is content to see our dollar hovering around 84 cents American, bearing in mind that his colleague, the Minister of Industry, Trade and Commerce, welcomed a 90-cent dollar?

Does the minister feel an 84-cent dollar is even better, taking into account that the Japanese yen is now 90 per cent higher, that the Swiss franc is 90 per cent higher, and even the Italian lira is 20 per cent higher by comparison with our dollar than was the case two years ago?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Canadian dollar is a floating currency—

An hon. Member: It has sunk.

Mr. Chrétien: —and its value is determined by the market. There are some side effects which are not welcome, but the lower Canadian dollar has some good effects, too. Many people believe the Canadian dollar is undervalued, but in the meantime present levels are helping to make Canadian goods competitive in foreign markets, thus benefiting the economy.

Mr. Stevens: Mr. Speaker, among the factors contributing to the decline of the dollar are the confusing statements issued by the Minister of Finance. On September 8, for instance, he indicated at a press conference that expenditures anticipated for fiscal 1980 were $52.6 billion, but he refrained from indicating what the government anticipated would be the revenue for that year. Would he inform the House whether it is true that revenues will amount to only $39.3 billion, leaving a shortfall of $13.3 billion in relation to the expenditures he disclosed at that press conference?

Mr. Chrétien: Mr. Speaker, I stated at that time that the cash requirement would be $9.7 billion next year. I am planning to make a statement in my budget which will include all the forecasts available to us.

The other day, when the hon. member was not in the House, I explained that the opposition is completely wrong in trying to project a deficit for this year, because hon. members on that side do not keep in mind that we cut income tax at the beginning of the year, that we have compensated the provinces for the cut in the sales tax and, in addition, paid in one payment the unemployment insurance for the month of April. So it was the case that the gap was big at the beginning of the year, but at the end of the year, as my colleagues and I have said so many times, the cash requirements for this fiscal year will be $11.8 billion.

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AGRICULTURE

SALE OF GOVERNMENT GRAIN ELEVATORS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is for the Minister of Agriculture. According to information supplied by his department on January 24, 1977, respecting profits and losses incurred by government inland terminals, during the period 1959-1960 and 1975-1976 the five elevators showed a profit of more than $4 million. If one includes the operation at Prince Rupert, the profit was more than $9 million.

Could the minister advise whether prior to the decision to sell the elevators he discussed the matter with the minister in charge of the Wheat Board? Is the decision to sell, his decision or is it the decision of the President of the Treasury Board?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, earlier I answered a question about privatization. I am sure everyone in the good old Conservative party wants to see more of that. The elevators can probably be used to their fullest extent if they are taken over by a private organization. So far, they have never been used to their fullest capacity mainly because grain was directed to them; the private operators would object to grain going through the government-owned terminals. We think the move to which the hon. member refers is a move in the right direction, and this has been a government decision.

Mr. Neil: Mr. Speaker, I think the reason the elevators were not used to their fullest capacity was that the Minister of Agriculture and his colleague, the minister in charge of the Wheat Board, did not take any steps to use them. In view of the fact that employees at the terminals have now received notice to the effect that their positions are surplus, will the hon. gentleman undertake to make it a condition of any sale that the jobs and pensions of these employees will be guaranteed?

Mr. Whelan: Mr. Speaker, the hon. member has just made an accusation about the use of the terminals. I am sure he is fully aware, as I am, of the way in which grain is handled and distributed. He knows the reason it was not directed to the government terminals. It was because the elevators in the private sector had to be fully utilized and these elevators were, in most cases, only used when there was no room anywhere else.

As to the other part of the question, yes, we are concerned for these workers and we shall do everything in our power, within our authority, if we are able to make a proper transition of these elevators into the private sector, to ensure that their welfare will be looked after.

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LOTO CANADA

CONTRACT FOR COMPUTER SERVICES

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I would like to direct a question to the Minister of State (Fitness and Amateur Sport). In June of last year the hon. lady told the country and the House that Loto Canada had entered into a $24 million contract with General Instruments in the United States to provide computer services for its new gaming procedures. We found last week that Loto Canada had withdrawn from that contract and is no longer proposing that game.

Can the minister tell us how much money was expended by either Loto Canada or the federal government in adopting the sole-source approach it did and then withdrawing?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the matter is presently under negotiation with the contractor and the provinces. Consequently, I cannot state a figure at this time. However, I shall be pleased to advise the hon. member when I do have a figure available.

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PUBLIC SERVICE

DEPARTMENT OF TRANSPORT STAFF REDUCTIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the President of the Treasury Board: it arises out of the cutbacks announced affecting the Department of Transport.

• (1152)

With regard to the $72 million proposed cutback which will be generated through increased revenues which will be credited to the air transport program, can the minister be more explicit on how the federal government intends to generate this additional revenue?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the Minister of Transport will be making some comments on that matter on the appropriate occasion.

Mr. Mazankowski: Since this seems to be a rather unique method in the application of restraint, simply increasing taxes rather than cutting back expenditures, I ask the President of the Treasury Board whether consideration is being given to

increasing the airport user fees, is consideration being given to raising the airport tax, or will it be a combination of both, all of which will have the effect of increasing the cost of air travel in this country?

Mr. Andras: Mr. Speaker, when and if those decisions are taken finally, they will be announced by the Minister of Transport.

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ADMINISTRATION OF JUSTICE

RCMP REPORT ON ALLEGED WRONGFUL CONDUCT OF SENATOR LUCIER

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Justice, but in his absence I should like to direct it to the acting minister, who I assume is the Solicitor General. In view of the fact that the RCMP investigation was completed several months ago into the alleged wrongful conduct of Senator Lucier of the other place and Commissioner Pearson of Whitehorse in respect of the alleged offences of forgery and swearing of false affidavits, has that police report been submitted to the Crown attorneys in Whitehorse for consideration of whether or not charges should be laid, or has it been referred to the department in Ottawa for such consideration?

Included in that reply, may I be advised whether that decision will be made by the Crown attorney in Whitehorse or by the department in Ottawa?

Hon. J.-J. Blais (Acting Minister of Justice): Mr. Speaker, on behalf of the Minister of Justice I will look into the question directed to him by the hon. gentleman and will provide him with a reply on Monday.

Mr. Nielsen: Could the minister also respond to the question of whether or not a decision, if charges are to be laid, will be withheld until after the election in the Yukon, which will be on November 20?

Mr. Blais: It is my information that the investigation is ongoing and, as I understand it, full details will be made available. I will be pleased to ask the Minister of Justice to report to the hon. gentleman on Monday.

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BROADCASTING

ALLEGED POLITICAL PRESSURE ON CBC

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Secretary of State. This week, Mr. Peter Kent, former news reader of the CBC national news, repeated his very serious charges that officials of the Prime Minister's office had pressured the CBC management, which had the effect of intimidating or manipulating them.

I ask the Secretary of State, who is responsible to parliament for the CBC, whether he is prepared to accept his responsibility and move a motion in the House of Commons that the whole matter of the allegations made by Mr. Kent be referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts, where officials of the CBC, of the Prime Minister's office and Mr. Kent can be called upon to testify?

Hon. John Roberts (Secretary of State): Mr. Speaker, of course, I am always prepared to accept my responsibilities, but I am not sure that the course of action suggested by the hon. member would be the most responsible one in the circumstances. After all, the statements to which the hon. member has referred have been very strongly contested by the representatives of the CBC before the CRTC hearings. I think it is proper for CRTC to make its assessment and present its report.

The hon. member, as indeed all members of the House, will have ample opportunities for questioning the CBC on its view of the matter when the estimates of the CBC are before the committee of the House. I doubt very much that the kind of special reference which the hon. member has requested is appropriate at this time, but I will take his representation into consideration.

Mr. Beatty: I wonder if I could have clarification from the minister. Is the Secretary of State saying that because the management of the CBC has not accepted Mr. Kent's statement that they have been manipulated or intimidated, it is not necessary for parliament to look into this matter? May I ask the Secretary of State whether he feels that the CRTC has the authority to police the actions of officials of the Prime Minister's office to ensure that those actions are always proper and above board?

Mr. Roberts: No, I do not think I did say that, to reply to the first part of the question. In reply to the second part, I simply suggested it would be reasonable to see what CRTC's assessment is.

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UNEMPLOYMENT INSURANCE

PROPOSED CHANGES TO PROGRAM—EFFECT ON PROVINCES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in the absence of the Minister of Employment and Immigration I should like to direct my question to the President of the Treasury Board. In view of the fact that the provinces have estimated the impact of the proposed unemployment insurance changes on the cost of provincial welfare budgets to be something in the order of $200 million, in view of the fact that yesterday the minister admitted that the federal government would pick up 50 per cent of any adverse impact on the welfare budgets of the provinces, and in view of the fact that the minister also stated in the House yesterday that he has set up a joint federal-provincial committee to consider the impact

of such changes, can the President of the Treasury Board assure the House that, instead of doing things arse backwards, we will not bring in legislation before—

Mr. Speaker: Order, please. I think the hon. member should re-examine his choice of words.

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ENVIRONMENTAL AFFAIRS

REQUEST FOR REPORT ON DRILLING IN DAVIS STRAIT—EFFECT ON ENVIRONMENT

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question relates to the report on the news program "The World at Eight" this morning. In the absence of the Minister of the Environment, the Minister of Energy, Mines and Resources, and the Minister of Indian Affairs and Northern Development, may I ask the appropriate acting minister whether the environmental assessment review panel has approved drilling activity in the Davis Strait, off the coast of Baffin Island; and if that is the case, would the minister or the acting minister agree to table that report today in the House?

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I understand that the environmental review panel is preparing a report following public meetings in the eastern Arctic, but this report has not been made available either to the Minister of the Environment or to the Minister of Indian Affairs and Northern Development and, therefore, we cannot comment on it.

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EXTERNAL AFFAIRS

INVITATION TO PRESIDENT SADAT TO VISIT CANADA

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In light of his commendable expression of views on the Camp David meetings, can he now advise us whether President Sadat has accepted an invitation to visit this country; and, if so, for what tentative date?

Right Hon. P. E. Trudeau (Prime Minister): The President was invited and has accepted to come in principle. At one point he had considered coming here after the Camp David meetings, but now he has asked that the visit take place some time later in the course of the present session. The initiative is up to them now to fix a date. They are welcome to come.

[*Translation*]

URBAN AFFAIRS

INQUIRY WHETHER GOVERNMENT INTENDS TO INCREASE FUNDS FOR RRAP

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of State for Urban Affairs. The government indicated in the Speech from the Throne that they wanted to continue their policy aimed at helping the poor. Since RRAP is, first, at least in my region, a program which is used by people who have not been able to keep their houses in a good state of repair and who would like to take advantage of this program since there is financial assistance attached to it and, second, because that program permits workers to work at renovating those houses, could the minister tell the House if he hopes to have additional funds earmarked for that program in order to meet the great number of applications which have already been made under that program?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, this is a program we would like to make universal to enable every citizen wherever he lives in Canada to take advantage of it. As hon. members know, that program now applies only in certain designated areas and certain city districts; yet we hope to be able to make it universal within the next few months and of course to have in hand additional funds to meet the demand.

Mr. Lambert (Bellechasse): Mr. Speaker, I appreciate the minister's desire to expand this program. I commend him for this. However, my question and my concern are more immediate than the project the minister just mentioned. I would like to know what will happen. Representations have been made to me again last week since they have taken charge of the administration of this program at the level of the riding council. They receive a lot of applications and do not have enough money to meet them. I would like to know whether the minister can tell us if additional funds will be set aside for this program in the immediate future.

Mr. Ouellet: Mr. Speaker, the program budget has been doubled in the last few months. This obviously allows a good number of applications to be met, but you have to realize the demand is so high we cannot meet it immediately. So priorities must be established, that is answer first the applications filed by the more indigent people, those living in the oldest houses that are the most urgently in need of repairs, and then consider the applications of those living in areas that have already been designated for renovation purposes. We would like to have billions of dollars and I believe we could spend them all. Unfortunately, in a context of budgetary restrictions, it is impossible for us to obtain as much money as we would like.

Point of Order—Mr. Cossitt

• (1202)

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to Standing Order 60, I have the honour to table a notice of ways and means, and I request designation of an order of the day for consideration thereof.

* * *

[*Translation*]

POINTS OF ORDER

MR. LAMBERT (BELLECHASSE)—RADIO-CANADA

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise on a question of privilege. I will make it short. I want to do justice to Radio-Canada. I have occasionally had some very harsh criticisms for Radio-Canada's management, and I have always made them known. This morning, I learned that it accomplished its information role fairly yesterday by broadcasting the speeches of the four spokesmen for the political parties of this House. I would ask the Secretary of State (Mr. Roberts), who is accountable for Radio-Canada in this House, to tell them of my satisfaction and to encourage them to continue in this direction.

[*English*]

MR. COSSITT—ORDER PAPER QUESTIONS

Mr. Tom Cossitt (Leeds): Mr. Speaker, while it may seem early in this session to draw attention to questions on the order paper which have not been answered, I feel justified in bringing to the attention of the House questions which are presently listed as Nos. 9 and 19 on the order paper. Question No. 9 has been on various order papers for several years, and No. 19 has been on the order paper for approximately the same length of time.

Question No. 9 concerns the fingerprinting of public servants and asks why this invasion of privacy has taken place. Specifically it asks why public servants are being fingerprinted, especially those who are in positions not of a sensitive nature; how many have been fingerprinted; and how many have refused to be fingerprinted. Perhaps it is common knowledge on Parliament Hill that the number runs into the thousands. It is time the government provided us with this answer, because it has been outstanding for approximately a year or two.

In regard to question No. 19, it concerns the probable misuse of the Unemployment Insurance Commission computer in the city of Montreal by certain individuals employed by UIC. Originally I raised this in the House, and subsequently the Royal Canadian Mounted Police appointed an investigation to be officially carried out on this matter. I was contacted by the RCMP for information, which I supplied to them. Presumably the investigation has been proceeding for about six months to a year. It is finished, and I would think by now that the government would have the answer to this question in its hands. Yet, I have information from people within the department indicating that the minister has issued orders to stonewall the answer to this question. This is a very, very serious matter if it is true.

Any member has the right to rise, after a year or two, and ask for an end to the nonsense we are receiving from the parliamentary secretary and others in the government that questions are being answered so well, giving high percentages and so on. The government only answers questions which do not embarrass it politically. It is time for the government to commence telling Canadians the truth. It talks about freedom of information and what should be done about it, but the government sets the poorest example Canadians will probably ever see. Can the parliamentary secretary tell us now what he is going to do about questions Nos. 9 and 19?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the member can rest assured because, budgetary restraints notwithstanding, it is not our intention to restrict our customary performance in answering the many questions on the order paper, and I think that the hon. member has every reason to believe that he will once again be spoiled by parliament in this new session.

Let me only remind the House that during this past session 78 of his 106 questions were answered, that is about 75 per cent, and that he has no reason to expect unfair treatment in the coming period. As for his suggestion about the minister's attitude towards one or several questions asked by the hon. member or other members of the House, I trust that the hon. member did not really mean what he has implied. There was never any question on the part of the minister or anybody else on this side of the House to intervene to ask our staff to delay or even refuse answering the members' questions. It is important for parliament to know that we do all in our power to answer as precisely, as completely and as often as possible the very many questions on the order paper, which often require very lengthy and costly research. However, it is not on account of high costs to the taxpayers that we are reducing our efforts to answer the very large number of questions put by hon. members, especially the very many questions from the hon. member for Leeds (Mr. Cossitt) requiring much research. There has never been any interference by the government about those questions even if, in my opinion, the Canadian public could do without them. Still it is not up to me to judge the matter, Mr. Speaker, so I wish to reassure the hon. member that parliament is doing its utmost to answer all those questions as thoroughly as possible.

It is physically impossible during a session to answer all questions, Mr. Speaker. However, as I mentioned the day

before yesterday, we have answered almost 75 per cent of the questions in the last session and even more and the hon. member particularly got answers to 75 per cent of his questions in the last session, and God knows he did ask an awful lot. Nothing is top secret in our business. We will resume serious consideration of his questions. We will not make any obstruction and he will continue to enjoy the outstanding treatment that parliament has always given him in the past.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Thursday, October 12, consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Clark) (p. 27), and the amendment to the amendment (Mr. Broadbent) (p. 45).

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, yesterday I was in the process of pointing out an obvious fact and truth about the leaders' day presentation. We witnessed a situation where the hon. Leader of the Opposition (Mr. Clark) gave a prime ministerial direction, an inspiring address about the direction in which he felt the country should be headed. On the other hand we had the unusual situation where we found the Prime Minister (Mr. Trudeau) again preoccupied with carping criticism. As the former vice-president of the United States, Mr. Spiro Agnew, once said about a certain enemy of his, "He was a nattering nabob of negativism".

Canadians have had enough of this Prime Minister and the manner in which on every occasion, whenever there is a difficult time or difficult issue to face, he rises and acts as the critic and complains about the proposals of other people, blames Canadians, the press, or anyone he can; but accepts absolutely no responsibility for his leadership as Prime Minister of the country. I commend my own leader for the manner in which he filled the void we have in Canada and in parliament, as far as presenting concrete, constructive, and positive proposals for the recovery of our economy and our national unity.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I should like to continue with my observations concerning why we are here at this time. We are faced with an unexpected parliament, a time when most of us thought we would have an opportunity to place our positions before Canadians. It is a parliament which was called by a Prime Minister who, quite frankly, was afraid to deal with the electorate at this time because of a certainty of being defeated at the polls.

● (1212)

At the conclusion of my remarks last night I was making the suggestion that what we need now is an election to clear the air, with an opportunity for a new mandate. The problem resulting from the extension of this parliament is, and continues to be, that the proposals by the government in power at this time tend to be those very heavily weighted in favour of political consideration. Regardless of who the victor is at the polls, I am certain that, following such an election, a new government would have the opportunity of introducing an economic plan, as an example, in the context of carrying the plan forward over a period of four or four and a half years. I am sure that we in this party will have that opportunity as a result of being successful.

All we have before us now in the Speech from the Throne is a series of suggested so-called cutbacks, completely out of context with what we need in this country at this time. My leader pointed out that we need not only a period of restraint but some fundamental changes in terms of government restraint. On the other hand we require some economic stimulus in order to get our economy moving, to increase our productivity performance, bringing us back into a competitive position with other industrialized nations of the world.

The fact of the matter is that the options open to this government and this parliament are severely and seriously limited. We simply do not have any room in which to operate. This government, when it intends to make fundamental changes, must always consider the political consequences. Therefore it is unable to bring forward the kind of fundamental program my leader outlined in his speech yesterday, and to which the Prime Minister took such great exception in that most negative and unfortunate demonstration he put on here in the House yesterday.

Let me recall to the memory of hon. members of the House that at the time of the last election the Prime Minister made a great issue of the question of leadership. He is again in the position of a sort of macho figure, standing on the train platform, indicating the kind of leadership he could give as opposed to that of the Leader of the Opposition. He did that in respect of the hon. member for Halifax (Mr. Stanfield) in the past. I am sure hon. members on the other side have been hearing the same things I have heard, about how unfortunate it was that the hon. member for Halifax did not have the opportunity to serve as prime minister as opposed to the man now filling that post.

At the last campaign the man who has led our country into the position in which it now finds itself used the same tactics he displayed yesterday in the House. He believes he can go back to that well a number of times, using the same tactics. Let me inform the Prime Minister in no uncertain terms that, from my reading of the electorate, I am sure this particular ploy will not work again, except, perhaps, with those rapidly diminishing hard-bitten supporters he has in this country who still have some faith in the Prime Minister and his party.

In his speech yesterday afternoon the Prime Minister indicated, at least to me, a certain desperateness, particularly

in the way in which he spoke and in the negative approach he adopted. Having regard to the position the Prime Minister will occupy in this area in terms of our history writers, I am sure he must now wonder what will be his outstanding contribution. I wonder if he has given any thought at all to what will be the outstanding aspect of his period of office, now something over ten years. The only thing I can think of would be the Prime Minister's unfortunate implementation of the War Measures Act. How would you like to go down in history as the prime minister of this country whose only claim to fame was the implementation of the War Measures Act, much to his own and his government's disgrace? If you were in his position now, what would you want to do in order to leave some sort of legacy?

In my estimation the Prime Minister is withdrawing more and more from a consideration of advice, and is becoming more than preoccupied with the whole matter of constitutional reform. This is indicated by the urgency of implementation and the arbitrary deadline set and reiterated by him again yesterday. This whole matter has become an obsession with him. It is my belief that he intends to move in this area, notwithstanding the consequences to the country, with the idea that somehow only he should have the opportunity to decide what kind of a constitution we should have in Canada.

Let me point out the danger inherent in this attitude demonstrated by the Prime Minister. The Prime Minister is becoming more and more isolated, particularly in matters relating to the constitution and matters concerning the economy of our country. He has become more and more withdrawn, seeking the advice of perhaps only two or three people on his own staff. He no longer consults to any degree with his cabinet. His cabinet colleagues have become superfluous to the whole process. What we are observing in Canada is a breakdown of what we term the traditional parliamentary cabinet system.

Incidentally, I was amazed yesterday to hear the Prime Minister's comments as to how the hand applause from this side was a terrible departure from British parliamentary tradition. Apparently the Prime Minister is unaware that in the United Kingdom members do not have desks to pound. That fact has obviously escaped his attention. Of course, he attempts in his rhetoric here to be an expert. He tries to appear or pretend to be knowledgeable on all such matters.

We have observed this obvious breakdown of cabinet government under this Prime Minister. What have been the consequences of that breakdown? I suggest there are four basic consequences. One of the great virtues of cabinet government is that its structure lends itself to decision-making after all the major points of view have been considered. The quality of decision depends on the extent of prior adversary discussion. When discussion formerly took place in full cabinet it was likely that most of the available options were considered.

What we have now is unilateral action by this Prime Minister. He has made apparently serious statements on national television about the future destiny of this country in terms of the economy, without prior consultation with members of his cabinet. This fact is supported by the surprise shown by cabinet ministers on being told about his statement, and by the bumbling and stumbling effort of the Minister of Finance (Mr. Chrétien) to justify the position adopted by the government in the last months.

This withdrawal from the traditional practice of cabinet government in our country, together with his authoritarian, arrogant, and insular attitude, has resulted in a reduction of consultation with his own cabinet to almost none. Members of his own party sit back, not to their credit, and continue to support this man with his non-consultative leadership.

We do not have to speculate about his supporters' attitude toward his actions in terms of the constitution. A long-time supporter of the Prime Minister's party, Senator Lang, outlined this very eloquently at the Joint Committee on the Constitution. He said that the constitutional proposals in the bill were never discussed in Liberal caucus at any time prior to presentation by the Prime Minister in this House. That is the kind of consultation we get from the Prime Minister. That is the shoddy way in which he treats the backbenchers in his party as well as his cabinet ministers. As a result, they are now becoming a laughing stock in terms of government throughout the world.

● (1222)

Where is this sense of leadership that we have heard about? Where is this great Prime Minister leading us to, aside from his carping and criticism at the first opportunity he has to demonstrate leadership when he comes into this House and gives us no specific, constructive direction as a country? We got nothing but an act which did him shame.

Cabinet government has meant in the past that cabinet has had to contain a number of able and strong-minded ministers who have the trust and confidence of the Prime Minister. In this changed reality it seems no longer to be a political advantage to have strong and able ministers in the cabinet, but rather something of a disadvantage to this Prime Minister. Such a man seems to interfere with the plans and wishes of the Prime Minister and his personal entourage. This is why, in the last three to four years, we have had the situation where one after the other of the stronger—that is a relative term respecting this government—ministers left this particular cabinet. It is hardly assuring that the most prominent departing ministers were those responsible for the government departments dealing with the finances and economy of our country.

I recall very vividly the umbrage taken by a past minister of finance, I believe it was Mr. Turner, when the Prime Minister surrounded himself with his own set of economists, the group of seven, and simply superseded the advice and decisions made by the minister's office and Department of Finance officials. This is the kind of leadership that this man gives.

In a federal country the minister has always had a role to play in representing his region. The danger with the breakdown we are now experiencing in cabinet rule in this country is that, more and more, we find the situation where ministers are having less and less influence in the important decisions with respect to our country. It is no wonder we are suffering the

greatest stresses with respect to regional dissatisfaction that we have ever experienced in the history of our country in the time that we have had this government in office.

Cabinet solidarity is an important concept which has gone by the board with this government. Cabinet solidarity is important because it means that the decisions made, notwithstanding their difficulty, have only been arrived at after difficult, internal, adversary discussion. We have lost that now and are being ruled by one man and a small clique of his own personal staff which he has built up consistently since he came into office, a rather elaborate and large apparatus in his own department.

I want to deal briefly, Mr. Speaker, in the time I have available to me, with some other examples of the kind of leadership and disgraceful performance put on by the Prime Minister yesterday afternoon, a time when he had the opportunity to deal with current issues of some importance. We in western Canada have been forgotten and left out absolutely in the Speech from the Throne. The Minister of Industry, Trade and Commerce (Mr. Horner) may smile, but he well understands that there are serious problems in western Canada because he is one who has had a long association with that part of the country. The fact of the matter is that there was no attention whatsoever paid to the important matters relating to transportation when you consider the grain transportation problems we are facing and the way in which the Minister of Transport (Mr. Lang) is attempting to undermine the excellent recommendations of the Hall commission. It is a disgrace that there is nothing set forward in this extended parliament by the government with respect to the difficulties we are experiencing in grain movement.

Another example of the Prime Minister's poor leadership is the way he has handled the resource issues, the way in which he simply and arbitrarily dismissed the right of the Atlantic provinces to offshore resources and minerals. This was an insult to every person and coastal province in this country. The Prime Minister will be extremely sorry, notwithstanding the rhetoric of the position he took yesterday which was further evidence of his arrogant and, indeed, impudent attitude toward both sides and both ends of this country. He has written off Atlantic and western Canada. He understands now that he must concentrate on seeking support in the two central provinces or he will be gone, and that is what we will be seeing in this parliament. We will be seeing an absolute dismissal of these two important regions, Atlantic and western Canada.

What about the Post Office, Mr. Speaker? What kind of leadership has he given there? On August 1 he was full of vim and vigour, "We are going to act with respect to the Post Office." They have done nothing but taunt the union in question, CUPW. They put big ads in the paper saying to the effect, "What a bunch of buffoons these people are for making these demands." Is that the kind of leadership we want, an attempt to create a confrontation before a parliamentary session so that the Prime Minister can walk into parliament and say, "Here is legislation, bring them back to work"? Is that strength in leadership?

I mentioned the area of resource development. The way this government has dealt with the provinces with respect to taxation matters in resource areas has led to some serious questions with respect to provincial rights in the resource field. The Prime Minister takes the attitude somehow—and we in western Canada are very cognizant of the importance of resources to our economies, particularly Alberta and Saskatchewan and, indeed, any area where there are resources—in a unilateral and arbitrary way that we are responsible for the infrastructure and management of our resources, but we have no powers with respect to benefits from and royalties on those resources.

As one pollster indicated, he would have only five members from western Canada. If he is not careful he will find he will have absolutely zero members, because the message will be brought back to him very clearly. In the very short time I have left, I would like to deal—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may, however, continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Hnatyshyn: For reasons which I indicated earlier, I must tell this House of my party's feelings about the necessity of a new mandate for a new government to look at economic policy and context. The NDP party has, over the course of the last few years of this term of parliament, supported positions with respect to economic policies and initiatives which we have taken, and have had divergent points of view on others. We have welcomed their support when they have come on board with us, even though their basic philosophy is somewhat different from ours.

With regard to the subamendment put forward in the name of the hon. member for Oshawa-Whitby (Mr. Broadbent), I would like to say that under the present circumstances and context of our economy, and in view of what we consider to be the proper attitude with respect to development of our economy, it seems we would be unable to support the motion. The heavy emphasis which that party places on embarking on a new program of public sector investment is one which we in the province of Saskatchewan have particular knowledge of and one which we in Canada, in view of the present involvement of government in every aspect of our lives, have every reason to want to question. In conclusion I simply say that we in this party do not propose to support the subamendment of the NDP in the context of some of the suggestions and proposals put forward in the course of the subamendment, at the time of the vote this afternoon.

Thank you, Mr. Speaker, for the additional time that was given to me.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, it was a joy to listen to the member for Saskatoon-Biggar (Mr. Hnatyshyn) speak on the philosophy of that policital party he belongs to, because it was never very clear when I was a member of it.

• (1232)

The new leader of that political party was known for his leftist tendencies, and if he is attempting to project what might be called a small "c" conservative philosophy now, it does not fit him very well and can be seen through very easily. I was amused by the speech he gave to the House yesterday afternoon which was very well orchestrated. He must have practised it beforehand quite a bit. He seemed to get run down in places from time to time and had to puff himself up to keep going.

It is rather amusing to me that in the speech he indicated several times that when he is prime minister things will be different. Here is a boy wonder who flunked out of law school, who has not made a five-cent piece in business since then, and who thinks that automatically the people of Canada should choose him to run the country. I find it impossible to comprehend how one could have that much confidence in oneself when it is so shallowly placed.

The basic thrust of the Speech from the Throne will be continued through the thirtieth parliament—

Mr. Hnatyshyn: On a point of order, Mr. Speaker, I want to point out to the hon. member, for purposes of clarification that he, possibly innocently, has misled the House again. His allegations with respect to the law school history of the Leader of the Opposition (Mr. Clark) are completely unfounded. Maybe the minister would want to outline how many degrees he has, before he starts criticizing other people.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that this is a point of debate, not a point of order.

Mr. Horner: If he did not flunk out he proceeded to get out, because he knew he could not pass. With regard to my degrees, I guess they are well known all across Canada. The school of hard knocks is one of them. If anybody wants to look up my debt picture and the attempts I have made to borrow money and raise money and make a dollar, that also is well known across Canada.

Mr. Woolliams: How is your credit?

Mr. Horner: My credit is still pretty good, financially and politically.

Some hon. Members: Hear, hear!

Mr. Horner: I did not put my money in the Bank of Western Canada which was promoted some years ago by an hon. member on the other side of the House. I had more faith in western Canada.

As I was saying, Mr. Speaker, one thing is clear in this debate and will probably run through the entire thirtieth parliament, and that is that we have a healthy economy and a strong, confident, private sector in our country. We will be taking a number of measures to assist private enterprise as we believe that it can effectively do the job and provide many, many more permanent jobs in Canada. Certainly we intend to give responsible leadership, and I think the Prime Minister (Mr. Trudeau) demonstrated that in his speech yesterday. Certainly it was an expression of confidence, not like the Leader of the Opposition (Mr. Clark) who, as I said, puffed himself up from time to time with one complaint after another, and seemed to have a split personality. Not long ago I read about somebody who had 12 personalities and woke up and found himself another person. I would not accuse the Leader of the Opposition of having twelve personalities; as my colleague here suggests, he has not even got one good one. I guess that is true.

Confidence and responsible leadership go together. The business community is becoming more and more confident, as can be seen in investment figures and surveys of investment intentions in this country because this government has demonstrated that it is committed to assisting private business growth. We have done so in a number of ways which add up to a co-ordinated set of policy directions toward a growth oriented economy. As a result, while unemployment and inflation still are too high, Canada is working its way through the difficult world economic problems better than are most countries. Certainly the Prime Minister dealt with that subject at length yesterday. It was nice to see some honest admission of this fact instead of the old myths that we cannot be competitive and that our industry is not competitive with the rest of the world. Instead of crying the blues, as we hear from time to time from the other side of the House, it was nice to see someone admit their confidence in the businessmen of Canada and say that businessmen are not a group of dummies who must have their hands held when they go to the bathroom. I would rather build confidence than confusion.

Another myth spread by the "fearful Freddies" opposite is that our businessmen cannot compete, unless it is in raw resources, because they are too backward, too inefficient, too unsophisticated in their products. I will be releasing in a few days a factual study of Canada's export performance from 1960 to 1977. It will make remarkable reading, and I commend it to members of the opposition parties.

They talk all the time over there about our rising deficit on so-called end products or fully manufactured goods yet our exports of end products have increased much faster than our imports of end products. In 1977 we exported nearly 20 times more of end products than we exported in 1960; we imported in 1977 less than five times the imports of end products in 1960. Instead of a rising deficit in end products, it has fallen from about 21 per cent of our total trade turnover—exports plus imports—in 1960, to 12.7 per cent in 1977.

Canadian export growth was stronger than the world average during that period that we studied, the period from 1960 to 1977 when the average annual increase of Canadian exports was 13.2 per cent, which is certainly far higher than the growth of the total economy. This is of vital importance to Canada when we consider how important export trade is to our country in relation to other countries. Approximately 25 per cent of our GNP is dependent upon our exports. If we wanted

to relate that to what many people consider to be the great trading nation of the world, Japan, it must be noted that 13 per cent of their GNP is dependent upon exports. In the United States less than 6 per cent of their GNP is dependent on exports.

We must and we have paid strict attention to our exports, and we can be proud of the rate of growth of the export of finished products over the years.

Over the same period there has been a strong shift in the composition of our exports toward manufactured goods, with a decline in the shares of farm exports and metal ores. There has been a major increase in the export orientation of Canadian manufacturing at the same time as we have had an increase in imports of manufactured goods. Without trying to present too many statistics to the House today, I would point out that the proportion of our trade in manufactured form rose steadily from 8 per cent in 1960 to 46 per cent in 1977. This shows the steady increase in our ability to sell fully manufactured goods on the world market. The share of manufactured products as a whole, including fabricated goods such as aluminum ingots, rose from 60 per cent in 1960 to 77 per cent in 1977.

Last year alone this country exported $1.3 billion worth of machinery and equipment to the developing world, not to mention billions of dollars worth to the United States, Europe and Japan. We are out there and we are active. Probably no other industrial country in the past 15 years has seen so remarkable a transformation of its commodity trade pattern, and all the while our timid friends opposite were saying that Canadian businessmen could not hack it. Some of them are even saying we must go back to being hewers of wood and drawers of water. We need no longer depend upon that fact at all. While I have nothing against hewers of wood and drawers of water, it is clearly recognizable that you cannot employ too many people if you confine yourself to those types of industry, and we are not.

• (1242)

Let us talk about industrial output and the use of the International Monetary Fund and the OECD as our sources. Since before the recession of 1973-74, Canada and the United States have had about the same growth in industrial output, that is, mining, manufacturing and utilities. This is far ahead of any other major industrial nation, and far ahead of all of our largest export markets.

From 1973 to 1978 we have been second only to Japan, and not by much in growth in our gross national product in real terms. We have had by far the strongest growth in employment of any industrial country, and the Prime Minister dealt with those figures yesterday. Even in prices we have done better than most industrial countries. West Germany has done better, and the United States moderately better.

Those are Canadian businessmen out there, scoring remarkable achievements. Certainly they deserve some confidence from the politicians, and we are prepared to give them all the confidence we can. We have confidence that they really know what they are doing and that they can do their jobs best. What are their opportunities? They have useful views as to what the government can do to help them so nearly a year ago I went to the private sector and the provinces to find out what the most responsible actions would be for the federal and provincial governments to take in order to encourage industrial growth.

We set up 23 individual industry sector task forces composed of business and labour, with the provinces and the federal government having modest representation. They have sent their reports to me and to the provincial ministers of industry. The federal government is now going over all of them with a fine tooth comb.

A second committee has been composed strictly of senior business and labour executives, along with a neutral academic. They are assessing the complete role of the 23 sector reports in order to draw out the common threads of policy recommendations. The second tier committee report will be coming to me very shortly, and naturally it will be sent to the provincial ministers as soon as possible. In fact, we expect it next week.

Federal and provincial deputy ministers of industry will be discussing the second tier and the sector reports in a few weeks. Provincial ministers and myself will follow their example early in November, and the first ministers of Canada will be meeting at the end of November to discuss and identify the policy recommendations that are made. All of this, in my opinion, is a responsible and competent building agenda for action, based upon the best assessment of men and women out there as to what government can do, or can stay out of, to help them grow.

While this process was going on, the government was moving in areas where there already was a consensus that changes were needed, and indeed, the views of the individual sector reports found expression in our recent economic announcements.

Hon. members know from the screams they hear that the government is seriously cutting back its spending, and cutting back the size and intervention of the public service. Most of the screams are coming from the other side, which cries out for cutting government spending but which whimpers when, inevitably, someone is hurt.

Hon. members know that federal government employment is being held at zero growth. However, some layoffs are occuring. Public service salaries will be legislated to prevent them outpacing those in the private sector. The Economic Council of Canada is working at practical means to try to reduce the extent and cost of government regulation to industry. We are spending more on job creation with money saved through the more selective application of unemployment insurance payments and family allowances.

In the past year the Minister of Finance (Mr. Chrétien) introduced means and measures to stimulate employment, production, and investment, for example, the reduction of sales taxes, extension of the investment tax credit, the introduction of wage subsidies, and the incentives for industrial R and D. My own department and agencies reporting to me have made very large increases in our support to Canadian industry. I

might mention we are assisting Canadian industry in all parts of Canada, including western Canada. We have done a great deal to help the oil and gas industry, particularly in Alberta, within the last year.

The announcements made by the Prime Minister, the President of the Treasury Board (Mr. Andras), and the Minister of Finance, in August were a further demonstration of our commitment to economic growth and prudent management. The Minister of Finance announced total new cash outlays of $300 million in 1979-80 in support of economic development. There will be $65 million in new money for tourism and the resource industries. There will be about $28 million for industrial support programs, about $70 million for shipbuilding and repair facilities, and further amounts of money for more major capital projects.

I have taken some time to illustrate the responsible and the united or co-ordinated nature of the government's economic approach, Mr. Speaker. Reducing the economic shares of the country demanded by government, freeing resources to give private enterprise more room, providing supportive government policies in an attempt to improve investment confidence, all these were objectives worked out by federal departments together. The policies mesh, and they mesh within the context of six main policy directions that this government keeps before it. It is a framework for upgrading the position of the private sector as our economy heads into the competitive challenges of the 1980s.

First, Canadian growth and expansion should be fuelled as much as possible by private Canadian funds. That means government restraint and budget cutting will continue to free more resources for yet more growth.

Second, government policies, both provincial and federal, must be directed at growth. I am talking about a whole range of policies regulating quality control, environmental issues, competition, intellectual property, and paper burden requirements. The federal government will protect the legitimate objectives of these policies, but we will strive to design them to keep to a minimum the constraints on industrial growth.

Third, we will see that the required economic infrastructure is in place. This will include transportation facilities such as roads, harbours, railways, pipelines, power and energy facilities. We will contribute in three ways: we will facilitate and speed up the approval of private sector projects for the Alcan pipeline; we will increase our support for infrastructure projects through the Department of Regional Economic Expansion; we will make direct contributions to certain important projects. A list of major projects which could move ahead in the next two years is being reviewed.

Fourth, to be successful in the competitive 1980s, Canada will need very highly trained and skilled manpower. Federal manpower training programs are being revised to increase substantially the amount of skills and on-the-job training support. We are working on improving manpower mobility in Canada.

Fifth, because of the dependence upon new technology for future growth, the government has already enriched its R and D incentives in the tax systems. Now we are committed to a further program that will increase Canada's R and D expenditures toward 1.5 per cent of the gross national product in the early 1980s. The program will be designed to ensure that most of the new R and D will be done within industry itself.

● (1252)

Sixth, and maybe closest to my heart today, is the improvement of industrial support programs and services. I will complete my speech by expanding upon this point.

Some hon. Members: Hear, hear!

Mr. Horner: Intelligence! Yesterday, the Prime Minister spoke about the intelligence over there.

My department was one of those that escaped rather lightly with regard to budget cuts, I am happy to say. On the contrary, we are increasing our spending in the area of industrial support programs. The $28 million I mentioned earlier will be spent next year. We will double our expenditures in the year 1980-81 in this area again, to $100 million, and the increases will go on substantially throughout the first half of the new decade.

The federal government is increasing its spending while cutting back elsewhere, precisely because of our policy commitment of placing first priority on industrial growth through private enterprise. This government's priority is not new. It is being deepened by my department. Last year we authorized projects worth $125 million, and we are moving well ahead of that this year. In fact if one goes back, September to September, we have authorized projects to a total of about $159 million. In the fiscal year we will well exceed the $125 million of the last fiscal year. The Federal Business Development Bank last year made loans of $479 million, 25 per cent of them to the manufacturing industry, up 13 per cent from the previous year, and they have greatly increased their management consulting services.

The Export Development Corporation signed more than $1 billion in loans to foreign buyers for Canadian manufactured goods, directly increasing and maintaining something in the neighbourhood of 200,000 jobs in Canada.

The changes in our funded program within my department and related agencies reflecting the additional $28 million, will come into place in 1979, after consultation with the provinces on administrative details.

One of the most important changes that I am announcing in the House today is that we will make available under the enterprise development program up to $1 billion for insuring loans at the chartered banks for private industry Up until this time, the enterprise development program had a limit of $350 million. We are expanding that to $1 billion.

Some hon. Members: Hear, hear!

Mr. Horner: Before some members opposite run off and say that we are spending $1 billion, I want to emphasize that what we are doing is insuring loans that the banks make to enterprises which can prove that they are justified. We insure 90 per cent of the loan and, in some cases, if it is an innovative, new idea, 100 per cent.

This is an expression of confidence by this government in the business community and in their ability to meet the challenges of the eighties. This might be called last resort financing in the form of government loss insurance for loans made by private lending institutions. Since it is a revolving authority, as loans are repaid new insurance can be provided. As a result, more than $1 billion will be made available in term debt to help companies expand or go into new activity.

I might say that last year some 256 companies were helped by this program. Only seven of those 256 were not of Canadian ownership. I want to point that out, because we are helping Canadians. It is an expression of confidence by Canadians in the Canadian economy that we are helping.

The enterprise development board is a central board. It is here in Ottawa. In addition, we have set up ten boards in the provinces, all led by businessmen who spend their funds through direct loans and grants and also through such high level devices as loan guarantees and risk insurance. An additional $28 million for 1979-80 will actually provide support to the industry of about $100 million. Through the first half of the next ten years, it is projected that the funds will provide more than $1.3 billion worth of support.

The enterprise development program, of course, is not all that the federal government does to encourage industry in Canada. As I mentioned, the Export Development Corporation, the Federal Business Development Bank and the Small Businesses Loans Act, together with the Department of Trade's other services, in 1977-78 provided support to Canadian industry of $3.7 billion and were directly involved in 197,000 projects, mostly smaller and medium-sized businesses in Canada.

A new and improved enterprise development program will broaden this criteria to include more smaller and medium-sized businesses. My colleague, the Minister of State (Small Business) (Mr. Abbott) has been successful in arguing their case. He will now have the enjoyable job of explaining to small businessmen what there is and how they can get it.

The flexibility of the enterprise development program to encourage mergers and acquisitions will be increased by several new measures. Support for research, design, and development is going up markedly. More money is being provided for export market development and sales promotion, particularly in areas of the United States. The department will implement a $100 million contingency liability authority to provide risk re-insurance that will further assist Canadian companies to participate in major capital projects.

There are several other measures, all geared to assist business in Canada, to streamline, modernize, and grasp the opportunities. We are entering a period of great change in technology, trading patterns, and consumer demand. We are entering this period with many strengths, our resources, our expertise, despite the unconfidence expressed from time to time by the opposition parties.

Mr. Woolliams: Like selling wheat.

Mr. Horner: Yes, we will sell a tremendous amount of wheat. The industrial support program improvements fitted into all of these measures and directions. As I discussed earlier, it provides government support to the margin of—

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair until two o'clock p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Horner: In the short time remaining to me, Mr. Speaker, I shall attempt to sum up what I have been saying, and make a few further comments upon our economic performance and potential.

As I said, we are entering upon a period of great change in technology, trading patterns, and consumer demand, and we do so with many strengths both in resources and expertise. Some have expressed a lack of confidence in the businessmen of Canada, but we on this side certainly have great confidence in them. We recognize that as a result of freer trade some Canadian firms may find themselves in difficulties. However, we expect that more opportunities than difficulties will arise as a result of negotiations. The lower tariff barriers and the removal of non-tariff barriers in Japan, United States and Europe, will definitely help Canadian business firms and improve the economic climate. The industrial support I have outlined has been designed to assist companies to restructure themselves so as minimize difficulties which may be foreseen in the early 1980s.

We will be setting up a special MTN-related panel to advise the enterprise development program as to which particular industries will be hurt and the way in which we can help those industries to take advantage of the lower tariffs which may come about as a result of the negotiations. I believe that any who read my speech carefully would agree we have been showing tremendous economic leadership over the whole range of Canadian industry. We have received the co-operation of labour—some 40 different unions have worked on the production of those task force reports and most of the provinces have also been involved in their preparation. We are engaged in a concentrated effort to help Canadian businessmen because we believe the private sector is really the engine by which economic recovery and development will be brought about, along with an extensive effort by my department toward trade promotion.

The Leader of the Opposition (Mr. Clark) mentioned my visit to Japan. As hon. members know, I went to Japan and

Korea this summer and was greatly heartened by what I saw, by evidence of our opportunity to increase sales to Japan. Recently, with the help of my department, an extensive, high-powered group of Canadian businessmen visited mainland China. They have reported to me in detail concerning their hopes for additional sales to China.

Canadians concerned with oil exploration both from the private sector and Petro-Can formed part of the group which made that business trip, and they believe a tremendous amount of good will flow from that visit. Intensive work is being done in Indonesia as well as in many countries of South America. Trade shows and trade promotion throughout the world have made people more fully aware of the competence of Canadian businessmen and of their ability to compete in international markets. As one example I might refer to an article which I saw in a newspaper only this morning—Canada is selling cameras to Japan. That certainly sounds like sending coals to Newcastle, I suppose, but it is certainly evidence of our competence and capability.

Much remains to be done, of course. We are working very hard in connection with the automobile industry, the biggest single employer in the province of Ontario. We are devoting a great deal of attention to the shipbuilding and repair industry on both the east and the west coasts. Everybody knows there is an overcapacity in the world as far as shipbuilding is concerned but we can, and should, nevertheless, improve our facilities so that we can carry out a good deal of the repair work which is necessary to enable the shipping industry to move our goods throughout the world.

I end by expressing my confidence that the business community will appreciate what we are doing. We shall continue to work with them. Meetings are to be held later this month involving my provincial counterparts in both industry and tourism. Canada is healthy, well, and working.

Some hon. Members: Hear, hear!

● (1412)

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to participate in this debate on the throne speech, and my first words will be to congratulate the mover and seconder of the address who, through their presentation, did honour to their constituencies.

"A Tale of Two Cities" by Charles Dickens was first published as a volume in 1859, some 119 years ago. In chapter one of this classic story, Dickens wrote:

> It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair. We had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way.

Although published in 1859, Dickens used these words to describe conditions in 1775 as they existed then between the people in Europe who spoke English and those in Europe who spoke French. His words pointed out the national disorder which existed.

Unfortunately, things have not improved very much since those days. The words of Dickens in 1859 could well be used today to describe aptly conditions in Canada as they exist at present. We have a throne speech opening the fourth session of the thirtieth parliament which is repetitive and misleading. I say it is repetitive for it speaks of strengthening the economy and of helping the private sector to lead the way toward accelerated economic growth. We have known about this requirement for many years. In fact the government has been saying the same thing for some time, but unfortunately no action has been taken.

For example, on February 17, 1972, the throne speech stated the following:

> This country fails in its essential purpose if it does not ensure that its most precious resource, human talent, is not wasted away.

How very true those words are!

On January 4, 1973, the throne speech stated:

> It is timely to provide to parliament a full report on Canada's financial and economic situation and to propose fiscal and other measures for the effective management of the economy.

On October 18, 1977, the throne speech stated:

> The human hardship imposed by the current level of unemployment in Canada is deeply disturbing in that there should be so many men and women deprived of the dignity of self-supporting work, unable to meet their financial commitments and plan confidently for the future.

Obviously the present Liberal government while in office was well aware of the problems, but unfortunately it took no corrective action during the past ten years.

I say the throne speech is misleading because it states:

> The projected rate of expenditure growth during the next fiscal year is 8.9 per cent, which is well below the forecast growth of 11 per cent for the gross national product.

It is this type of economic governmental double talk over the years which has brought Canada to the brink of economic ruin. The Prime Minister's (Mr. Trudeau) own pledge of a 5 per cent economic growth as made at the Bonn economic summit is now open to question. I say it is open to question because all of the economists in this country and all the financial papers in this country tell us that we will do well if the rate of growth achieved is at around 4 per cent, not the 5 per cent pledged by the Prime Minister or the 11 per cent stated in the throne speech.

What we are witnessing today is a cruel con job on the Canadian people perpetrated by the present Trudeau Liberal government. In the throne speech we are told that the government will intensify its assault upon unemployment and inflation, carrying forward commitments made by the government in 1976 with the publication of "The Way Ahead". Time will not permit me to deal today with all the words of good intent, the pledges and promises broken since the present Liberal government printed the booklet entitled "The Way Ahead". Obviously the government knew the problems and their cure, as witnessed by the words on page eight, paragraph two, under the heading of "Inflationary Process", which read:

> Increased government spending can lead to higher prices if the government simply prints the money or if additional taxes levied to finance these expendi-

tures are passed on to others through higher wages and prices. Excessively high wage settlements and pricing decisions impose higher levels of cost, leading directly to higher prices. Expectations escalate and inflation continues to feed upon itself.

The debilitating effects of inflation extend beyond economic considerations to threaten the very nature of our institutions and traditions. The problems that unrestricted inflation creates were spelled out in the budget speech of June 23, 1975:

—inflation ultimately inflicts grievous damage to the fabric of society. It lowers the living standards of those on fixed incomes, including pensioners. It leaves people without reliable, understandable guideposts by which to arrange their economic affairs. It injects grave uncertainty into decisions on family budgets, housing, savings and provision for old age. It provokes deep frustration, social tension and mistrust of private and public institutions. Collective bargaining is embittered. Industrial relations are damaged. We in Canada are already beginning to live some of these experiences.

That was printed in October of 1976. Those are the words printed by the Trudeau Liberal government in "The Way Ahead", and yet this government proceeded, under finance minister Turner, finance minister Macdonald, and under the present Minister of Finance (Mr. Chrétien), to do exactly the opposite.

Obviously this government intentionally kept printing more paper money to cover their blunders in a direct attempt to destroy the Canadian economy. I charge this government with the deliberate destruction of the stability and endurance of our economic system, with the deliberate destruction of the social and cultural traditions on which it is based, for reasons known only to a select clique who sits beside and around the Prime Minister of this country.

I listened to the Prime Minister yesterday when he spent most of his time berating my party, my leader, and our policies, instead of putting some flesh on the bones of his proposals in the throne speech. There is not a word about fisheries development in the throne speech. The Prime Minister could have spent some time telling us of his concern for the fishermen in Atlantic Canada and in the western part of this country and in British Columbia. He said not a word about that.

An hon. Member: He has done it all.

Mr. Crouse: The hon. member says he has done it all. He has obviously not done his own homework.

It seemed obvious to me yesterday that the results of the Nova Scotia election had finally got through to the Prime Minister. I say to him, sir, through you, that if he feels a little chill wind of anti-liberalism blowing his way from the west, he can expect a hurricane of anti-liberalism blowing his way from Atlantic Canada. Campaigning with my provincial counterparts throughout Nova Scotia was most informative. It was also most rewarding since we turned out a Liberal government in that province that had been in power for eight years.

An hon. Member: Why don't you look at the Gallup poll?

Mr. Crouse: You cannot stand the truth. We have turned out a Liberal government that had been in power for eight years, and yet no one in the press gallery or in the information services across Canada had even predicted this. So much for Gallup polls! So much for public opinion polls!

Some hon. Members: Hear, hear!

● (1422)

Mr. Crouse: Some of these Grits can talk, but I have been given a fairly strong voice by the Almighty and I do not mind interruptions. When the hon. member has something to say, I hope she will stand up.

Obviously the Prime Minister is unaware of the controversy which he alone has stirred up over his proposed constitutional amendments. Yesterday he twisted and turned in his efforts to make a political issue out of the monarchy, and in his efforts to make it appear that the hon. Leader of the Opposition (Mr. Clark) and my party were opposed to the Queen. In this regard his efforts were divisive, distasteful, insulting and disgusting.

Some hon. Members: Hear, hear!

Mr. Crouse: Of all of those in opposition to the proposals of the Prime Minister, it seems to me that Senator Eugene Forsey—

Mr. Collenette: Which honourable Senator?

Mr. Crouse: If the hon. member opposite would listen, perhaps he would learn something. The hon. Senator Eugene Forsey put into words perhaps the most concise and forceful objection to the proposals of the Prime Minister. Unless I am misled, I have no recollection of Senator Forsey making application to be a member of the Progressive Conservative party.

The honourable Joseph Smallwood served for 23 years as Liberal premier of Newfoundland. Neither can he be called a Tory. Yet in September when opening the Nova Scotia Fisheries Exhibition in my home town of Lunenburg, Nova Scotia, Mr. Smallwood stated his strong opposition to the constitutional proposals of the government. He stated, to roars of approval from thousands in the exhibition audience, that whenever the next federal election is called, and if he is required to make a choice between his party and the monarchy, he will vote for the Queen.

It is one thing for the Prime Minister to say in this House, with tongue in cheek, that the role of the Queen in his constitutional proposals is unchanged. However, Bill C-60 tells a very different story. I for one do not accept the position of the Prime Minister that there is no need to refer to the Supreme Court proposed changes respecting the monarchy, just because he said that it is not the intention of the government to propose changes of substance.

For example, by clause 30 of Bill C-60 the government states that the sovereign head of Canada is Her Majesty the Queen. But clauses Nos. 42 and 43 provide for the Governor General to represent the Queen and exercise for her the prerogatives, functions and authority belonging to her in respect of Canada. Other clauses of the bill substitute the

Governor General for the Queen. For example, the opening words of clause 91 vest in the Governor General on behalf of the Queen the executive government of and over Canada. I disagree violently with the Prime Minister and the deceitful position which he is taking on this matter. I believe strongly that these proposals contain substantive elements which raise serious questions about the right of the federal government and parliament to act unilaterally on this issue.

Under our present federation, Her Majesty is the head equally of our federal and provincial governments. There is substantial doubt in my mind that her position can be altered by one level of government, especially this lame duck government in the dying stages of this parliament. This is only one matter which is of serious concern to the people in my area.

Another important issue is the ownership of 100 per cent of the mineral rights off the coast of Atlantic Canada. Shortly after assuming the leadership of my party, my leader, without any equivocation or provocation, made it abundantly clear that he would, upon obtaining the position of Prime Minister of this country, give to the Atlantic provinces complete control and the revenues resulting from the development of any oil, gas or mineral discoveries off our shores. Naturally this announcement was greeted with great enthusiasm, not only by the Conservatives in Atlantic Canada but also by the Liberals, and if there were any labour or New Democratic Party members down there, they were rejoicing as well. Why? They were rejoicing because we in Atlantic Canada have found it necessary for years to fight hard for our place in the sun, to fight against the centralizing powers of the federal government and the tariff walls which favoured industry in Ontario and Quebec, while working to the disadvantage of industry in Atlantic Canada.

Everything we buy in Nova Scotia, and in Atlantic Canada generally, costs much more than it does the citizens of Quebec and Ontario due to the 1,500 mile haul from central Canada to our area. The freight rate on automobiles from Oshawa to Halifax makes a difference of approximately $350 in the price paid for a vehicle by a Nova Scotian as compared to residents of Ontario. Truly we in Atlantic Canada are the victims of the ruinous user-pay policy enunciated by the Minister of Transport (Mr. Lang). Over the years we have borne the burden of higher costs, higher freight rates, higher unemployment, and lower scales of wages than the workers of Ontario, Quebec and western Canada. Naturally we had high hopes for any benefits which may accrue to our area as a result of offshore mineral or oil development. However, yesterday as I sat and listened intently to the words of the Prime Minister, I am sure that the high hopes of the citizens of Atlantic Canada could not help but be dampened by his words and attitude. He went out of his way to ridicule and heap scorn upon my leader and my party.

Some hon. Members: Hear, hear!

Mr. Crouse: I hear hon. members opposite saying, "Hear, hear". Will this go down well with anyone in Atlantic Canada who has thought favourably of the Liberal party? I doubt it! He heaped ridicule and scorn upon my leader and my party for the concern we have expressed on behalf of the citizens in Atlantic Canada.

The Prime Minister said that my leader had no trouble getting on with those provincial leaders because he did so by giving them the shirt off his back. Apparently it has not as yet occurred to the Prime Minister that the time has arrived when that is the kind of prime minister this country needs, namely, one who shows concern for the citizens living in the disadvantaged areas of Canada.

When I look at the bloated expenditures by the Liberal hierarchy in the Ottawa-Hull area, I believe it would be better for Canadian taxpayers generally if more of their tax dollars were left in the hands of provincial and municipal officials because these authorities, being closer to the people, will spend their money more judicially. For example, Les Terrasses de la Chaudière in Hull had projected costs of something like $148 million, with no tenders called. An escalation clause costing Canadians hundreds of millions of dollars over the next 35 years in rental payments is an expenditure which was strongly condemned by the Senate Standing Committee on Finance. Every effort to get the true facts and the true costs of this project has been stonewalled by the government, as was evidenced today when the hon. member for Grenville-Carleton (Mr. Baker) called for a public investigation. This is what we mean when we say that there is no leadership given Canadian people today by this government.

When quoting statistics in his speech, the Prime Minister implied that the Liberals were setting new records and that everything would be all right, Jack, if only the official opposition would shut up.

Mr. Collenette: Hear, hear!

Mr. Crouse: The hon. member opposite said, "Hear, hear". I know members opposite would like a government of complete dictators. We are not far from that now, but dictatorship by the Liberals will not be tolerated in Canada. We will do our part to see that this does not happen, if that outfit opposite ever screws up enough courage to call another federal election.

Some hon. Members: Hear, hear!

Mr. Crouse: I agree with one of the statements made yesterday by the Prime Minister. He said that they are breaking all records. Well, that is true. Our economy is breaking all records. All records in unemployment are being broken. If the truth were told, there are well over one million people unemployed in this country. All records in inflation are being broken, as well as the records in the devaluation of our currency. All records are being broken in work stoppages, in the flight from Canada of investment capital, in declining productivity, in falling exports, in our soaring national debt and in our budgetary deficits. In these and in all related areas we are indeed exceeding all the other western industrialized countries.

• (1432)

It is true that our labour force has had an unusually high growth rate, due in part to the post-war baby boom and continuing immigration. But considering Canada's enormous advantages—we are the second largest land mass in the world, we have coal in every province of this country from British Columbia to Cape Breton, Nova Scotia, we have untapped mineral wealth and every day we are finding new sources of uranium, and we have oil and gas, in fact more natural resources than any other industrialized democracy in the world,—and with a small population, it is surprising we are in our present difficulties. We have substantial production capacity and we should really have no baffling economic problems, and would have none were it not for the crisis this country is suffering today in leadership. We have been like a rudderless ship sailing around in circles; a ship whose captain has lost his sextant, his chart and his compass and does not know which way to turn.

Since we are sinking into a steadily worsening mess, in spite of all Canada's unmatched blessings, the trouble obviously lies with the mismanagement of this country, no matter what the Prime Minister may say to distort the facts and confuse the people. I would ask you, sir, what other explanation can there be for a government which came into power in 1968 when we were a nation of 20 million people?

I hold in my hand a booklet entitled "How Your Tax Dollar Is Spent", put out by C. M. Drury, president of the treasury board in February, 1974. There are many figures here but I am only going to quote one. It shows quite clearly that in 1968 when the present Liberal government under Mr. Trudeau was elected we had 20 million people, and the cost of running this country at that time is shown here as $9,872 million. That was in 1968. Today we have the 1978-79 proposals showing how your tax dollar is spent, brought forward under Robert Andras, President of the Treasury Board. It gives some very interesting figures.

It shows that the 1973-74 expenditures were $24,532 million, an increase of 22.7 per cent in one year. That just happened to be the year that Mr. Turner was minister of finance. It shows that in 1974-75 we were spending $31,483 million. He even outdid himself. He managed a 28.3 per cent increase in that one year. In 1975-76 expenditures went up to $37,278 million, an increase of 18.4 per cent. In 1977-78 expenditures were $44,450 million, an increase of 8.2 per cent, and for this present year, 1978-79, we have total expenditures at $48,800 million, an increase of 9.8 per cent. Those figures have now progressed upwards to something like $50 billion.

These figures clearly indicate the deceit and deception as practised by Liberal speakers when they try to deceive Canadians into believing that during their period in office they have ever practised restraint. The trend of their deceit is evidenced in our declining dollar, our inflationary spiral, and headlines that scream that our small businesses are going bankrupt as never before.

I wish the Minister of Industry, Trade and Commerce (Mr. Horner) were in the House. I will not say he intentionally misled the House, because that would be unfair. I would say that in his ignorance today he misled the House because he implied that everything was okay with small businessmen. Last year 4,131 Canadian firms were placed in bankruptcy. By way of comparison, the ten times as large U.S. economy had only twice as many failures. The trend has worsened in the first four months of 1978 when Canada had 1,742 business failures as compared with only 2,303 in the United States.

These figures say nothing of the lost hopes, the spent dreams, and the lost lifetime savings of the men and women who worked to put together these businesses. This is a direct result of the mismanagement of our economy by the present Liberal administration. Small businessmen do not have the expertise to deal with currency fluctuation and foreign exchange, or their eventual impact on prices. Unfortunately the figures show that Atlantic Canada again bears a heavy burden with bankruptcies up from 114 in 1976 to 190 in 1977.

Recent government restraint proposals will not, of course, improve the situation. While I am in general agreement that government expenditures must be curtailed, I find it disconcerting, for example, to hear the proposal to close the Vancouver and Halifax fish technology laboratories. This will save the government less than $2 million annually. I find this difficult to understand when at the same time there is no mention of curtailing services at one of our international airports, the deficits on which since it opened in 1976 total $115 million—almost $1 million a week.

The two laboratories in question have served the Canadian fish industry for some 54 years. Their scientists are highly respected not only in Canada but throughout the entire length and breadth of the world. They are respected for their research and development. This action, of course, brings into question the government's entire list of spending priority.

The Minister of State for Science and Technology (Mr. Buchanan), for example, when speaking in London, Ontario, on April 4, 1978, stated that Canada's poor performance in industrial innovation is threatening its competitive position in both domestic and foreign markets. He said that research and development are vital to the future of Canada and that some of the issues of most pressing national concern at this moment, such as economic stability, unemployment, and even national unity, are directly linked to our investment in research and development.

Since the Hon. Judd Buchanan holds these views, it is obvious he was not consulted by the Prime Minister before the announcement of the cuts, particularly those that are of vital concern to our fishermen and our processors both in Atlantic Canada and in British Columbia. If he had been consulted I am sure he would not have agreed. This points up the fact that we have almost a dictatorship in this country today—a one-man government under Pierre Elliott Trudeau.

On the east coast the extension of the 200-mile limit, the scarcity of some fish species, the environmental quality regulations, food safety and nutrition, plus the necessity to examine non-traditional markets, non-traditional fishing grounds, and the marketing of non-traditional species, have all placed new

demands on our fisheries laboratories and our scientists. Without basic planning, dismantling the technological laboratories will drive some of the work toward our universities which are understaffed and hard pressed financially. In my opinion this will result in the work becoming fragmented and more and more remote from the practical world of industry.

Our fish exports play an important role by bringing into Canada scarce and vital foreign exchange. Some 75 per cent or more of all the fish we catch is exported, and Canada's need for foreign exchange is greater than it has ever been in our history. We can only export fish profitably by maintaining a high standard of quality, and this can only be done through the aid of our scientists. From a financial point of view, exported product which is rejected by the buyer is a financial loss which must also include the cost of shipping. The reputation of the shipper is at stake, as well as the reputation of Canada.

● (1442)

It is also well to remember that the export market is open to the small processors, as well as the large, and that overseas markets are specialized and require new skills in processing, freezing and packaging which can only be provided by our fisheries scientists, especially for our small processors. The Minister of Industry, Trade and Commerce spoke today of his department's efforts to aid research and development. This will be helpful to the large companies, but without the scientific laboratories to help the small, individual packers and processors, they are bound to go out of business because they cannot compete. This is the problem that the small operator is facing today. At a time when we in Atlantic Canada are seeking new markets for expanding catches, closing the fisheries labs appears to me to be penny wise and pound foolish. No matter how you look at it, we have made one step forward and three backward in our quest for a stronger financial base in Canada as a whole, and Atlantic Canada in particular.

This action, of course, places in doubt the future benefits which should accrue to our people from the extension of our economic zone to 200 miles. To realize the opportunities available from this action, it is necessary to establish a climate leading to continuity of investment. As the Minister of Finance has put it, "We will encourage risk-taking and willingness to spend in the private sector that is essential to get the economy going faster." Unfortunately, to date this has not been done.

In my opinion, there are a number of problems that are not creating a favourable climate for long-term investment.

I will be finished in a moment, Mr. Speaker.

For example, the Minister of Fisheries (Mr. LeBlanc) has adopted a go-slow, stand-pat attitude toward the fisheries. He wants to wait until fish quotas are plentiful before establishing a long-term policy that would lead to modernizing and rebuilding our inshore, midwater and offshore fleets. We believe such waiting to be detrimental to Canada's interests, and we are not alone in this belief. A spokesman from one of our leading processors has publicly stated that we should be acquiring freezer trawlers now.

[Mr. Crouse.]

In addition, Mr. Speaker, the fishery development plan prepared by the Atlantic provinces warned that, unless our fishing industry is rapidly developed, a large part of the potential economic benefits from our 200-mile zone will be unnecessarily deferred and possibly lost to Canada while foreign nations will continue to reap significant benefits.

With clearcut, long-term policies in place, developed in consultation with the industry, and which recognize the separation of government and industry roles, I feel certain the Canadian fishing industry can realize its potential both in economic and social terms. However, the time to act is now. For all these reasons I am pleased to support the amendment as moved by my leader.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I enter this debate on the Address in Reply to the Speech from the Throne because I have a very deep concern about certain trends, certain ideas that are abroad in this land, and I think that there is a message that some of us are duty bound to give to this House. Someone has already said that we live in a time of paradox. On the one hand Canada is a wealthy country, our people are tremendous and the things that are around to make life good in this country are many, but, yet our time is marred by despair and fear. One wonders how we can be so afraid, living as we do in such a wonderful country.

I suspect that the despair and the fear relate, not so much to present conditions, but to the future. There is concern as to whether the good things that we have will continue or whether we may run into some kind of downturn that would make life in Canada less enjoyable than it is today. Having said that there are good things about life in Canada today, I want to say something about how those good things were achieved. I realize that I must be careful not to make myself out to be any older than I am, but I am 70 years of age. I have seen a good part of this century that Sir Wilfrid Laurier said would belong to Canada, and in many ways that prophecy has come true.

I also belong to the generation of Canadians that came of age, that started to get active in life generally and in public affairs in particular just as the depression of the 1930s was beginning. I know that the Prime Minister (Mr. Trudeau) likes to refer to some of us as "leftovers from the depression", but I suggest that those of us who remember those days have a message that we must give. The thing I remember most about the thirties; perhaps even more than the suffering, the unemployment, the hunger and the poverty, was the consensus among our people that cut across party lines and religious lines; people in all kinds of organizations and groups were not only horrified by what we experienced in that decade of depression but were determined to bring such conditions to an end. We were determined that it must not happen again.

As a member of a political party I am prepared to state the role that my party played in those years and in the years that have transpired since; but if I may speak more objectively and more historically, I am happy to say that that generation that was alive and active in the 1930s was a generation with a

determination that was implemented in legislation to make Canada a better country. The characteristic of social and economic life of that period, the 1920s and the 1930s, was a minimum of government concern, a minimum of government intervention in the economy, and a minimum of government services. What we who belonged to the generation that got started in that decade were determined to do was to get the government into the economy and to provide services that private enterprise was not providing, and to establish social programs that would end forever the day when people would starve and die because they could not afford medical attention, or be impoverished in their old age.

I pay tribute to those who were older when I was just moving into the 1930s and to all who were part of that generation, that we stuck with it and achieved the things that we knew had to be achieved to make Canada the good country that it is today. The government got into things. It established legislation respecting labour relations, trade, industry, and many other things. It got more heavily into transportation—land, sea and air; it got into the activity of the Canadian Wheat Board and the marketing of other agricultural products; it got into housing; it got into the building of highways; it got into education by means of assistance to the provinces and by means of grants to enable people to take special courses; it got into social security in terms of old age pensions, family allowance and unemployment insurance and then, finally, as the crowning achievement of all, it got into hospitalization and health care.

● (1452)

I say to you, Mr. Speaker, that one of the reasons we can say that today life in Canada is good is because of these things that were fought for by the people of the generation to which I am happy to belong.

As I have already said, I could put this into political terms and talk about the parties and their particular role in achieving these things. But that really does not matter; what does matter is that a generation that knew what it was like to have a society in which there was non-intervention by the government, a society in which there was that lack of social services and lack of social programs—that generation saw to it that all of that was changed.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I say to you, Mr. Speaker, that the deep concern to which I referred in my opening sentence is over the fact that there seems to be abroad in Canada today the notion that the government must get out of the economy, the notion that we must cut back, the notion that there must be restraint, and the notion that we have gone too far in terms of public services and social programs.

In the last two or three days I have heard on both sides of the House the word "privatizing" as though it is a sacred word or a new idea. Mr. Speaker, it is not new; it is as old as the poverty and suffering that some of us saw when we first became active in the life of this country.

I contend that if this country is going to make the mistake of turning back the clock, of going in for less government intervention in the economy and giving things back to private enterprise and the private sector, if the government is going to cut back on public services and refuse to continue to raise pensions and family allowances, or cut into programs for hospitalization and health care, a generation from now the government that took that backward step will be severely criticized. And rightly so!

I know that this hits both ways, Mr. Speaker. Certainly there is no doubt about my friends in the Progressive Conservative party. They want more to be left to the private sector. I heard a prominent Conservative talking outside the House the other day as though he were Adam Smith come back to life. He was saying that what was needed was more opportunity for great wealth to be made at the top so that more would trickle down to those at the bottom. That is a good Tory position. What bothers me today is that the government, the party that has the majority, is talking in those same terms, with two or three exceptions. There are two or three Liberals in the House who have their priorities straight, but for the most part the government today, and this House generally, seem to have forgotten the lesson some of us learned because we have seen several decades of life in this great country.

I call on this House not to fall for the notion that by privatizing services, by increasing unemployment through laying people off, by cutting out programs that the government has got into, by putting the lid on social programs, this will somehow get us on the right track. Mr. Speaker, that will put us back into conditions that may be quite satisfactory to corporation directors in the boardrooms of the nation, but they will make a serious difference so far as the ordinary people of this country are concerned.

That is what I like about what we have achieved in the last 40 or 50 years. People now count. I have stood in this House on previous occasions and told the story—something I shall never forget—of my younger days when I was a minister. I had the experience several times of going into the homes of people who were in my congregation and discovering older people, parents or grandparents, of whose existence I was not even aware. This was in the days when the pension was $20 a month and older people were kept somewhere in the backrooms. Often they just did not have the clothes to go out, and there was no life for them.

Over the years, by establishing the universal pension, by raising that amount, by lowering the age for receiving that pension and getting other pension improvements, by going in for senior citizens housing of various kinds, by getting universal hospitalization, health care and medical programs established, we have changed life completely for our older generation.

There is no comparison between what older people experienced 40 or 50 years ago and what they experience today. That has not come about by any privatization of things; that has not come about because we have left it to private enterprise and all that sort of nonsense. That came about

because the people of Canada, all of us through our collective institutions of government, saw to it that the economy was told to provide pensions and services and to make life better, not just for those who look at the balance sheets but to make life better for people themselves.

I say, Mr. Speaker, that far from speeches being made calling on us to get the government out, to privatize and so on, we should recognize we were right in the last 40 or 50 years—whatever party was in power—we were right in moving in the direction of more and more public concern, social concern, government concern for the economy and for what it does to our people. So, Mr. Speaker, that is why we have before the House at this time the subamendment moved yesterday in the name of my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent). It calls for the government to take steps to improve the employment situation and also—and this, I gather, is the phrase in the subamendment that turns off my friends in the Progressive Conservative party—it calls for a new program of public sector investment.

Maybe for a short while we shall be the voice crying in the wilderness, but it will not be long until it is recognized that we are right and that those who have followed this viewpoint for the last 30 or 40 years were right, especially on the Liberal side of the House. They were the ones who seemed to go that way the most, thanks to our prodding. What bothers me about the Liberals is that they are retreating from that position. They are talking about privatization, about curtailment; they are talking about more unemployment and uncertainty for the people so that they will appreciate what they have and get back on the track. That will not take us out of the difficulties we now face. Instead of doing that, we should do what is proposed in our amendment, take the economic steps to increase employment, and take steps to increase investment in the public sector.

Along with that I think this is the time when we should be improving our social services and social programs. If some of my colleagues have wondered if, in this speech in the address debate, I was not going to get to the subject of pensions, they now know there was never any intention of my not getting into that subject. Instead of talking about putting on means tests and giving only to those who supposedly need it and so on, we should be increasing the amount we pay as old age security. Let the income tax take it back, and let us make the changes in the income tax that are necessary for those who do not need the additional amount, but one way to make sure that more money will be spent on the purchase of consumer goods is to put more of it into the hands of our senior citizens.

● (1502)

Another way is to put more of that money into the hands of the families of this country. I quite approve of the part of the program having to do with children which provides an income tax credit of $200 a year per child to families whose incomes are below $18,000 a year, but I see no reason for cutting back the amount of the family allowance from its present $26 to $20 a month. It would be far better, Mr. Speaker, if that amount were doubled. Put that money into the hands of the mothers of this country who need food and clothing for their children. The spending of the money will in itself have a beneficial effect on the economy of Canada.

So, I say, Mr. Speaker, this is not a time for cutting back on social programs; this is a time to be expanding those programs and to be confirming the judgment of four or five decades of parliamentarians who have sat in this place—that Canada is a better place in which to live because of what the government does. Therefore, this is not a time for the government to get out of our economy.

As I have already indicated, the amount of the old age pension should be increased, and not just for those who draw the guaranteed income supplement. There are hundreds of thousands of Canadians, senior citizens, just over the line, who have just enough with their old age security and some other income not to qualify for the guaranteed income supplement. Because they do not qualify for the guaranteed income supplement, there are certain other benefits that they do not get, and they are having a rough time. I welcome the increase in the supplement to $20 a month. But as I say, there are hundreds of thousands of people just over the line, and the same is true with respect to family allowances. That is why across the board increases are so necessary.

While we are saying something about these benefits, particularly old age pensions, I think the argument that this is a time of restraint and that we have to cut back is no reason for not solving some serious problems that stand out in our pension program. I think the most unfair is what we do to single women who are between the ages of 60 and 65. That spouse's allowance, which is fine for those who get it, says to women between the ages of 60 and 65 who are spinsters, widows, divorced, or unattached in any way, that there is nothing for them. We go even further and say to the spouse who might be getting that allowance that because she is 62 or 63 and has a living husband, if he dies before she is 65 what she has is taken away from her. That is of a piece with other things in our pension program which are grossly unfair to the older women of this country. I want pensions improved across the board, but the more I study the situation, the more messages I get from people in trouble, the more I realize that the group which is most disadvantaged in their older years is our women, especially those women who are unattached because they are single or widowed.

This morning I was answering questions on one of those radio stations that call us sometimes from our constituencies. A woman had phoned in a question about her pension from the Canadian National Railways. It is the same whether the person is receiving a CNR pension, a public service pension, or what-have-you. Her husband had retired, gone on pension and died a month later. She discovered—she did not realize it would happen this way—that one month's full pension was paid in respect of her husband, but then for her it is cut in half. And yet, Mr. Speaker, as I had to say on the radio this morning to Winnipeg, if the reverse had happened, if she had died first, her husband's pension would have continued at 100

per cent. That applies to public service pensions and it applies to pensions of all kinds. Somehow or another it seems all right to continue the man's pension at its full amount, but we say to the woman, "You have to get by on 50 per cent or 60 per cent", or in some cases it is even less. That idea is for the birds. If pensions are defensible, as I say they are, if they are part of our structure, they should be there for our women on the same fair basis as they are for men.

I also made the point that pensions, generally speaking, should be put on a very firm and adequate basis so far as escalation is concerned. There are some who argue that the escalation is too much and want to cut it back. I point out that the escalation relates only to the rise in the cost of living, that in all plans it is already several months behind by the time a person gets it. It does not relate to the things pensioners have to buy. Actually we should be giving serious attention to putting our escalation of pensions on a basis that relates to our rising standard of living, one that relates to the increase in the gross national product.

These things do not appeal to those who draw up balance sheets and to those who sit in corporation board rooms. But that is not what this country is for. This country is for people, men, women and children, and it is for their benefit, just as by government intervention in the economy, by government programs, by social programs, we have made life better for our people over the years. We can make it still better in our time. We started these programs when the budget of the country was a great deal smaller than it is today. Of course, we were told then that these things could not be afforded, but we managed to afford them, and not only did we manage to afford them but life is better and the economy is better because we did so. So I call for increases in the old age pension, increases in family allowances and improvements in the escalation of all such programs.

I call upon the government to take steps to make sure that Canadian National Railways and Canadian Pacific Railway pay decent pensions along the lines that have been recommended time and time again. I also call on the government to take steps to ensure that pensions in private industry are made subject to escalation even if it has to involve some kind of government addition to those pensions to make that possible.

I go back to my reference to the experience I had 30 or 40 years ago of finding, in homes I visited, older people of whose existence I was not aware. We have made life a lot better for them but we can make it a lot better still if we stay with the philosophy that has made this a good country, the philosophy of government concern—not the philosophy of government non-intervention which is being preached in this House day after day and which in itself means disaster down the road.

While mentioning pensions, and just in the minute or two before my time runs out, I want to say a special word about the pensions of veterans and their survivors. I think we have done well in the last few years in terms of winning improvements and getting the disability pension related to wage levels in the public service, getting those pensions up, getting prisoner of war compensation and so on. But there are still some things which must be done. The Minister of Veterans Affairs (Mr. MacDonald) told us last session that the War Veterans Allowance Act was being reviewed and he hoped to have legislation brought in this fall. I trust that that will be done.

There still remains as an unfinished item the question of what happens to a widow of a disabled veteran if the disabled veteran's disability pension is below 48 per cent. Take the case of two widows. One was married to a veteran whose pension was 50 per cent; he died and she gets a full widow's pension. Next door is a widow whose husband when he died was on a 45 per cent pension; she gets no pension at all. It can be argued that she can qualify for the war veterans' allowance, or welfare measures of one kind or another, but why the distinction? Why do we carry it on all down the line? As the veterans who have survived World War II, let alone those from World War I, get older, they realize how important this is. They are calling for action to be taken on this issue of adequate pensions for their widows.

• (1512)

In that connection, may I just say, even if it is not quite related to the theme of my remarks this afternoon, that there is great concern among the veterans of this country over a case that happened a few weeks ago. A disabled veteran, an amputee, a man whose condition was very serious, such that he was getting a good deal of money from the Canadian Pension Commission, was denied the extra amount of money that was needed for the extra care that was required in his home. The day he got the notice that his request had been turned down, he died.

This has raised questions among veterans as to whether there needs to be a review of the terms and conditions under which disability pensions and the attachments thereto are awarded. I hope this will be done. As I said the other day, I think it was a mistake that there was no reference to veterans in the Speech from the Throne. Despite that, I hope the Minister of Veterans Affairs will join with us in seeing that something is done, and that it is done very soon.

I see, Mr. Speaker, you are taking the position that you take when a member's time is about up. I will not make it necessary for you to tell me that my time is up. I am glad to have had this opportunity to speak again. As I say, I hope I have not sounded older than I am, speaking for my generation, the senior citizens of Canada today who did something tremendous for this country. The country owes them a lot for resolving to build back in the thirties the kind of country in which the government would care. I plead for that to be continued. It is on that basis that I call for support for our plea for increases in our social programs, and for support this afternoon when the vote comes on our amendment to the Address in Reply to the Speech from the Throne.

Some hon. Members: Hear, hear!

Mr. Paul E. McRae (Fort William): Mr. Speaker, I am very pleased to have the opportunity to participate in this

debate on the Address in Reply to the Speech from the Throne and to echo some of the concerns expressed by the hon. member for Winnipeg North Centre (Mr. Knowles).

We must be extremely concerned about those in our society who are having a tough time getting along because this is a very rich society. I certainly agree with many of the concerns the hon. member expressed about pensions. There are many who are just marginally getting along, although with a great deal of difficulty.

The philosophy espoused by the hon. member is one that I accepted for many years, the idea that the state can do everything. However, I have changed my views a great deal. In recalling the thirties, forties and fifties, the hon. member recalled the need for the kinds of solutions he mentioned. However, he should understand there are massive changes occuring at the present time. These changes mean we have to move in different directions.

The solutions which he outlined are solutions that I accepted in the fifties and sixties but which do not at this point pertain. We must understand that we are in a new economic age. Once we understand that, we can begin to take steps to cope with it.

It is particularly disturbing at this point in our history that parties like the New Democratic Party, which have shown the way for so long, should be dealing with problems of the fifties and sixties and not the problems of our present time. There are three essential factors which are responsible for this great change in global economic thinking. This change has not occurred to a lot of economists' thinking, but should occur.

First, there has been a quantum jump in the problems that face all governments. For the past 100 years this country and other nations could expect inflation rates in the order of 1 per cent or 2 per cent, perhaps even less. Today, when our Prime Minister (Mr. Trudeau) attends a meeting of the big seven or our Minister of Finance (Mr. Chrétien) attends a meeting of the IMF, they look at 5 per cent as being a zero point. It is from plus or minus zero after five that they start working. This is a totally new concept globally. There have been high inflation rates for short periods of time in some countries, but 5 per cent plus has not been a global phenomenon in the past.

Unemployment problems are rising in all parts of the world. The past ten years has been a period of very substantial growth. That is now changing and we are getting growth rates of 2 per cent or 3 per cent per annum. We see a rise in social problems in most communities throughout the world. We see a significant change in the policy of governments to cope with currency problems. This is because the nation state no longer has the power it used to have given the fact that so much of our liquid assets are controlled by global or multinational corporations. This whole series of events in the past six or seven years has been summed up in this quantum leap in the problems that face all nations.

The second factor is the introduction of an almost totally unique phenomenon, scarcity. I was taught to believe that was something bankers or some other group dreamed up, and that if we could only get rid of that notion we could solve all problems.

For the first time in the history of mankind we are facing a real scarcity, possibly not in the immediate future, but certainly in the next ten to 15 years. I refer, of course, to shortage of energy. Already the energy problem has created some massive economic problems. This is one of the reasons for the present state of the American dollar; the American economy has a very large deficit in its oil account. I believe last year it was in the order of $45 billion to $50 billion. This is a flow of money from the United States to the Arab states and the OPEC countries. We face the same problem, although not to the same degree.

There are other problems along that line which we face. We have been told that in the next 15 years we will need approximately $180 billion of capital for energy projects, that the percentage of our capital expenditures that go into energy will increase from 10 per cent to between 30 per cent and 40 per cent. That is a unique factor, something we will hear a great deal more of as time goes on.

The third factor in terms of a new economic thinking is that techniques used in the past no longer obtain. They do not work the way they used to. There are two reasons for this. First, the magnitude of the problem makes it impossible to use monetary or fiscal techniques to solve it. Second, the Keynesian techniques, both monetary and fiscal, tend at this point to be counter-productive. It was always a theory that if one increased the amount of money that goes into people's pockets, this would create jobs. However, where you have a situation of high inflation and high unemployment, a parallel situation, very often increases in demand will increase inflation, increase unit costs, decrease sales abroad as well as locally, and possibly result in more unemployment.

● (1522)

I give that one example to show that measures considered effective in the past do not work in today's conditions. It is important we should realize when looking at the problems of our time, especially when we are facing an election, that one cannot come up with old solutions and expect good things to happen. This applies particularly to spokesmen for opposition parties. I do not think one can come up with old solutions and expect Canadians to accept them.

Dealing specifically with the Canadian scene, I should like to outline two or three of the major problems we face and, possibly, suggest some solutions. I shall speak, first of all, of unemployment, because in my view unemployment is at the heart of our difficulties as a country. There are certain features which are unique to this country, features which do not obtain in other countries, and for this reason many of the actions the government has been obliged to take and which tend to disturb the economy have been taken because of the constraints of unemployment.

If we assume 1965 to be the base year and equate the number of people available for employment in each of the major countries in that year to 100, we find that for every 100

people in the labour force in West Germany in 1965 there are 96 in the labour force today. For every 100 in the labour force in the United Kingdom in 1965 there are today 103 or 104. In Italy the figure is around 100, in France it is 110, in Sweden 112 and in Japan, 114. The figure in all of these countries is between 96 and 114, so that in most of them the increase amounts to six or seven per hundred compared with the figure 12 years ago.

Three countries are rather different, however. One of them is the United States, where there were 28 more people per hundred in the labour force at the end of 1977 than there were in 1965. In Australia there were 30 more people in the labour force. Now, when we turn to Canada we find that Canada is in an entirely unique position, the labour force having grown from 100 to 146 on the basis I have outlined. In other words, over that 12-year period no other country has shown this astonishing increase.

Now, Mr. Speaker, even on the basis of an 8.5 per cent rate of unemployment, or 9 per cent as New Democratic spokesmen tend to assert, we would still have a shortage of people to do jobs if we had done just as well as the United States in creating jobs.

This situation has caused great concern and difficulty for industry in the private sector and for governments at federal and provincial levels. First, the cost of our massive unemployment insurance scheme is running at between $4 billion and $5 billion—something we would not need were it not for the rapid growth in the labour force to which I have referred.

Moreover, massive amounts of expenditure are involved in DREE, in internal payments to provinces, in the Canada Works program and in various incentive programs designed to create jobs. All these expenditures are connected to the one dominant problem I have mentioned.

I find myself terribly disturbed that these facts are not better known to Canadians generally, because it is only when we understand them that we can do something about them. It is certain that the deficit on the national account is dictated largely by this single question of unemployment. I would estimate that in round terms our $11.5 billion deficit would disappear were it not for unemployment, and were it not for the massive rise in the labour force.

I should like to deal briefly, now, with some of the other problems we are facing. I refer to inflation. We are all to blame in one way or another for what has happened. We could expect a normal inflation rate of 1 per cent or 2 per cent over the years but, as hon. members know, it is running at between 7 per cent and 9 per cent, likely in the order of 7.5 per cent this year. Most other countries are in a similar situation; anyone who has travelled outside Canada and the United States will certainly be aware of that. While we are experiencing a higher inflation rate in Canada than, say, in Switzerland, the cost of everything in Switzerland is much higher in real terms than in Canada.

I believe that over the years the government has made a real effort to lower the inflation rate. When wage settlements were running around 22 per cent in 1975, we thought it necessary to impose controls and we did, against the advice of a great many people and in spite of the concern expressed by some spokesmen for the labour movement. The result was that in two or three years we were able to reduce those increases to something in the order of 7 per cent. As a matter of fact, the increase in the cost of labour in this country is running at a considerably lower rate today than it is in the United States; the unit labour cost in the U.S. went up by 6.4 per cent last year while in Canada the increase was only 5.6 per cent. So we have had some luck, or we have been effective, perhaps I should say, in reducing our inflation rate and bringing it down to a figure which is at least equivalent to that of some our friends and neighbours.

The continuance of inflation is the one single problem over which the economists I speak to worry most in terms of the possibility of a world recession. They are particularly concerned about what is happening in the United States where the rate of inflation is rising sharply at this moment. If the situation gets out of hand we might very well face a major depression as a result.

Another area I wish to deal with concerns government spending. The government has been accused for many years of spending money outrageously and many hold the opinion that most of this country's problems, including inflation and the weakness of the Canadian dollar, are directly attributable to government spending. In particular, they blame the federal government. This is not necessarily the case, of course.

It is important to understand the way in which government spending is distributed. In other words, who benefits from the money which the federal government collects? The major expenditure is, of course, on transfer payments.

● (1532)

Because of inflation and all kinds of other reasons, we transferred 52.3 per cent of government expenditures in the form of pensions and family allowances and in the form of various subsidies to other levels of government.

The next item has to do with the government debt which costs in the neighbourhood of 15.8 per cent. Then there are some payments to Crown corporations, costing 3.3 per cent, which gives us a total of 71.4 per cent of all the money that the federal government spends in transfer payments, on the public debt and money which goes to Crown corporations to keep them in operation. The rest of the money, which amounts to only 28 per cent, runs the whole operation of the government.

So when the opposition, particularly the Tory opposition, refer to government cuts, they are talking about this 28.6 per cent. Because I do not think they dare go very far into the other areas. I do not know how you can get these kinds of cuts out of 28 per cent. Sure, there are some things we can do, but it is difficult to say that we can cut massive sums out of government spending unless we go into the transfer area or unless we take it out of people's pensions or out of the money that goes to the provinces.

The other thing of which we are accused is that we are that part of the government which grows the fastest. In other words, all the problems are caused by the federal government.

Some hon. Members: Hear, hear!

Mr. McRae: I should like to indicate that since 1961 the federal government's portion of the GNP has risen from 18.1 per cent to 20.2 per cent; in other words, roughly an increase of 10 per cent. We bit into more of it than we did in the past for many reasons. However, the provinces' and municipalities' share has gone up from 12.7 per cent to 20.1 per cent, roughly a 70 per cent increase. The other levels of government have increased their expenditures at seven times the rate we have. So let us not ascribe all the difficulties to the federal government, as the Tories in particular would want to do.

The other point I would like to mention about government revenues, and this is of great concern, is the large deficit we have at present. I would like to indicate one of the reasons why this deficit is growing at such a rapid rate. If one looks at the chart showing the expenditures of the government alongside government revenues, one sees that the two lines run parallel and are very close together going all the way back to 1970 and through 1974. But all of a sudden, about the end of 1974, the revenue starts to decline.

I think that if we are looking at the reasons for the deficit we look for the reason for that decline, why the revenue has fallen off. There are many factors, but I would say that one of them was that when we were indexing family allowances and pensions we also indexed taxation in the sense that the tax break, the money people got back in allowances and so on, was indexed so that each individual was able to claim a larger break in the taxation area. Of course, this resulted in an increased deficit. I recall the time in 1974 when we were bringing down the budget which brought this provision in, Mr. Turner's budget. The real push for this came from the Tory opposition during the minority parliament.

Those are just a few thoughts I have on government expenditures. I agree that for many reasons we have to cut back and operate more efficiently than we have; but I also think that Canadians should understand that it will be very difficult to make effective cuts in government spending because we control less than one third of what the government spends. The actual expenditures, 70 per cent of them, are going to transfers, over many of which the government has little control because they are legislated.

The last point I want to mention, and I will do it very briefly, has to do with the Canadian dollar. From discussions I have had with many economists and from my own research I have come to the conclusion that the Canadian dollar is seriously undervalued at present, especially in view of the fact that in the last several months manufacturing capacity in this country has increased from 81 per cent to close to 86.5 per cent. We have had a slow but steady growth in our manufacturing capacity. We have had a much slower growth in the cost of labour than have some other countries, and our productivity has increased in comparison with other countries.

I think that for this and for many other reasons the Canadian dollar will tend to seek a higher level over the next short period. In the meantime, this fall has been a definite advantage to some Canadians, and I can cite two reasons. One is an increase—in spite of what the previous Tory speaker said—in the level of our exports to other countries simply because, by having a lower dollar, our exports have become more competitive. Another factor which has affected this increase in capacity in terms of our manufacturing industry is that our Canadian producers, producing for the home market are in a much more favourable position and are able to compete better with the higher cost imports. This is a factor which tells me that our trade balance has improved fairly rapidly. Because of the effect of these two factors on our trade balance, we will find that the dollar will improve its position over the next several months.

Finally, I should like to deal with some of the solutions that I hear offered by members of the opposition. I am concerned, particularly in the context of my introductory remarks, about the approach that the opposition parties, and sometimes some of our members on this side, are taking to these problems. If we assume we are in a period of new economics, if we assume, for instance, as Mr. Callaghan said, that we cannot buy our way out of this, then why are we concentrating on these kinds of approaches like the Tory approach of a couple of billion dollars in tax savings in the area of mortgages and other taxes? This is done partly to give some relief to the taxpayers, but it is mostly done in the name of creating jobs. We seem to assume that by cutting back a couple of billion dollars and increasing the deficit, all of a sudden we will start creating jobs.

Anyone who has any understanding of the new economic thinking or of what is happening in our times realizes that this kind of action does not have this effect. I do not care whether it is our own finance people or people on the other side to whom I am talking. I am saying that in the new economic era a couple of billion dollars will not make any difference, partly because we have a level of savings which is five times what it was in the early 1960s. Approximately 10 per cent of the GNP goes into savings, as opposed to a little over 2 per cent in the sixties.

● (1542)

The other thing we should remember when we talk about saving a couple of billion dollars is that we used to talk about that figure in the sixties—just throw another couple of billion dollars in to stimulate the economy. That was at a time when the G.N.P. was approximately $50 billion. Now we are talking about $220 billion and something less than 1 per cent as a stimulant. We should begin to understand the kinds of changes which are occurring in our economic systems. For instance, for the benefit of the hon. leader of the New Democratic Party, Keynes is dead. Keynes is finished in terms of any serious movement toward changes in economic positions. We should start to look at a new way of approaching the thing. The problems have changed. The techniques we used in the past do not work today. When we realize that, we will stop seeing the

answers as a simplistic increasing of the deficit by another couple of billion dollars.

All governments are facing much more serious problems than ever before. We have the notion of scarcity which was not there before. Keynesian techniques which have been so convenient over the last 35 or 40 years just do not work. We must look for different answers if we are even marginally to correct the problems which face us.

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, once again I am pleased to be able to take part in the debate on the Address in Reply to the Speech from the Throne. However, I am saddened after six years of participation in these debates that matters have not changed very much. In fact, there is a sense that one has heard it all before.

When I witnessed the Speech from the Throne as a new member of parliament some six years ago, I was impressed and excited with the multitude of promises made and the many words exulting success and hope for Canada and Canadians in every field and walk of life. Unfortunately my naive glimmer of expectation at that time was short-lived. My hopes were shattered when I quickly realized that this administration was outlining in the Speech from the Throne a series of hollow words and false expectations of which very few, if any, would materialize.

The Speech from the Throne six years ago was not an isolated incident. One can simply look at the record of subsequent speeches, many budgets and many Liberal campaign promises, such as we are faced with right now, and conclude that time after time the present government has not lived up to its promises. It continues to make them and it continues to break them to the point of misleading the public.

Of course, we do not have to go back six years for examples. I am sure all hon. members and all Canadians will recall the 1974 election campaign when the Prime Minister (Mr. Trudeau) shouted and yelled at the top of his voice that income and price controls would never be implemented in this country. At that time we proposed a 90-day price freeze in order to establish a positive and realistic economic policy. We all know what happened as soon as the Prime Minister received his mandate. He slapped wage and price controls on Canadians far more stringent than those proposed by my party. That is but just one example. There are many, many others too numerous to mention at this time in view of our time limitations. It is because of this continuing attitude that our country is deteriorating from what was once a healthy, unified, free enterprise nation to the divided, socialist-stricken state which I believe exists today.

Turning to a more personal note, I came to Canada in 1949 as a child, having left a depressed nation where the freedoms of speech, hope, opportunity and enterprise were snuffed out by a government dedicated to socialism. I came to Canada with my family, along with many new Canadians, because Canada was a young, vibrant, growing country offering opportunity, hope, diversification and freedom of all kinds, including that of enterprise. Included in this bountiful and beautiful country were governments which offered a work ethic atmosphere that was the envy of nations around the world. They were governments which offered an incentive to its peoples and industries and rewarded them accordingly.

At that time Canadians were proud of a hard day's work, and new Canadians were honoured to come to this country in order to join that work force. Canada grew and prospered in a united front. In the last decade, a decade which has been governed by our present Prime Minister, unfortunately this trend has reversed itself. Government incentives have disappeared, only to be replaced by handouts and give-aways. Frustration has taken over from pride. Hope and opportunity have been replaced by confusion and despair.

Yet there is no reason why our country cannot be the leader in the industrialized world. As we all know, Canada is the wealthiest nation per capita as far as natural resoures are concerned. Our human resource is surpassed by none. Our technological know-how is the best in the world. Yet our country is falling apart. Our productivity is at its lowest level in years. Unemployment and inflation rates are far too high and climbing. I will not refer to the figures at this point because they are common knowledge. Our currency has lost the confidence of international money makers and of Canadians as well. Canadians have stopped investing in Canada because the incentive is not here. Even the government has lost confidence in our dollar. One of its agencies, Loto Canada, whether inadvertently or not, decided to give away gold as its million dollar prize rather than the Canadian dollar.

Mr. Rodriguez: Let's give nickel.

Mr. Jelinek: I had occasion to be in New York a few weeks ago. The people of that city involved in the money markets are laughing at this government. The government has become the laughing stock of the world because it is afraid to give out prizes in Canadian dollars and has reverted to gold. Just yesterday when the Minister of Finance (Mr. Chrétien) was asked about that, he laughed it off jokingly and said that the government was supporting the Canadian mining industry.

There is no question in my mind that we have reached the critical crossroads where we will either continue to slide down the Trudeau trail to social, political and economic disaster, or make an abrupt change and return this nation to what it was built upon, namely, an incentive-oriented, free enterprise system. We can no longer allow our Prime Minister to tell Canadians that the free market system will no longer work in Canada. That is precisely what he told Canadians less than two years ago. It is not because the free market system in Canada will not work; it is because the government is strangling that system with bureaucracy, controls, regulations, directives, etc. Clearly it is obvious that under our present Prime Minister the only decision government has taken is the decision to change this country.

Of course, there is no doubt that changes must take place in the history of any nation in order to keep pace with the ever-changing world around us.

Mr. Rodriguez: Free enterpriser.

Mr. Jelinek: I stand here today not only as a member of the official opposition but as a very concerned citizen of this country. I can see where changes brought about by the Prime Minister are leading us. Along with millions of other Canadians, I do not want this country to change from the political, social and cultural greatness it was built upon.

I hear an hon. member of the New Democratic Party calling me a "free enterpriser".

Mr. Rodriguez: Right on!

Mr. Jelinek: He is correct. I am a free enterpriser and I am proud of it.

● (1552)

Mr. Paproski: Not like you, turkey.

Mr. Jelinek: Mr. Speaker, sadly we are no longer the envy of the world. While many other nations strive for togetherness, we squabble amongst ourselves about all aspects; the economy, unity, labour, etc. One province fights against another, the west against the east, the French against the English and one against another, all resulting from the short-term, ad hoc political indecision of this government in the name of change instead of in the name of harmony and co-operation.

Let me give one example. Why do we not cater, since we cater to socialism in this country, to the development of the secondary manufacturing sector? Our secondary manufacturing sector has virtually disappeared. Even the auto parts industry is suffering. The deficits within that industry are phenomenal.

The government has shifted its obligation. The governmet has shifted its priorities to handouts and to increasing UIC benefits to such an extent that it is bankrupting our economy. This government is loaning millions of dollars interest-free to other countries. We must continue to sell some of our natural resources abroad, I agree, but we certainly should not sell them all. Surely we shoud take advantage of some of those natural resources which make this country so wealthy by utilizing them in secondary manufacturing at home. Instead, we ship them to Japan, the United States and elsewhere where those resources from this land create jobs, productivity and healthy economies. We then in turn buy the finished products, often at inflated prices, and most often made from materials that were dug out of this country.

When the Prime Minister and the government are able to show our trade deficit being close to balanced, it is only because we are so rich in natural resources. Yet we are exporting our natural resources and importing the finished goods. That is not a healthy situation for any country, and certainly not for one that operates within a free enterprise system. We loan millions and even billions of dollars interest-free to foreign countries, yet we cannot afford to assist our small businesses at home. We make these loans to countries such as Algeria, Cuba and others.

An hon. Member: Hear, hear!

[Mr. Rodriguez.]

Mr. Jelinek: Again a member of the NDP says "hear, hear". They would love this country to be turned into a socialist state such as Cuba, China, the Soviet Union, Czechoslovakia or Bulgaria. They would then be happy. But that is one reason why the NDP will never become the official opposition in this parliament.

Some hon. Members: Hear, hear!

Mr. Jelinek: The beneficial results of increased secondary industry would take the form of the greatest boost possible to our economy. This would resut in a great number of new jobs, more exports and cheaper prices for many items that now have to be imported but which could be manufactured here by secondary manufacturing. The development of secondary industry would give the small businessmen of this country a much needed boost.

Proposals such as this, coupled with tax cuts, government spending restraints—an important factor—the elimination of indexed pensions, reduction of the money supply, the introduction of mortgage interest and property tax deductions, along with the many other proposals which this party and other interested groups in Canada have been making, would all help to reverse the downward economic trend in Canada.

During the last few months the Leader of the Opposition (Mr. Clark) has been outlining in detail many such specific and realistic recommendations toward just such a goal. Indeed, I was proud yesterday to hear him reiterate many of those proposals during his eloquent address to this House. It would be redundant, therefore, for me at this time to repeat all the measures that Mr. Clark so eloquently proposed to this House and to the Canadian people for months.

The Acting Speaker (Mr. Turner): Order, please. Would the hon. member refer to an hon. member of this House by his riding, or as the Leader of the Opposition, not by name.

Mr. Jelinek: Everyone knows he is no longer "Joe Who", Mr. Speaker, but rather the Leader of the Opposition. Instead of reiterating those proposals our leader has been making for some time, I should like to dwell briefly on that area of my responsibility on behalf of this party, namely, the area of small business.

As hon. members know, this vital sector of our economy is responsible for the employment of roughly 60 per cent of the labour force and, therefore, is a sector that can make or break the economic fabric of our nation. In view of the continual disturbance throughout my remarks caused by the NDP, perhaps I should suggest that they would like to nationalize even the small businesses of this nation.

Although the Prime Minister did appoint a member of his cabinet over two years ago to look after the affairs of the small businessman in Canada, and this at our urging, the fact remains that this sector continues to be sadly overlooked. It was the initiative of the Conservative party that prompted the first full debate on small business in parliament on March 28, 1977. We have had the opportunity to repeat that debate on

several occasions since, each time outlining in detail the many specific recommendations beneficial not only to the small business community but to our economy as a whole.

It is true, of course, that as a result of our insistence, as well as the urging of such small business interest groups as the Canadian Federation of Independent Business, the Canadian Manufacturers' Association, chambers of commerce and others, the government was shamed into taking some belated steps in the proper direction. Unfortunately, with each little step the government has taken forward in respect of small business it has taken a giant step backwards in general economic matters.

It is not just specific small business policies that affect small business, as I hope to outline quickly in just a few moments; it is also the lack of general long-range programs that adversely affect the over-all economy of Canada. One example is this government's inability to act decisively in respect of labour situations. Instead of trying to unite labour and management with government, it creates a spirit of confrontation. Each time Canadians are threatened by an essential service strike, which unfortunately is regularly, the government panics and ends up by legislating the strikers back to work. Unfortunately, the economy suffers and Canadians are inconvenienced. In addition, when you legislate an essential service union back to work you in fact take away the right to strike.

We all know we are once again faced with a postal strike. I refer again to this matter because such a strike has an adverse effect on everyone, but on no one more than the small businessman. The small businessman depends on daily mail delivery. Postal strikes have been regular in this country as a result of the inability of this government to establish some long-range policy. Small businesses have suffered drastically, to the extent that every time there is a postal strike many small businesses go bankrupt. This adds to our unemployment situation, to our poor productivity and our inflation, not to mention the millions of dollars lost to our economy and the inconvenience caused to all Canadians.

● (1602)

Indeed, it was a surprise last August 1 when the Prime Minister went on television without telling anybody in his cabinet, in the civil service or anywhere else, and said that he was finally fed up with what was going on within the Post Office. He must have been the last Canadian to be fed up with the post office situation; I do not know where he has been for the last few years. That was August 1 and since then he has not done one thing about it. Already we have had one rotation of strikes and now we are on the eve of having a national strike once again, after the Prime Minister finally decided that he was fed up with the Post Office situation.

The Post Office is not only to blame for this matter, because it is a fact that the government has no long-range, realistic policies in that regard, that there is trouble within the Post Office, and, indeed, within the civil service and the whole labour situation throughout Canada.

Our party back on May 18, 1977, was concerned to such a point with the Post Office situation that we used one of our opposition days to discuss it. I will read the motion from that day under the name of my colleague and friend, the hon. member for Brandon-Souris (Mr. Dinsdale). It reads as follows:

That this House notes with alarm the government's continuing inability to provide Canadians with an efficient postal service, its obsession with secrecy, its illegal use of orders in council to set postal rates, and its chronic ineptness in the field of collective bargaining and industrial relations, and recommends that the operations of the Post Office Department be referred to a special joint committee of the House of Commons and the Senate.

That was in May of last year, a year and a half ago. It was a good recommendation that received good debate from everybody. Yet for a year and a half the government have sat on their rumps without taking one positive step to deal with the situation; hence we are stuck with a forthcoming postal strike.

Two days ago I took the opportunity to move a motion under Standing Order 43 similar to this motion made by the hon. member pleading with this House to form a joint committee to study the proposals and recommendations that have come forward and to deal with the matter once and for all, rather than dealing with the Post Office on an ad hoc basis. Again it was rejected by the government because they would rather wait until the country was hit with a postal strike and with the disruption it causes the country, the small businessman and every industry from coast to coast. My recommendation falls along the same lines of that of my colleague from Brandon-Souris. I would like to see that committee formed, a joint committee of members from the House of Commons and the Senate.

What would that committee study, Mr. Speaker? Recommendations from many people. Very quickly, my recommendations would be as follows. First, we should study within that committee the possibility of sector bargaining. I have a secret cabinet memo of two years ago where this was discussed in cabinet after the government was questioned on sector bargaining. It makes so much sense because each industry within our economy has three, four, five or more different unions within it. The Post Office is no different. The letter carriers went on a rotating strike last month. That issue was settled and now we have CUPW going on strike.

Another example is the airlines. First we had the pilots threatening to strike. That issue was settled after a lot of money was spent on negotiations. The airlines went back into operation and then it was the baggage handlers who struck. I am not sure if I have it in the right order. After the baggage handlers it was the stewards and stewardesses. Next will be someone else, another union within the airlines. There are too many unions within each industry. It would be far simpler and make more sense to deal with each sector as one unit and in that way at least Canadians would be free of strikes in essential service sectors for the duration of the contract.

Talking about the strike, I am sorry to report to the hon. members present that on the four o'clock radio news, ten minutes ago, Mr. Parrot of CUPW walked out of the talks that were in progress. This is the attitude we get. There is no

doubt in my mind, now that Mr. Parrot has walked out, that we will be in a strike situation. I will support back to work legislation as soon as it is presented to us, but that is not the solution for the future and neither is the proposal of making the Post Office a Crown corporation. Air Canada is a Crown corporation. What is the government trying to do before an election? It is trying to fool the people into thinking that if the Post Office is made a Crown corporation, the situation will be resolved. There is no way that can happen.

Another area that I would like to see studied in committee is secret ballot voting. Hon. members will recall that last year the postal strike in Toronto took place because the majority of the rank and file members in the Toronto union did not get a chance to vote, and when they did vote they were afraid to go against the self-proclaimed radical leaders within that union. And they were self-proclaimed; it was public knowledge.

If the union is not afraid to follow the wishes of its rank and file members, they should not be opposed to secret ballot voting within the unit. For that matter, if the unions were not afraid of dealing directly and positively with the situation, I do not think that they should be afraid of a government-appointed overseer within the unions so that baseball bat tactics would be eliminated. I am not making things up when I say this because we all know that this is the case with many of our militant unions, whether it be the seafarers union or others.

Our party has been prompting the government to create such a committee instead of dealing on an ad hoc basis and saying, "Oh, yes, we are going to legislate them back to work." I would like to speak longer on this subject, but I said that I would move to different matters, and I know that my time is running out.

Briefly, I would like to refer to our small business policy. As the Leader of the Opposition said, "We don't mind the government stealing our policies as long as it is for the well-being of the country." Certainly the small businessman needs to be looked after. We would recommend two things to help small business. First, we recommend the removal of as much government regulation, directives and controls from small business as possible. Let small businesses operate on their own. The minister must be commended for finally taking steps to reduce the paperwork burden.

This is a small step in the right direction, but it does not go far enough. Our party would create, and it will create after the next election, a small business secretariat which is independently operated through the Department of Industry, Trade and Commerce. The Minister of State (Small Business) (Mr. Abbott), sincere as he may be, with the small business community, has his hands tied behind his back in trying to deal with the problems and potential of small business because he has to go through the massive bureaucracy of the Department of Industry, Trade and Commerce, which is run by the old cowboy—who will no longer be here after the next election.

● (1612)

Under this independent secretariat we would pass a small business act which would, first of all, define what small business is. Ironic as it may seem this government does not yet know what the definition of small business is. We have asked time and time again and each time they have given a different definition. This confuses small businessmen in the country even more than they are already because they do not know into which category they fall.

Third, we would pass a small business act which would encompass the over-all problems of the small business sector and create such incentives and policies as tax incentives for investment in small business, the creation of an export and import consortium operated through the government and assisted by the government, a "set aside" program that made sure that a certain portion of products, management and so on, would be purchased by governments rather than just big business. I will not go over our whole policy again as we have stated it on many other occasions.

I should like to close by reading one editorial, if I may, Mr. Speaker. I am not one for reading editorials but I think this one sums up the wastefulness of this government—the wastefulness of borrowing money and lending to other countries and the fact that we are not taking care of ourselves before we take care of others.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with the consent of the House. Does the hon. member for High Park-Humber Valley (Mr. Jelinek) have consent to continue?

Some hon. Members: No.

[*Translation*]

Mr. Pierre De Bané (Matane): Mr. Speaker, I would like to seize this opportunity to talk about my area, eastern Quebec. It is my sincere belief, Mr. Speaker, that if Canada were to experience today the intense problems facing the Gaspé peninsula we would have an open revolution on our hands. You have no idea of the degree of suffering and misery to be found in that area which I am proud to have represented for the past ten years. And if you allow me, I would like to begin by quoting some figures on this all at once so beautiful and so battered area which hardly represents 1 per cent of the Canadian population. But the better to show the acuity of the problems plaguing that area I will put them into perspective with those of the province of Quebec.

From 1961 to 1971, the population of Quebec has increased by 14.6 per cent while at the same time the population of the Gaspé peninsula, more precisely that of the Lower St. Lawrence and the Gaspé peninsula has experienced a decrease of 6.8 per cent. These figures would take a more dramatic significance if I mentioned that the Gaspé peninsula is the only area of Quebec which has had a decline in its population over the past 15 years. All areas of Quebec have had an increase in their population and in four of these areas—As everyone knows, Quebec is divided into ten administrative regions and once again only the Gaspé peninsula has experienced a drop in

its population during the past 15 years. As for the other regions, four have experienced an increase in their population above the average rate for Quebec and they are the Montreal area, the Outaouais region, the city of Quebec and the North Shore. It is also the Gaspé peninsula which has had such a negative balance in migratory trends that it has offset its natural increase. As a matter of fact nearly 140,000 people have left eastern Quebec since 1961.

It is also the most rural area in Quebec with the majority of its people, 53 per cent, being considered rural people. Furthermore, we have barely 4 per cent of Quebec's labour force. To further illustrate how our area is shrinking I will mention that the number of people working in 1961 was higher than the number working at the time of the last census in 1971. In fact the number of people who had a job decreased by 1.3 per cent. Indeed, in 1961 there were 84,267 people working as against 83,150 in 1971. It is the only area in Quebec to have experienced such a drop. I remind you, to put those figures in a national perspective, that every year in Canada we have 250,000 more people working than the previous year while in my area, even in absolute figures, there are fewer people working today than 15 years ago.

● (1622)

On the other hand, if we look at the participation rate, that is the relationship between the labour force and the total population 18 years of age and over, we see that in the Gaspé area the rate is the lowest in the province with 45.6 per cent while in Quebec it is 52 per cent. In other words we consider a good part of the people in the Gaspé area as part of the labour force while we all know that if work were available there would be no reason why we should have a lower participation rate than the national average.

However it is the less educated area not because people do not go to school but quite the contrary because every year about 7,000 youths as soon as they are out of the Polyvalente or the CEGEP leave the area because of a lack of work. It is also the area where the average income per worker is the lowest in Quebec. According to the latest statistics of the Department of Regional Economic Expansion, incomes were about 60 per cent lower than in the Montreal metropolitan area.

As concerns unemployment, I find it most surprising and discouraging that while we have the lowest activity and participation level in the province of Quebec we also have the highest unemployment rate. I shall quote a letter dated September 23, 1974 from the then minister of manpower and immigration, the hon. Mr. Andras, now President of the Treasury Board, who wrote me:

> As you mentioned, there is no doubt that the general unemployment level in Gaspé is higher than in Newfoundland.

So, as concerns our unemployment rate it is the highest in the province of Quebec and I would even say in Canada. Contrarily to the province of Quebec as a whole, unemployment is higher in the male population to the extent that the male labour forc has decreased between 1961 and 1971 in spite of an increase in the male population 15 years old or more. According to the statistics bureau of the government of Quebec, personal income in the province has soared by 130 per cent between 1961 and 1971. If you do not take Montreal centre into account, it rose during that decade by 160 per cent for the whole province and by 124 per cent for Gaspé. So, even in light of those figures which are somewhat less dramatic than the first I quoted, you see that the gap is still widening.

On the other hand, the per capita personal income is the lowest in Quebec. Indeed, it should be noted that this area has the lowest rate of activity and the highest average family size. What is even more surprising, Mr. Speaker, is that transfer payments represent 22 per cent of personal income, and this is where we have the highest per capita percentage. It is not in our area that transfer payments are the highest. In our area, in eastern Quebec, they are $405 per capita while they amount to $464 per capita in the eastern townships, for example. There are many reasons for this. For instance, unemployment insurance is based on the wages earned during the employment period and other such factors.

I mentioned earlier certain population shifts. The population of eastern Quebec was at its highest in 1961 with 349,000 people, but since then it has been going down regularly to such a point that today, even with a very high birth rate, it reaches only about 318,000. Of course, the area has long been the victim of negative migration, but with the fall of the birth rate, there is no natural increase to compensate for these negative migration figures. Once again, the characteristic which I find most eloquent and most depressing is that the number of workers in the Gaspé peninsula is lower now than it was 15 years ago. In absolute numbers, there are 1,000 fewer workers today than in 1961. Yet, during that same period, we have created several million jos in Canada and, each year, the labour force increases by over 250,000 people. Some will say to this that the answer for an area with as many resources as ours would be to rationalize the various resource sectors.

In this regard, the Economic Council of Canada recently published a remarkable study by Mr. Michel Boisvert on the correspondence between the urban system and the economic base of Canadian regions. This paper includes a study on eastern Quebec, and I must say that this effort of rationalization and consolidaton of basic and resource sectors of traditional sectors has been going on in the Gaspé area for a few years. However, I do not believe that we can hope to increase the number of jobs in these various sectors in the future for the simple reason that most of the effort and the progress have already been made. So, in forestry operations for instance, it is noted that on Crown lands, the coniferous forests west of the Matapedia Valley are developed to the extent of almost 100 per cent of their potential. In the eastern part of the region,

because of a more rugged topography, the potential is not fully developed. However, the development of coniferous forests on Crown lands is comparatively intensive. As far as private wood lots are concerned, conifers seem to be overexploited throughout the territory.

As regards farming, it seems that more than an economic acreage has been cleared up. Although farming on the coastal plain and along the Chaleur Bay is definitely profitable, several hinterland farms are switching to beef cattle production or are sold to city dwellers who leave them in fallow.

● (1632)

The area is not exempt either from the problem of getting young farmers to take over, rampant throughout Quebec. Marine fisheries went through a strong expansionary period in the early 1970s, but the level of catches has been declining since because of a significant decrease in resources. In mining, there is a marked slowdown in copper-related activities. Caused by unfavourable pricing conditions on the international scene, this slowdown has been mainly featured by the closing down of the Madeleine mines and also by declining activities in Murdochville.

In the tourist industry, the yearly volume of clients varies between 350,000 and 500,000, and apparently that level is difficult to exceed. All this suggests, Mr. Speaker, that the traditional ways of managing resources in eastern Quebec may have reached their maximum potential. The exploitation of resources leaves little room for additional job creation and limits expansion in the manufacturing industry. Barring changes, unemployment will remain high, emigration will continue and the population will decline. This tendency toward an extensive use of economic resources is coupled with another factor of equal significance to our area, namely the specialization of productions. The agricultural effort was directed mainly towards dairy production. Forestry went progressively towards pulp and paper, while our mineral production is still strongly concentrated on copper.

But this specialization in production leads necessarily to dependency. This dependency is particularly felt on our regional economy which is very sensitive to any change in government policies and to international market fluctuations. For example lower copper prices on world markets forced closure of the Madeleine mines. The entire agricultural sector is being affected by changes made in dairy policies and in policies on feed grain movements. The future of the forestry industry will have to be revised in light of tighter international competition for the production of pulp and paper and in view of the higher cost of imported energy.

Finally, a generally unfavourable economic context directly influences tourism. This phenomenon of specialization makes the economy of the region even more vulnerable, all the more so when the exploitation of its resources is already close to its maximum. And what is more remarkable, Mr. Speaker, is that these efforts of normalization still brought a decrease in labour or a rise in skilled labour but over-all it meant a smaller labour force.

For example in 1971 agriculture, forestry, fisheries and mines accounted for 17 per cent of skilled labour in the area and for 13.2 per cent of the gross domestic products at factor cost. For the whole of Quebec, this ratio was 5.6 per cent and 6.2 per cent. Nevertheless between 1961 and 1971, the effects of serious strengthening of our primary industry and of the development of secondary and tertiary industries were being felt and the economy of eastern Quebec was undergoing substantial strutural change. In 1961, 30 per cent of the skill employed in the area and 20 per cent of the gross domestic product were corrected to primary industry. In terms of labour, between 1961 and 1971, agriculture lost 52 per cent of its strength, forestry 66 per cent and fishery 23.7 per cent. Mines were the only industry with a growth of 5.6 per cent between April 1961 and 1971. To conclude these statistics on the region, Mr. Speaker, eastern Quebec is still the area with the lowest employment rate and the highest unemployment rate in Quebec.

In 1971, only 45 per cent of all men and women over 15 were in the labour force. For Quebec as a whole, I repeat that this percentage was 52.9 per cent. Moreover, that year, some 5,300 eastern Quebec residents, that is 6.3 per cent of the active labour force, were working outside the province. In spite of this, 16 per cent of the labour force was unemployed in June. Unemployment statistics also show clearly the importance of seasonal activities: agriculture, fishing, forestry, peat bogs, tourism.

One notes a sharp difference between June and October, when the unemployment rate goes from 13 per cent to 17 per cent, and betwen November and May, when it goes from 20 per cent to 26 per cent. No other region shows such sharp fluctuations. For Quebec as a whole, the gap between the best summer month and the worse winter month is less than 2 per cent. On the other hand, considering government investments per capita, one realizes that they were less than the Quebec average for 1976-77.

Mr. Speaker, after having drawn such a picture, I think the conclusion is quite clear: new means of action will be required. In the last ten years or so, since 1968 to be more precise, the federal and Quebec governments have invested together $411 million to upgrade the various sectors in the Gaspé peninsula and equip that region with infrastructures. About $300 million out of those $411 million came from the federal government.

Unfortunatey, one finds today that despite the offer made several times to the Quebec government, the one now in power in that province, they still refuse to enter into another general agreement for eastern Quebec, even though under the first agreement the Quebec government was responsible for identifying, defining, developing and implementing the projects, while the federal government was paying almost three quarters

of the amount. Today they refuse to enter into another agreement and I think the federal government should, under the circumstances, amend the Department of Regional Economic Expansion Act in order to allow that department itself, within our own jurisdictio, to take action in this area by other means than sectorial agreements which have little impact on the area or again through industrial incentives.

So that is, in my view, my first recommendation. The second, Mr. Speaker, is that the Department of Finance should introduce fiscal measures giving the private sector such a marked advantage that it would compensate for the drawbacks inherent in establishing a business in such a remote area. There are only a few paths open to us, Mr. Speaker. Either we let the people continue to emigrate reluctantly from an area which does not alow them to earn a living, or the state becomes a providence state, an employer state, or else, as I just said, the Department of Finance should drop its uniform income tax schedule across the counry. For instance, if we were to tell businessmen considering the possibility of operating in such an area that they would not have to pay any income on profits for a period of ten or 25 years, provided the profits are reinvested in the area, I feel, I am convinced such a solution not only would cost the government less than the transfer payments we are making now, but also would give back a sense of dignity to the population.

I see that very large amounts of money were invested in all kinds of social programs in my area, Mr. Speaker, and that the population is deeply humiliated to have to accept those handouts. I say to the Department of Finance that as long as there are fiscal measures, and to the Bank of Canada that as long as there are monetary measures like those we have today, regional inequalities are going to increase in Canada. I gave statistics, Mr. Speaker, to show that the economic situation in my area has been getting worse for 15 years and the very timid efforts made for one or two years by the Department of Finance to regionalize fiscal policy are not sufficient.

Recently I asked federal and provincial civil servants in my area how many businesses have established themselves in Gaspé in the last ten years. Even though we have invested over $411 million to build roads, harbours, airports and industrial parks in that area during that period, they could not mention the name of five outside firms which had come to settle there. I would like someone to tell me why any industry would establish itself in that area, once again an area with less than 1 per cent of the total population of Canada and which is so far from the markets?

Mr. Speaker, it is obvious that, all things being equal, and market pressures being what they are, no manufacturing industry will ever settle in our regions. The rationalization of the resource sectors was done at great costs. We do not think we will be able to go much further. So either we accept that our young people leave eastern Quebec at a rate of 7,000 a year, or else we innovate and do what other countries have done, that is offer such tantalizing tax advantages that private enterprise will want to settle in those areas.

What I am suggesting is that in the budget that the Minister of Finance (Mr. Chrétien) will present within two months, we try such an experiment in two or three areas which in total would represent 3 or 4 per cent of the Canadian population. I am thinking, for example, of eastern Quebec, northeast New Brunswick and maybe another region in the maritimes. Let us try this experiment. Let us drop these measures which are not only extremely costly for the government but are also a source of profound humiliation for the people. Mr. Speaker, people do not want unemployment insurance, they do not want social welfare. They want work. I say that in the market system we have in North America, the best one, it must be recognized that in areas far from the market, the government must introduce new policies and the tax schedule must be the same at the other end of the country as in Toronto or in Montreal. This is complete nonsense. And it is certainly not through industrial incentives which businessmen must finally pay back within three years that we are going to encourage investors to establish themselves in the maritimes or in Gaspé.

My colleague, the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) was telling me that the major industry now operating in New Richmond would not be there if it had not been offered considerable tax benefits at that time. It has been a decisive factor for its establishment in that area. And once again I urge the Minister of Finance to try this experience when he presents his budget next month. It would be much less costly, Mr. Speaker, than the $50 million spent each year in my constituency on unemployment insurance and social welfare. I have suggested that idea. I know that the Department of Finance and the Bank of Canada are reluctant to take different financial and monetary measures, but to show you what happens when the Bank of Canada wants to ignore something and to indicate how far things have gone I would point out that the biggest and wealthiest bank in Canada, the Royal Bank of Canada, does not have even one branch in my constituency which has more than 60,000 people. How can they say that private enterprise is concerned about regional disparities when this same bank is going to open branches on every street corner in Toronto, Ottawa or Montreal, yet not a single one throughout my riding?

This demonstrates, Mr. Speaker, that it will be absolutely necessary to innovate and to reform our monetary and fiscal policies. I know that the new system will be more complicated but there is no reason why we should sink into pessimism or gloom. In the face of a difficult situation, I think that politicians should be able to react positively and the deterioration my constituency is presently going through is simply unacceptable. We have been elected on a just society platform. We promised justice at the national level to the two main ethnic groups—French-speaking and English-speaking Canadians—and justice at the economic level which will allow all Canadians to enjoy the same advantages.

● (1642)

[*English*]

Mr. Roche: Mr. Speaker, may I call it a quarter to five?

The Acting Speaker (Mr. Turner): Order. It being 4.45 p.m. it is my duty pursuant to Standing Order 38(3) to interrupt the proceedings and forthwith put any question to dispose of the subamendment which is now before the House.

The question is, therefore, on the amendment to the amendment (Mr. Broadbent). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the amendment to the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment to the amendment (Mr. Broadbent) which was negatived on the following division:

● (1652)

(Division No. 1)

YEAS

Messrs.

Broadbent
Firth
Jones
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Orlikow
Peters
Rodriguez
Saltsman
Schumacher
Symes—12.

NAYS

Messrs.

Abbott
Alkenbrack
Allmand
Anderson
Andras (Port Arthur)
Andre (Calgary Centre)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Baker (Grenville-Carleton)
Beatty
Béchard
Blais
Blaker
Blouin
Breau
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Corbin
Corriveau
Cossitt
Côté
Crouse

Messrs.

Cullen
Cyr
Darling
Daudlin
Dawson
De Bané
Dick
Dinsdale
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupras
Ellis
Elzinga
Ethier
Fleming
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillies
Goodale
Goyer
Grafftey
Hargrave
Harquail
Herbert
Hnatyshyn
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jarvis
Jelinek
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Langlois
Laniel
Lapointe
Leblanc (Laurier)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacFarlane
MacGuigan
Macquarrie
Maine
Marceau
Marchand
Martin
Mazankowski
McIsaac
McRae
Milne
Mitges
Munro (Hamilton East)
Neil
Nicholson (Miss)
Nielsen
Nowlan
O'Connell
Ouellet
Paproski
Parent
Pearsall
Penner
Pigott (Mrs.)
Pinard
Portelance
Prud'homme
Railton
Raines
Roberts
Robinson
Roche
Rompkey
Rooney
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Savard
Schellenberger
Scott
Smith (Churchill)
Smith (Saint-Jean)
Stewart (Cochrane)
Stollery
Tessier
Towers
Trudeau
Turner
Watson
Wood
Woolliams
Yanakis
Yewchuk
Young—134.

● (1702)

Mr. Speaker: I therefore declare the amendment to the amendment lost.

Amendment to the amendment (Mr. Broadbent) negatived.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I have been given to understand that the Postmaster General (Mr. Lamontagne) has laid upon the table notice of the intention of the government to introduce legislation. If that is the case and if a bill is available, I wonder whether it might be available to all members of the House in order to expedite matters, and so that all members of the House know what the government's legislative intention is respecting the postal strike. We would be prepared to give unanimous consent now for the first reading of that bill, so that it could be printed and distributed immediately in order for all members of the House of Commons to be fully apprised of the government's intention.

Some hon. Members: Hear, hear!

Mr. Ouellet: Mr. Speaker, I should like to report to the House that this afternoon I discussed with Mr. Parrot and Mrs. Carr possible procedures which could lead to the resumption of negotiations. Mr. Parrot will have discussions with his national executive over the weekend. He has undertaken to

study these proposals. Also he has undertaken to meet with me on Monday. In light of this, I would appreciate no further action being taken until these further discussions with Mr. Parrot take place on Monday.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Mr. Speaker, we all appreciate receiving the minister's statement because this is an important matter. I am sure he spoke seriously. Before he leaves, I wonder if he could tell us, whether, in the course of the discussions he has had with his colleagues, the Postmaster General and the president of CUPW, there was the assurance that postal services will be continued until Monday and while these negotiations are taking place.

Mr. Ouellet: Mr. Speaker, I should like to give the full details of the discussions which took place, but in a spirit of mutual co-operation and goodwill, in order to achieve a negotiated settlement, hon. members of the House will appreciate that I cannot divulge the total conversations I have had. Indeed I have expressed the concern of members on both sides of the House regarding the fact that there has been a partial disruption of postal services, and that I was hoping these partial disruptions would cease. Obviously the union will know that the government already has served notice, if a settlement is not reached, to bring forward a piece of legislation to deal with the situation. It is my hope that this will not be necessary.

Some hon. Members: Hear, hear!

Mr. Speaker: It being five o'clock, this House stands adjourned until Monday at eleven o'clock in the morning, pursuant to Standing Order 2(2).

At 5.14 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 16, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ANSWERS TO ORDER PAPER QUESTIONS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity arising from the practice of the government to cover-up and conceal information from parliament on questions asked by the opposition, in particular when the answers might be embarrassing to the Prime Minister (Mr. Trudeau) or any of the ministers. An indication of this is, among other things, that at the conclusion of the last session there were many unanswered questions—some on the order paper for weeks and months—which, unless placed on the order paper for this session, will remain unanswered. To ensure that they will be answered, I move:

That all of the said questions be added to the present order paper, in order that the answers thereto shall be given without delay.

Mr. Speaker: Order, please. The presentation of such a motion for debate at this time, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. The former solicitor general, Mr. Fox, at the time the McDonald commission of inquiry was established, with reference to the commission's right to decide what was or was not to be held in camera, said the following:

Whether or not the commission would do it in camera or in public depended on the decision of the commission itself in conformity with those terms of reference and powers.

Considering that the Prime Minister (Mr. Trudeau) was quoted in the Ottawa *Citizen* last Saturday, October 14, as having said, the commission "shouldn't have the right to tell the public what a minister said to me about the operations of the RCMP" both contradicts what the former solicitor general said and completely undermines the integrity of the McDonald inquiry, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government to live up to its original commitment by accepting Judge McDonald's decision as announced last Friday that it is the commission itself which has the right to decide what testimony and evidence is to take place in public and what is to be kept in camera.

Mr. Speaker: The presentation of such a motion for debate at this time can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADA ELECTIONS ACT

SALE OF ALCOHOLIC BEVERAGES ON ELECTION DAYS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning a section of the Canada Elections Act pertaining to the requirement prohibiting the serving of alcoholic beverages in restaurants and the opening of retail liquor stores while a federal election or by-election is in progress, thus resulting, as an example, in the ridiculous situation existing in the Toronto riding of Rosedale, where restaurants may legally serve alcoholic beverages today on the west side of Yonge Street from the waterfront to Merton Street but may not do so on the east side of Yonge Street because it is in Rosedale.

I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the government immediately bring before the House an amendment to the Canada Elections Act, following the example set by the Ontario Progressive Conservative government with regard to provincial elections, in order to allow licensed establishments, etc., to remain open on federal election days, and thus remove this Victorian anachronism not in accord with present-day thinking.

Mr. Speaker: The presentation of such a motion for debate at this time can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

GRAIN

MOVEMENT THROUGH CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. Due to a two-week strike at the port of Churchill this summer, grain movement through the port will be down by seven million to nine million bushels. This will place the port in a loss position. The port has a storage capacity of some four million bushels. It is my understanding that there are no plans to utilize this available storage. Therefore, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the government instruct the Wheat Board to use the port of Churchill storage, which will give the farmers a break in increased quotas and place the port in a break-even cash position.

Mr. Speaker: Such a motion can be presented for debate at this time, pursuant to the Standing Order, only with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN NATIONAL RAILWAYS

TRAIN SERVICE IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I ask for unanimous consent, under Standing Order 43, to move a motion of urgent and pressing necessity. Last week, CN informed the unions of its intention to reduce train service in the province of Newfoundland. This constitutes a major breach of the undertaking given to this House by the Minister of Transport (Mr. Lang) that there would be no reduction in CN train service in Newfoundland during the life of the royal commission on CN's operations in that province. That commission, sir, has yet to submit its final report. I move, therefore, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House directs the Minister of Transport to order CN to continue the present level and frequency of train service in the province of Newfoundland.

Mr. Speaker: The presentation of such a motion for debate at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

OLD AGE SECURITY

REQUEST FOR AMENDMENT TO LEGISLATION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), I move:

That this House urges the government to introduce, without delay, an amendment to the Old Age Security Act to end the discrimination therein against persons of single status between the ages of 60 and 65 by providing for the equivalent of the spouse's allowance to be available to all persons between the ages of 60 and 65, regardless of marital status, provided they are out of the labour market.

Mr. Speaker: Pursuant to Standing Order 43, such a motion can be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF SECRÉTAIRE GÉNÉRAL DE L'ASSOCIATION INTERNATIONALE DES PARLEMENTAIRES DE LANGUE FRANÇAISE

Mr. Speaker: Order please. Before the beginning of the oral question period, I wish to point out the presence in the Speaker's gallery of a very special guest, Mr. Xavier Deniau, secrétaire général de l'Association internationale des parlementaires de langue française.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister and relates to the unanimous view of the McDonald royal commission that in so far as the confidentiality of testimony is concerned, the same rules that have applied to the police should apply to politicians. I wonder whether the Prime Minister would tell us if he continues to contest that unanimous view of the royal commission?

● (1112)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in terms of access by the commission to anything ministers or

senior officials may have said or thought or written, there is absolutely no distinction between them and the ordinary policeman, to use the expression of the Leader of the Opposition.

Mr. Clark: Mr. Speaker, the Prime Minister knows very well what he is attempting to do now, and that is to say that where it is within the discretion of the royal commission to publicize the testimony of police officers, it is not within the discretion of the royal commission to publicize the testimony of politicians. In other words, he is proposing a double standard: one standard for the police, that of openness, and another standard for politicians, that government people who might have things to hide have the ability to take away from the commission the right to decide what is made public.

Are we correct in assuming that the Government of Canada will continue to contest the idea that there should be the same standard applied to testimony relating to ministers of the Crown as is applied to police officers?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition has made a little speech and I can say that it is quite incorrect. The rules will be the same in both cases, whether it is a policeman, minister or senior official of the RCMP, as they apply to the commission.

Mr. Clark: Mr. Speaker, what the Prime Minister is saying, as he says so often, is that black is white. That is clearly not the case. There has clearly been a misrepresentation here. Since counsel for the government, Mr. Nuss, is reported as saying, after he received and heard the unanimous position of the royal commission, that there are other remedies open to the government, I wonder if the Prime Minister would tell the House of Commons what those other remedies are.

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition is probably talking about hypothetical situations. As far as I know, in every case where the commission has wanted to have access to something or to publish something, it has been discussed with counsel for the government and an agreement has been reached. I know of no case where the commission has wanted to do something and has not been able to do it.

Mr. Clark: Mr. Speaker, I am sure the Prime Minister will rule that this question is far too hypothetical for him to have to answer to the mere House of Commons, but would he give us an undertaking, now, that if the Government of Canada intends to change the terms of reference of the McDonald royal commission, and to do that by order in council, it will refer the proposed change in the order in council to this House of Commons for review and debate?

Mr. Trudeau: Mr. Speaker, the question is hypothetical and it is based on a complete misconception of what the commission itself is saying. It said, quite clearly, in its statement issued last week that in every case where it has asked something of the government, it has been satisfied. For example, on page 3 of the statement it says:

> —all documents requested by the commission, or photocopies of them, have been transmitted by the RCMP to the commission.

On page 4 it says:

> The examination of witnesses to date has not been hampered by the failure to resolve—

There is no case where the government and the commission have not seen eye to eye in everything that has happened in front of the commission. If the Leader of the Opposition is worried about what is going to happen down the road, let him stay around and ask his questions when they happen.

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my supplementary question is to the Solicitor General, who told the House last week that there had been absolutely no change in the government's position vis-à-vis secrecy in the McDonald royal commission, despite the fact that his lawyer argued for approximately eight hours, covering 315 pages of testimony, advocating a very dramatic change of position.

In view of the statement of some 33 pages in length released by Mr. Justice McDonald last week, does the Solicitor General maintain the view that he, through his counsel, has not substantially and dramatically changed the government's position toward the openness of the hearings of the McDonald commission?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as I indicated to the hon. gentleman, and as I have made quite clear on a number of occasions, there has been a great deal of openness. The right hon. Prime Minister has substantiated that by quoting chapter and verse from the statement of the commission. There is another statement that I would call to the attention of the hon. gentleman. It is on page 23 of that statement:

> The commission is optimistic that in the future, as in the past, a spirit of reasonableness will enable counsel and the commission to arrive at a result in a particular case which achieves the commission's desire to hear as much evidence as possible in public while at the same time ensuring both that the national security is not endangered and that the public interest is served.

That is exactly the government's position.

● (1117)

Mr. Jarvis: A final supplementary question to the Solicitor General, Mr. Speaker. I am sure the commission's optimism is based on its faith in its own integrity being far greater than the government's in this instance.

With reference to the statement issued last Friday wherein Mr. Justice McDonald said other options were open to the government—one of those options, obviously, is recourse to the infamous provisions of section 41(2) of the Federal Court Act—may I ask the minister if he is considering recourse to that insidious section, or is he considering as an alternative section 41(1) of that act where an application to withhold documents can be made to a superior court judge?

Mr. Blais: Mr. Speaker, again, the hon. gentleman is speaking of purely hypothetical cases. I would suggest that he hang around with his leader and ask the questions when they arise.

Oral Questions

PUBLICITY OF McDONALD COMMISSION HEARINGS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Prime Minister. In his earlier answers to the Leader of the Opposition, he left the impression that the matter to be resolved in this dispute was the question of accessibility of information which, of course, is irrelevant.

The Prime Minister knows that the contradiction which exists between his position and that of the royal commission concerns the question of publicity—open sessions, or closed. Since, in my view, this goes to the root of the issue, I should like to ask the Prime Minister if he stands by what the former solicitor general said on July 6, 1977, in this House: he said that whether or not the commission would do it in camera or in public depended on the decision of the commission itself, in conformity with its terms of reference and powers. This is contradicted by what the Prime Minister said, when referring to the commission and according to a quote in last Saturday's Ottawa *Citizen*, as follows:

—shouldn't have the right to tell the public what a minister said to me about the operations of the RCMP—

I ask the Prime Minister: has he, or has he not, contradicted, clearly, the right of the commission to decide whether it is going to have its proceedings in public? If he has as is my view, contradicted this basic principle, will he withdraw that and allow the commission to make its own determination, as was promised at the outset?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the leader of the New Democratic Party says the problem of access is irrelevant. I do not think it is. I think it is very relevant for the people of Canada and members of the House to know that the government is not only, as the commission says, giving everything to them that they have asked for, but we have even given more. We have led them to files; we have shown them things they should know. I think this is very basic to people judging whether the government is trying to cover up or not. We have confidence in the commission and its independence. We have done everything we could to make sure it got what it wanted, and more than what it wanted was in front of it.

The second aspect of the question is, what can be made public? The commission has taken the position in a statement it issued on Friday, and either through coincidence or happenstance I had no knowledge of what the commission was saying on Friday when I was asked a question in the high school. Therefore, my comment was not on what the commission said, even though the Leader of the Opposition said it was published on Saturday. That is pure coincidence. I had no knowledge of what the commission was saying.

What I was saying to a group of students is that the ultimate responsibility in matters of security and in matters of privy council secrecy cannot be discharged by the government. It is an ultimate responsibility that we must bear. I still stand by that, but as regards the operation of the commission, I want to make it quite clear—as the Solicitor General has, as I have, and as former solicitors general have—that we will co-operate in every way, as the commission says we have, and we do not see any disputes arising. If there are disputes, we will try to resolve them between us, as we have in the past.

Mr. Broadbent: Mr. Speaker, I did not, of course, say to the Prime Minister that the question of access was irrelevant to the broad consideration of whether the commission would be able to do its job. Of course it is relevant. I said it was irrelevant to the dispute. The Prime Minister has not clarified that in his answer to me. I should like him to make it very clear. The former solicitor general, Mr. Fox, assured the House that in matters to be decided—whether to be in camera, or not in camera—it was not the government that would decide whether it was on security matters, or other, but it was the commission.

I ask the Prime Minister, now, because according to the statement he made as quoted in the press on Saturday he certainly took a contrary position: is the Prime Minister now assuring the House, and therefore the people of Canada, that the commission will have the right to decide, even on security matters, after it assesses the information in advance, whether testimony or aspects of legal procedures are to be in camera or not. Is the Prime Minister going to say, in certain matters, that the government is still going to insist that it will decide?

• (1122)

Mr. Trudeau: Mr. Speaker, I am saying that I know of no case in which there has been a difference of opinion, in fact, with the commission.

An hon. Member: Then what?

Mr. Trudeau: Therefore, the question is hypothetical about something which might happen down the road. Right?

An hon. Member: No.

Mr. Trudeau: There has been no case of disagreement in terms of what should or should not be published. The commission makes that quite clear, and I repeat it. Therefore, in fact, there is no difference of interpretation about any specific cases.

About the hypothetical case in the future where the government would try to absolve itself of its responsibility—

An hon. Member: Argued by your counsel.

Mr. Trudeau: —argued by our counsel, and argued by myself, that we do have the ultimate responsibility in matters of Privy Council secrets and in matters of national security, we will stand by our responsibility.

Mr. Broadbent: Mr. Speaker, I think the Prime Minister has made himself clear. He is now denying what the former solicitor general committed himself to in the House on the very day the commission was set up. The Prime Minister is saying that the government is going to be the judge of itself because of the fact that one of the purposes of this commission was to

investigate the possibility of cabinet wrongdoing, a possible illegal wrongdoing.

The Prime Minister is now asserting it is going to invoke the Nixonian document, that it is going to be the final arbiter in a case involving itself, which is totally unacceptable.

Mr. Trudeau: Mr. Speaker, not at all. That is not a question; it is a comment. If I can make a comment in exchange, it is not the position of the government that the leader of the New Democratic Party has stated. I have said that we have the ultimate responsibility. I went on to say that we will discharge that responsibility in every way we can to satisfy the commission. I have said in the past that we have succeeded in doing that. Certainly, if the commission finds some evidence of wrongdoing, fraud or crime by some high official, we will not hide behind the Official Secrets Act or anything else. We will find ways of declassifying documents and co-operating with the commission in the future, as we have in the past.

I am just saying that no doctrine can absolve the government of its responsibility for Privy Council secrets. There are cases where we do make those secrets public, and we have done so in the past. We could in the future, if the commission were to argue this was necessary.

TESTIMONY OF CABINET MEMBERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I believe in a simple question being asked of the Solicitor General, and I do so accordingly. There is nothing hypothetical about it. If a police officer—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: There is nothing hypothetical, because it is going to happen.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: If a police officer gives evidence to the effect that the instructions came from a minister of the Crown—and a minister of the Crown, naturally, will be called—will he be permitted to say whether or not he gave the alleged statement that the police officer indicates, or will he hide behind the Prime Minister's smokescreen?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, that question is quite hypothetical. I draw to the attention of the right hon. gentleman that ministers of the Crown have been quite adamant in appearing before that commission and in making the evidence related to any of the matters quite open.

Mr. Diefenbaker: Hiding, as usual.

• (1127)

[*Translation*]

SOCIAL SECURITY

QUEBEC—PETITION RESPECTING WIDOWS' PENSION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. A petition now being circulated in Quebec is requesting the pension for widows at age 60. Has the minister received a copy of that petition and what does she intend to do about the matter?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have not received a copy of that petition. All I know about recent developments in Quebec in that field is the resolution presented to me at the annual congress of the FADOQ, the Quebec Federation of Golden Age Clubs some three weeks ago. I then told the 800 delegates that it was financially impossible for the government to accede to their request but that it was essential for me to be aware of the public view on the possibility of having widows and widowers who lose their spouse allowance kept on the roll for a few months to give them time to readjust to their new way of living.

Mr. Caouette (Témiscamingue): Mr. Speaker, on a supplementary.

As in several cases that is the only income those people have, what does the minister intend to do to solve their problem since she suggests the pension might be paid for a few more months? What about the following months until they reach 65; what are those people going to do?

Miss Bégin: Mr. Speaker, the hon. member is misleading the Canadian people through his question. Those people represent a number of spouses aged 60 to 65, whose mates, on retirement, have been receiving for three years only a supplementary pension in case of need. The real problem is not so much those people, but all the needy aged 60 to 65. We are now paying—and perhaps the hon. member does not agree with our way of going about it—hundreds of millions of dollars each year in taxpayers money in the form of global financing to the provinces, of which that of Quebec, precisely to help pay welfare benefits to those people. The hon. member would like a supplementary pension to be paid by the federal government; in other words, he is telling me that Quebec wants still more money from the federal. There already are programs through which those people get money, programs of which we contribute more than 50 per cent of the cost.

USE OF PENSION FUNDS

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, another supplementary.

I know very well that the federal government transfers fairly important amounts of money to the provinces. Is the minister certain that the provinces do indeed use those funds as intended?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, this question enables me to make a correction. I said "under the block funding system". Block funding applies only to social services; the amounts transferred under the Canada Assistance Plan represent exactly one half of each payment made to individuals and under the law it is impossible for Quebec or any other province to put that money elsewhere.

* * *

[*English*]

THE CANADIAN ECONOMY

EFFECT OF INCREASED INTEREST RATE—PRESENTATION OF BUDGET

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Prime Minister. On Friday the thirteenth—a bad luck day for Canada—the Bank of Canada, with the consent of the government, raised the central bank interest rate to 10¼ per cent. This is the fifth increase in seven months—a 28 per cent increase since March 9, and the largest single increase at any one time since 1935.

In view of the viciously damaging effects this will have on economic growth in Canada, can the Prime Minister advise the House what the government's plans are to overcome those damaging effects and to reach the 5 per cent growth rate that he promised at Bonn last summer? Will he tell us how the government plans to overcome the discouraging effects this will have on business investment in plant and equipment, already down this year, on small business and on construction? The whole truth is needed now. Is a budget going to be brought down now?

Mr. Speaker: Order, please.

Mr. Crosbie: What does the government plan to do to overcome these things?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there was a great deal of commentary in that question. Most of it would have been solved for the hon. member if he had read what the governor of the Bank of Canada said when he announced this increase in the bank rate. He said very clearly, at a time when the dollar had been holding steady that day and, I think, even slightly improving, that he suddenly found himself faced with an American bank rate which had increased drastically, and therefore had narrowed the spread between the American and Canadian rates. He responded to that situation in the United States by creating a spread between them which had been reduced by the action in the United States. Therefore, it was not an action based on the performance of the Canadian dollar on that day or days, but it was based on what happened in the United States: the governor said so in as many words, and I would refer the hon. member to his statement.

● (1132)

As to the question asked by the hon. member, yes, there will be a budget; the Minister of Finance has indicated that it will be brought down in the middle of November.

Mr. Crosbie: Is the Prime Minister saying, then, when he refers to the statement by the governor of the Bank of Canada, that this was done because of the increase in United States interest rates, that Canada is now a prisoner of U.S. interest rates policy, that we no longer control our own monetary policy and that the government is content with that position? Is that the situation? Will the Prime Minister comment on that aspect?

Will he tell us, also, whether a statement is to be made on the present issue of Canada Savings Bonds which is obviously not likely to sell well at an interest rate of 8.9 per cent, with the central bank rate up to 10.5? When will new rates be announced for that issue?

Mr. Trudeau: I do not know whether the hon. member is serious in asking that question about our being a prisoner. He must have heard by now that Canada does not operate in a vacuum and that there are other countries in the world whose economic actions influence Canadian bank rates, and so on. There has been traditionally a spread between American and Canadian bank rates, as the hon. member knows or should know. What the governor says is that he is re-establishing that spread after the United States acted in the way it did.

Mr. Crosbie: If he is not a prisoner, then, would the Prime Minister explain to the House how he intends to achieve the 5 per cent real growth rate he promised at Bonn; how he proposes to increase our business investment; how we are to improve the economy if the interest rate continues to go up and up? If we are not a prisoner, how is the Prime Minister going to demonstrate that we are not? When will he break these bonds and show us how he is going to bring the country forward economically?

Some hon. Members: Hear, hear!

Mr. Speaker: Order. I think the hon. member will recognize the argumentative nature of that last question.

CANADA SAVINGS BONDS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my supplementary question is directed to the Acting Minister of Finance, the President of the Treasury Board. Is it the intention of the government to withdraw the present issue of Canada Savings Bonds and reissue it in a more realistic form? If so, will a statement be made on this matter today, in view of the impact the present rate is having on the sale of these bonds

and the position in which people who have already bought this issue find themselves?

Hon. Robert K. Andras (Acting Minister of Finance): Mr. Speaker, I will refer the question to the Minister of Finance under whose jurisdiction this matter properly falls.

Mr. McGrath: My final supplementary is addressed to the Prime Minister. Given the effect this increase in the prime interest rate will have on inflation and unemployment, particularly in areas which are already suffering from regional disparity, and since there will not be a budget for at least another month, what steps will the government take now to offset the disastrous impact of this increase of the prime rate on inflation and regional disparity?

Right Hon. P. E. Trudeau (Prime Minister): We have brought forward many legislative measures which will directly affect all parts of the country, particularly those which include less developed areas, and I urge the hon. member to get on with voting support for them.

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BANK ACT

FIRST READING OF AMENDMENTS THERETO

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is addressed to the President of Privy Council in his capacity as House leader. Could the hon. gentleman advise us whether it is the intention of the government to give notice immediately of the first reading of the revisions to the Bank Act? Would he, at the same time, advise us when he will be ready to put a motion on the order paper referring the contents of that bill to the Standing Committee on Finance, Trade and Economic Affairs so that the committee might resume at the earliest possible date its interrupted hearings with regard to those revisions?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): It is the intention of the government to bring forward the revisions to the Bank Act very early in the session. With respect to the method of dealing with the bill, I would be glad to have the assistance of the hon. member and of other hon. members, as we did in arranging the procedure last session.

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ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister arising out of the first question asked by the Leader of the Opposition in relation to the McDonald royal commission. Bearing in mind that the situation is not hypothetical, as can be seen from the nature of instructions given by the Solicitor General to his counsel and made public to the commission, obviously in anticipation of an attempt by government ministers to hide some information, I should like the right hon. gentleman to assure us that when a conflict arises between the government and the royal commission as to whether or not evidence is of a security nature, the government will not make use of the outdated and infamous doctrine of Crown privilege to hide evidence, as President Nixon used executive privilege in the United States.

Right Hon. P. E. Trudeau (Prime Minister): That is a silly question, Mr. Speaker. If the hon. member had taken the trouble to read the statement by the McDonald commission, he would have seen that the commissioners themselves do not make light of what he calls Crown privilege.

It is recognized by anyone who operates in government, or who has any chance of operating in government, that there are some things that are of a nature to be concealed by the state. Let me just quote what the McDonald commission itself says on page 15: they are quoting from a case in 1968, Lord Reid, in the House of Lords: "I do not doubt there are certain classes of documents which ought not to be disclosed whatever the content may be." That is a very clear statement, and this has been a tradition of parliamentary government as long as it has existed. The hon. member pretends that this tradition, this legal doctrine, does not exist. It does—unfortunately for his case.

Mr. Baldwin: Is the Prime Minister not aware that that statement by Lord Reid was related to a decision by the House of Lords that the court would make the final decision with respect to particular evidence, and not the government?

Mr. Trudeau: I am well aware of this case in 1968, but I wonder whether the hon. member is not now changing his whole argument. He is not saying that the McDonald commission should decide; he is saying that the courts should decide. That is exactly what he is saying now, and perhaps that is what the McDonald commission is saying. I see hon. members shaking their heads. Is that not what the hon. member for Peace River has said; that the courts would decide? That is what I am saying, too. There are some cases where privilege may or may not be involved, and it is for the courts to decide whether it is right or not.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is on the same subject and it is directed to the Solicitor General. The mandate which was given to the McDonald royal commission clearly provided, and I am quoting from it, for the commission to "conduct such investigations as, in the opinion of the commissioners, are necessary to determine the extent and prevalence", and so on. That mandate allowed the commission, in its own wisdom, to conduct whatever investigations it deemed were necessary.

Bearing in mind the Prime Minister's statement today, that he intends to continue to rely on the inherent privilege not to release Privy Council secrets—

Mr. Trudeau: I did not say that.

Mr. Leggatt: —can the hon. gentleman tell the House how the public will ever know what was withheld from it? How will the public ever know that executive privilege has been exercised in any particular case?

Hon. J.-J. Blais (Solicitor General): If the hon. member would read the statement made by the commission, he would see at once that the commission intends to proceed in calling such evidence as it deems fit and to decide which of that evidence it wants to make public. At that point the commissioners will be receiving representations from counsel on behalf of the government and the Solicitor General. Undoubtedly, if the commission can make a statement such as it did on Friday, it will subsequently take measures as it deems fit with respect to any representations the government may wish to make.

Mr. Leggatt: Given the fact that the entire investigation deals with matters of national security—the inquiry has been set up to look into this specific subject—and given the fact that the government continues to exercise its inherent privilege, my question is still a simple one: how can the public ever know whether that privilege has been exercised, or that there has or has not been a full investigation into this particular subject in view of the statement of the former solicitor general who said, "whether or not the commissioners would do it in camera or in public depends on the decision of the commission." Does the Solicitor General still stand by that statement?

● (1142)

Mr. Blais: Mr. Speaker, I have a great deal of difficulty following the mental processes of the hon. gentleman. However, as I understand it, the question is exactly the same as the one he posed to me initially: the reply, therefore, is still the same.

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HEALTH AND WELFARE

SALE OF SACCHARIN

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is to the Minister of National Health and Welfare. Now that the head of the health protection branch has found that he erred in causing the hysteria and panic among Canadian diabetics and obese people that he did over his 1968 statements about cyclamates causing cancer in rats, can the minister tell this House whether the head of the health protection branch has indicated whether he will allow the minister and members of parliament to advise their constituents that this safe sugar substitute can be used in food and soft drinks?

Further, now that the head of the health protection branch considers cyclamates and saccharin safe for sale at the high price of medical exclusivity in drugstores, will the minister release them to the normal and less costly grocery store outlets?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the recent findings of private laboratories on the exact relationship between cyclamates and cancer have permitted the scientific community to determine the acceptable daily intake of cyclamates for humans, which we did not know some ten years ago when we first restricted cyclamates in order to protect people. Based on that new knowledge we are therefore permitting—and I issued a press release, I think last week—the use of cyclamates in prescription drugs only. The safe daily intake is too small, according to scientific knowledge of today, for me to take any decision to liberalize the use of cyclamates in all soft drinks and diet foods. I am not yet in a position to do that.

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TRANSPORT

AIRPORTS—EXTENSION OF RUNWAY AT TORONTO

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Transport. The coroner's jury inquiring into the Air Canada crash of last June on runway 23 in Toronto in which two lives were lost has recommended that the runway be extended over a creek at the end of the runway. I would like to ask the minister whether he is going to act on the jury's recommendation. I point out to him that the pilot stated that the runway is disastrous.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, as in every case of a coroner's decision and recommendations, we will look at these seriously, of course. At this point I do not have an analysis of the cost of the recommendation made in that report, and I obviously cannot make a judgment upon it without knowing that.

Mr. McKenzie: Mr. Speaker, the jury recommended that the runway be extended immediately. If the minister does not have the necessary funds at this point, will he be closing down the runway? The director general of civil aeronautics pointed out in 1976 that there are ten other airports in Canada which are not up to acceptable standards. Have these ten airports been brought up to acceptable standards, and will the minister be closing runway 23?

Mr. Lang: Mr. Speaker, the work of ensuring that airports are safe and that facilities are safe is ongoing. We take a very serious view of the matter, and I can assure the hon. member that in every case where there is any kind of limitation upon a runway or other feature at an airport which causes us concern, steps are taken. Those steps may include limitations on runways or other facilities. They are taken to ensure the complete and adequate safety of the travelling public. That has been done in this case, and if one compares our standards, our runways and our facilities with those in use in countries all over the world, one will find that ours come out very favourably indeed. I think that should be a real reassurance to the travelling public and I do not think we should be overly concerned about the way in which the hon. member has put his question.

INLAND SHIPPING—LABOUR DISPUTE INVOLVING MARINE ENGINEERS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Minister of Transport. My question involves 800 marine engineers who apparently could tie up the inland shipping fleet. I do not have to remind the minister what this would mean in terms of the movement of ore, grain, oil and coal. This matter affects some 2,000 members of the SIU. Can the minister bring us up to date as to the present status of this very important dispute? If these people go out on strike, the effects on the economy will be disastrous.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I would like to make it clear that I could not agree more with the hon. member about the serious impact of a strike on the lakes upon many, many sectors of the Canadian economy. I think, as late as midnight last night mediators from the Department of Labour were attempting to work with the parties in order to resolve the dispute which is apparently leading to this shutdown. Later today I will be discussing this matter with the Acting Minister of Labour. However, I can assure the hon. member that the significant impact upon the economy of any prolonged shutdown will be very much on our minds as we look at the present state of play.

Mr. Alexander: Mr. Speaker, am I to understand, just as the Postmaster General has revealed, that the minister will accept his responsibility with respect to strikes and that he will act quickly and with a sense of urgency? This is what the Canadian people want to hear. Will this minister accept his responsibility and act quickly and urgently? As he has indicated, any strike will have disastrous effects on the Canadian economy. I think the minister knows what I am talking about.

Mr. Lang: Mr. Speaker, not only do I know what the hon. member is talking about; I said so just a few moments ago. The Acting Minister of Labour and I have been in very close touch with the parties in the final stages of trying to reach an agreement after a conciliator's report came down. We are fully aware of the seriousness as far as the economy is concerned and, in answer to the hon. member's opening words, I will say, yes, indeed we will continue to accept our responsibilities and attempt to make sure that damage is not done to the Canadian economy.

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PUBLIC WORKS

LEASE-PURCHASE AGREEMENTS

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is directed to the Minister of Public Works. The minister says he has thoroughly studied the files of two projects in Hull, Place du Centre and the Chaudière project. Does the minister accept the finding of the national finance committee of the other place that in entering into these two lease-purchase agreements the department, with the approval of Treasury Board, failed to observe the cautions taken as a regular course in all other projects for the acquisition of space?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, that is certainly not my understanding. I was very pleased with this report. It zeroed in on several areas such as cost recovery, revenue dependency and the monitoring role of Public Works Canada, which I thought was extremely useful. However, on the question of the lease-purchase which the hon. member is raising, the committee compared our 35-year cost on these projects with five-year lease costs here in Ottawa and across the river in Hull, and on that particular issue I intend to take issue with the members of the committee when I appear before it some time early in the new year.

Mrs. Pigott: Mr. Speaker, I am glad that the minister agrees in certain areas, and I hope he will comment on the conclusion that "the economic benefits of these agreements were questionable". Does the minister agree that the decision to proceed appears to have rested on other than purely economic considerations?

Mr. Buchanan: No, I do not, Mr. Speaker. As a matter of fact, I just indicated to the hon. member that I very much challenge that particular assertion. The rate of increase in this decade has run between 4.5 per cent and 10 per cent in lease rentals in this area. We have projections which show very clearly that on the basis of this, by 1983 we will be many millions of dollars in pocket on these particular lease-purchase arrangements. We think they are sound business ventures.

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ROYAL CANADIAN MOUNTED POLICE

McDONALD COMMISSION—ROLE OF GOVERNMENT COUNSEL

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask a question of the Minister of Justice in light of answers which have been given today with reference to the McDonald commission. As a basis for my second question I would like to ask whether Mr. Nuss and Mr. Robert act for the Solicitor General or for the Privy Council as a whole. I ask this in light of Mr. Nuss's argument to the commission on Friday and in light of the decision as to who is a compellable witness, what is enforceable evidence, what is admissible and what is irrelevant. Who do these two counsel act for—the whole Privy Council, or just the Solicitor General?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, generally speaking, counsel before the commission are acting on behalf of the government as instructed by the Minister of Justice in consultation with various departments. The role of the Attorney General is special and, of course, his position is special in relation to this, and I will reserve that.

● (1152)

Mr. Woolliams: Mr. Speaker, it does not seem to be clear, in light of that answer. Before the commission, he said that he and Mr. Robert appeared on behalf of the Privy Council and that it was far from clear to them. We know what the commissioner's ruling was as to what is enforceable and compellable evidence. Since the commissioner thinks that it is far from clear, and if there is a dispute between what was said by the commissioner and the Privy Council, the government, is that a matter which will be decided by the courts, the commissioner or the commission?

Mr. Lang: Mr. Speaker, once again, the hon. member seems to raise a hypothetical question. The commissioner has observed how completely co-operation and argument before the commission has resolved all these issues. This is how we expect it to continue. Clearly, counsel for the commission is acting for the government. That is a unified whole and not a divided part, with the single exception of the very special role of the Attorney General. However, it should be clear that questions which arise before the commission as to such issues as witnesses or confidentiality will be argued before the commission and then finally decided before the commission. That is the general position we are taking.

There is no great point in looking at questions of ultimate responsibility and hypothetical situations. I think it is better for the general public to recognize that this commission will be operating, making its decisions, and will not be fettered in that regard.

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PUBLIC WORKS

LES TERRASSES DE LA CHAUDIÈRE—STATEMENT BY NCC VICE-CHAIRMAN

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed to the Minister of Public Works. It is prompted by the following statement of the vice-chairman of the National Capital Commission, Mr. W. T. Perks, which appeared earlier this year in the Ottawa *Citizen:*

The committee was not asked if this was appropriate.

This is with respect to Les Terrasses de la Chaudière project. It continued:

What we were asked to do was tinker with something that was a fait accompli.

Could the minister explain how the Campeau project could have been a *fait accompli* in 1974, when the corporation's only holding in the entire six-block pole west area appeared to be a $100,000 option to purchase one property in one corner of the area involved?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, this issue was discussed at some length several months ago when it was raised by the hon. member for Capilano. If my memory is correct, at that time I indicated that the contract was signed some time in November of 1975. I will have to verify this. Thus, the comment attributed to Mr. Perks rather puzzles me—the comment to the effect that the matter was a fait accompli a year and a half earlier. It was not a fait accompli until the deal was finalized. At that time there was no question that the Campeau corporation controlled by far the majority of space in the proposed project. Again from my memory, it was somewhere in the area of two-thirds of the space involved in the entire project.

Mr. MacKay: Mr. Speaker, the entire matter continues to puzzle a lot of people. That is why we are attempting to get more facts on the genesis of the entire operation. Does the minister accept the following statement made by Mr. Robert Campeau in a letter to the standing committee on finance of the other place?

Patronage is always involved in the choosing of architects and other consultants for government projects.

Would the minister indicate whether Mr. Campeau's suggestion of patronage would extend, in his opinion, to paying without tender $15 million a year for 35 years for accommodation which, as the Senate report indicates, could have been obtained more economically by following established practices? It is rather an extensive package.

Mr. Buchanan: Mr. Speaker, on previous occasions we have compared Crown construction, lease-purchase and straight lease. As far as comparison with Crown construction and lease-purchase, using the present value we came up with a difference of less than 5 per cent, which at that time we suggested was very much a judgment call. As I indicated to the hon. member for Ottawa-Carleton, even with a 3 per cent increase in rental rates—and we have been running in excess of that—we project that by 1983 we will be money in pocket on these transactions.

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THE CANADIAN ECONOMY

EFFECT OF INCREASE IN BANK RATE

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is directed to the Prime Minister: it arises out of an answer he gave a few moments ago respecting the increase in the bank rate. I understood the Prime Minister to say that this action was taken in order to protect the dollar. There have been four previous increases already this year which have resulted in increased consumer and small business loan rates, escalated mortgage rates and discouraged investment. Thus, economic recovery has been hindered.

Why does the Prime Minister believe that this fifth increase will be any more beneficial in protecting the dollar and stimulating the Canadian economy than the four previous increases?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was not expressing the opinion the hon. member indicates. I

indicated what the governor gave as a reason for increasing the bank rate.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that supposedly there is a constant relationship between the Minister of Finance and the governor of the Bank of Canada, I can hardly separate the governor from the Government of Canada. The Prime Minister referred to the traditional formula of keeping a 1 per cent to 1½ per cent spread between Canadian and American interest rates on the thesis that the higher rate in Canada would attract foreign capital. Also, this discourages Canadian investment in equity capital and tends to direct it into loan capital. In view of those facts, can he tell us why it seems advantageous to the government to attract foreign capital, discourage investments by Canadian investors in their own business activities and direct them into loan capital?

Mr. Trudeau: Mr. Speaker, there would be two effects of the operation. Not only will it attract foreign capital but also it will prevent Canadian capital from going to seek higher returns in the United States and other countries. The effect of an increase in the bank rate is not merely to attract foreign capital, but to keep Canadian capital here. Once again, I am answering the general question of the hon. member for Nanaimo-Cowichan-The Islands.

In so far as the actions of Friday are concerned, I repeat, as far as I know they were not made in response to anything but the actions in the United States. The behaviour of the Canadian dollar on that particular day did not call for that action. Apparently, it only came very late in the day after the American banks had acted.

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AIR TRANSPORT

HIRING OF CONSULTANTS OUTSIDE CANADA—POSSIBILITY OF CHARGES BEING LAID

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is directed to the Minister of Justice. As part of the settlement reached with the American securities and exchange commission, the Boeing Aircraft company admitted that in at least one instance it concluded dual agreements with a Canadian consultant, resulting in the payment of large sums of money to the consultant outside Canada.

Has the Minister of Justice requested assistance from the United States Department of Justice, and when can we expect charges to be laid in connection with these incidents?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I have not looked at this matter since I returned to this department, but I will inquire as to its state. I presume my officials will have taken note of that. I should like to check it before replying more fully to the hon. member.

Mr. McKinnon: Mr. Speaker, my supplementary question is directed to the Minister of National Defence. When this subject was being discussed in the House of Commons in March, 1977, the minister said the following:

> Until there is evidence of impropriety, there is no point in holding a full-scale investigation . . . However, my officials are making the files secure so that they are available, and all evidence of people who were involved at that time is collected—

Certainly there is evidence of impropriety at the present time, which impropriety has been known for over two months since the Boeing revelations. What have the results of the investigation been? Who is in charge of it?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, at that time the issue was looked into, and we cannot find any evidence, record or indication of any impropriety involving Canadians or from Boeing itself.

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POINT OF ORDER

MR. COSSITT—WORDS IN STANDING ORDER 43 MOTION RESPECTING MR. GOYER

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a point of order in regard to a motion under Standing Order 43 which I moved last Friday, October 13, as reported on page 61 of *Hansard*. Subsequently it was drawn to my attention by the former solicitor general, the hon. member for Dollard (Mr. Goyer), that a remark contained in that Standing Order 43 motion could be open to misinterpretation with regard to himself. I should like, in all and complete fairness, to correct this situation immediately. The words in question were:

● (1202)

> —that Jean Pierre Mongeau was supplying information to the then Quebec Liberal government's minister of cultural affairs on the Parti Québécois while at the same time he was working with the Prime Minister's then principal secretary, Marc Lalonde, and the then solicitor general the hon. member for Dollard.

I should have said, Mr. Speaker, that Jean Pierre Mongeau was special assistant to the Prime Minister (Mr. Trudeau), working with the Prime Minister's then principal secretary, Marc Lalonde, but not in any way working in the office of the solicitor general of the time, the hon. member for Dollard.

ROUTINE PROCEEDINGS

[*Translation*]

HEALTH RESOURCES FUND ACT

MEASURE TO AMEND

Hon. Monique Bégin (Minister of National Health and Welfare) moved for leave to introduce Bill C-2, to amend the Health Resources Fund Act.

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

* * *

[*English*]

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (for the Minister of Industry, Trade and Commerce) moved for leave to introduce Bill C-3, to amend the Corporations and Labour Unions Returns Act.

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

* * *

CANADA-FRANCE TRADE AGREEMENT ACTS, 1933 AND 1935

MEASURE TO REPEAL

Hon. Allan J. MacEachen (for the Secretary of State for External Affairs) moved for leave to introduce Bill C-4, to repeal The Canada-France Trade Agreement Act, 1933 and The Supplementary Canada-France Trade Agreement Act, 1935.

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

* * *

[*Translation*]

OLD AGE SECURITY ACT

AMENDMENT TO INCREASE GUARANTEED INCOME SUPPLEMENT

Hon. Monique Bégin (Minister of National Health and Welfare) moved for leave to introduce Bill C-5, to amend the Old Age Security Act.

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

* * *

[*English*]

INDEPENDENCE OF PARLIAMENT ACT

MEASURE RESPECTING CONFLICTS OF INTEREST

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved for leave to introduce Bill C-6, respecting the independence of parliament and conflicts of interest of senators and members of the House of Commons and to amend certain other acts in relation thereto or in consequence thereof.

[Miss Bégin.]

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

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

ROYAL CANADIAN MOUNTED POLICE

CONSIDERATION OF EVIDENCE IN PUBLIC

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 26. Your Honour, I would say in advance that, whatever other considerations you may have had on this matter, I hope the opportunity for debate during the throne speech debate will not have been among them, because in this particular case, as Your Honour knows, it is the executive branch of government itself that is being called into question, and to rule in favour of the opportunity to debate this matter of fundamental importance to our system of government during the throne speech debate, while providing the opportunity for the executive to participate, would not, of course, obligate it to do so, and, given its past tradition, we could not expect it to enter the debate.

Having said that, I would ask leave to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), the adjournment of the House, under Standing Order 26, for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the statement by the Prime Minister (Mr. Trudeau) made in Ottawa last Friday that it will be the government and not the McDonald commission which decides what matters or evidence are to be considered by the commission in public, the consequences of such a position being completely contrary to the integrity of the commission, which the commission itself recognizes.

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby (Mr. Broadbent) has given the Chair notice of his intention, under the provisions of Standing Order 26, to seek a special debate on the subject he has now put forward.

In answering his preamble I would, of course, want him to observe with me that, even if his argument were to have the full weight he desires, he must recognize at once that he is perfectly correct in that the Chair has no power by which the executive, as he describes it, could be compelled to participate during the throne speech debate in respect of this or any other matter.

The hon. member will recognize at once, of course, that neither does the Chair have the power to compel participation by the same executive in any debate if I were to grant the motion under Standing Order 26. I am not sure that this advances the argument. In either case, members of the executive may or may not participate in any debate, as they see fit, whether the debate is under Standing Order 26, or in respect

of the throne speech. Therefore, the conditions seem to me to remain the same.

In any event, and this I suppose will be to the hon. member's regret, the fact is that the very paragraph to which he made reference in his preamble is one that does weigh upon the Chair in deciding whether or not the subject he is putting forward should be debated. Several days remain in the throne speech debate. It is, of course, a very jealously guarded right of any member that he may encompass during the course of discussion any subject which relates to the performance of the government, certainly over the past while, or as intended in the future. Therefore I would have to ignore totally the provisions of that subparagraph of the rule if I were to say on this day that we should set aside a particular aspect of want of confidence in the government in respect of one subject.

I must say that I am also concerned with another aspect, and that is that the Chair must decide whether the matter is urgent in nature. In so doing I cannot brush aside the fact that there is a very strong hypothetical tone to all of these questions that were put today. Everyone will have noticed that the Chair did not intervene on the ground that the questions put sought the intended stance of the government if and when in the future a certain event occurred before the royal commission. Those questions are, by their very nature, hypothetical, and certainly anticipate a situation in the future.

I did not interfere with those questions, for two reasons. First of all, a slight change in the form of the questions would bring them to a present consideration, that is, whether or not the government has formed any plans. In addition, I do not think the Chair ought to intervene where, in circumstances of this sort and of this importance, there is an obvious desire on the part of members of the cabinet to give answers, even though the questions do have a hypothetical tone, as was the case today.

However, I cannot ignore the fact that the statement to which reference has been made is a statement about intended conduct in the future. It has raised concern in the minds of members of the opposition, as expressed by this motion, that in the future the McDonald commission will request certain evidence to be given and members of the cabinet may take a certain stance opposed to that, or different from it.

This has been a matter of dispute today which is also difficult for the Chair. Even if this were not in dispute, the fact remains that the crisis to which reference is made in this motion remains in the future. Until the McDonald commission takes certain steps, and until the cabinet has made certain specific responses, upon which this parliament can focus, indicating that there is in fact a difference between them of a critical nature, I think it would be premature for me to accept the basic proposition that a crisis has been arrived at now which warrants the consideration of this rule, instead of at sometime in the future.

For the two reasons I have cited, I would indicate at this moment that I am not prepared to grant the application pursuant to Standing Order 26.

• (1212)

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Friday, October 13, consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Clark) (p. 27).

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, during the summer, three events occurred in Alberta that underscore why I come here with such pride as a representative from that great province.

First, in my own constituency of Edmondon-Strathcona we were honoured to receive the Governor General and Madame Léger who opened the Old Srathcona Foundation House which is dedicated to the preservation of our historical and cultural heritage in Strathcona.

Second, the city of Edmonton's performance in hosting the Commonwealth Games, a magnificent event seen around the world, revealed what a truly friendly and dynamic community we are.

Mr. Paproski: Hear, hear!

Mr. Roche: Third, the opening of the Syncrude plant at Fort McMurray, a $2½ billion project of tremendous complexity, is the leading edge of the economic shift westward in Canada today. All three of these events indicate the extent to which Strathcona, Edmonton, and Alberta as a whole, have been able to progress in all aspects of life, cultural, social and economic. Our life is enhanced by the accomplishments of so many Albertans, the films of Fil Fraser, the novels of the award-winning authors, Pauline Gedge and Aritha Van Herk, the drama productions of the Citadel, Walterdale and other groups. The 10,000 volunteers to the Commonwealth Games are a testimony to our quality of life.

Mr. Paproski: Hear, hear!

Mr. Roche: With our vast resource base, we contribute substantially to the economy of all of Canada. As Canadians first, we Albertans are vitally concerned with the performance of the national economy, for it is only with a strong and vital economy that Alberta or any other province will realize its full potential. The story of Alberta today is one of growth and accomplishment. We are the new builders of Canada. We have the fastest growing gross provincial product in Canada. Per capita spending on education, health, and other social areas is the highest in the country. We have strength and potential and an attractive investment climate. That is why Alberta is now the financial centre of western Canada. Is it any wonder that we attract more than 3,000 newcomers every month, most of them fellow Canadians from other provinces looking for new opportunities?

One would think that the Prime Minister of Canada (Mr. Trudeau) would at least share in the pride of accomplishment of one of the provinces, but the Prime Minister is blind to Alberta. That blindness cannot be corrected, as a careful reading of his speech last Thursday in the throne speech debate reveals. Every reference he made to Alberta was negative. He had nothing good to say about a province that has been succeeding despite the policies of economic discrimination practised by the federal government. The fact is that the Prime Minister cannot stand any province, especially a strong one, standing up for its rights.

When the Leader of the Opposition (Mr. Clark) brings to this House his concern for the erosion of provincial rights, and we have certainly seen this in the government constitutional package, the Prime Minister tells him he should be sitting in a provincial legislature, not here. What gall! In that one remark, and his speech is full of examples, the Prime Minister revealed why he should no longer be in charge of Canada: he does not understand that regional growth and strength are what make this country.

The Progressive Conservative leader recognizes that the provinces are partners in confederation, not enemies. And he said clearly in his speech:

> There will be times when I am going to have to assert national interests in ways that will not at all please the provinces.

Yet the Prime Minister, who seems to interpret co-operation as subservience, ignored this analysis because he cannot imagine an alternative to himself in protecting national unity. The Progressive Conservative leader knows intuitively that Canada is the sum of its parts; the Prime Minister continues to suffer under the delusion that Ottawa is the country. For the Progressive Conservative leader, the issue is ways to have Canada prosper in all regions, not just certain regions. For the Prime Minister, the issue is battling over who has power and jurisdiction.

In his leader's day speech, the Progressive Conservative leader presented economic and constitutional proposals to truly unite Canada. But the Prime Minister spent the bulk of his speech attacking the Leader of the Opposition and deriding provincial premiers. He has used his histrionic "zap" style once too often. For the Prime Minister, it is not jobs, inflation, the falling dollar, regional growth and national unity that are the problems; it is the man who sits 18 feet across the aisle in the House of Commons, the man whom Canadians are turning to as the next Prime Minister.

The present Prime Minister apparently cannot understand what has gone wrong. What has gone wrong, Mr. Speaker, is that he has lost the trust of Canadians. Under our democratic way of life, trust in government is absolutely basic. No nation can aspire to greatness if its government does not command public respect. "If the people can't trust their government," President Harry Truman declared, "the whole works will fall apart." We may or may not always agree with the decisions of government, but our system demands that we at least have confidence that the government is acting honestly.

[Mr. Roche.]

Unfortunately, trust in the government of this Prime Minister has deteriorated so seriously that it has become the root cause of much dissatisfaction in Canada today. The cynicism toward Ottawa, found coast to coast, is traceable to the manipulation practised by this government. In fact the issue of trust in the leadership of our country has become the core issue of our time.

A long series of misadventures has characterized this government's decade in office; the Sky Shops affair, dredging contracts, phone calls to judges, questionable payments by Crown corporations, the uranium cartel, a blacklist of extra-parliamentary opposition. We have learned to live with these shabby scandals and improprieties. But the government's own sense of morality has been undermined from within. Consequently a weakened commitment to principle for its own sake has infected the larger area of policy formulation. Here the examples become more serious.

The Prime Minister legislated wage and price controls after having campaigned in the 1974 election against them. He forced an abolition bill on the country when the majority of Canadians, fearing that violent crime is out of control, wanted capital punishment retained. Having divided Canadians by a heavy-handed application of the Official Languages Act, he tried to force upon parliament in the last months of his mandate constitutional changes, including diminishment of the monarchy, that are opposed by all ten provincial premiers.

Is it any wonder that people everywhere are asking, "Can Ottawa be trusted?" My answer is that the Ottawa of the present Prime Minister cannot be trusted. This is a government that once paid farmers not to grow wheat, that opened the door to 55,000 abortions per year in the name of "health", that made a welfare scheme out of unemployment insurance. This is the government that gave us LIP and a host of make-work projects that vanished in the night while undermining investor confidence in private industry which creates permanent jobs. And this is the government that attempts to abrogate energy agreements with Alberta, reneged on urban transit assistance to Edmonton, and refused the structural enlargement of the Edmonton international airport urged by the government's own engineers. The grounds for mistrust of the federal government are piling up all around us.

● (1222)

One principle is uppermost in the minds of the government—the principle of holding on to power. The fear of losing power is the reason Canadians have been denied the general election the country needed this fall. Now, in an effort to befog that public opinion, the Prime Minister talks of future referenda as instruments of direct democracy. In my judgment, the direct democracy Canadians want is an election now to throw out this unprincipled and untrustworthy government.

If the government really wanted to change its ways and promote national and economic social progress, it would pay attention to the legitimate evaluations made by Premier Lougheed concerning the Ottawa-Alberta relationship. In his address opening the new session of the Alberta legislature on

October 11, Premier Lougheed said that many Albertans look on the federal government "as an adversary rather than an ally." He also said:

> Federal policies have been negative and not positive, for young Albertans ... in terms of opportunity ... We are no island here in Alberta. We're part of this country in the fullest sense of the word, and it's simply not possible for us to maintain our prosperity in the face of a sluggish or weak economy in the rest of Canada.

The overwhelming message coming from Alberta is one of frustration with the way the federal government handles federal-provincial relations. It is almost as if the federal government is trying to dig itself out of the economic mess by using Alberta's wealth. And in so doing, Ottawa is affecting Alberta's ability to plan its own economy.

The latest example of this is the attempt to delay the $1 a barrel oil price increase scheduled for January 1. A series of four increases in oil prices was agreed upon between the two levels of government in 1977. On August 1 of this year the federal government approved the last of the increases. By August 26 it had changed its mind, causing great confusion in Alberta. Now the throne speech says negotiations are under way to defer the increase. Is it any wonder that Albertans have become cynical about the government's intentions?

Alberta provides over 85 per cent of Canada's oil and 80 per cent of Canada's natural gas. The only way to bring about self-sufficiency in energy, which is in the national economic interest, is to promote vigorous development, with all the high cost technology that this entails.

Another significant example is the federal government's repeal of the Public Utilities Income Tax Transfer Act in the hastily conceived restraint program last summer. This act provides for a rebate to the provinces of 95 per cent of the federal and provincial income tax collected from privately owned utilities. It was designed to provide equal tax treatment between customers of these privately owned utilities and customers of publicly owned utilities which do not pay income taxes. Alberta is the only province to return this tax to the utilities in full. Repeal of the act will therefore mean increased prices to the consumer, an estimated $25 annual increase per capita.

Albertans, therefore, will be the ones most seriously affected because most of Alberta is serviced by privately owned utilities. Of the estimated $48.9 million which would have been transferred next year, Alberta's share is $33.9 million. Rather than a reduction of federal government spending, this move represents an additional taxation, and Alberta is the primary target. It will have a depressing effect on Alberta industries and agriculture, and will indirectly pass through to higher costs for all consumer goods.

Here we might note the so-called clout of the Minister of Industry, Trade and Commerce (Mr. Horner) on behalf of Alberta. When, as the hon. member for Crowfoot, pleading that he could do more for Alberta, he ran across the aisle in lustful pursuit of a Liberal cabinet post, we were told that Albertans would benefit. As the question period revealed last Friday, the minister had no impact whatsoever on his cabinet colleagues when the Minister of Finance (Mr. Chrétien) repealed the Public Utilities Income Tax Transfer Act. No one in Ottawa listens to the Minister of Industry, Trade and Commerce and, as he will find out shortly, his supporters in Crowfoot are becoming hard to find.

As for the Minister of Finance, his action continues the long tradition of doing business with Alberta: decide unilaterally, then consult. The Progressive Conservative way of doing business is: Consult first, then decide.

The Edmonton Chamber of Commerce put the importance of the utilities problem succinctly to the Prime Minister in a letter on October 4, as follows:

> The future electric energy projects in Canada require large sums of capital and it can only be generated in a stable environment where the private sector can compete on an equal basis with provincially and municipally owned utilities. This proposed action is in direct contradiction with the announced intentions of your government to reduce the demands on government spending at all levels and discourages the long term planning of the private sector so vital to meet ever growing demands for power.
>
> We are also concerned that this particular action seems to be slanted against Alberta, which province has the largest percentage of its utility services provided by the private sector. We feel that this can be construed as another in a series of actions made against the people of our province; moves which, in the final analysis, will not be conducive towards the type of atmosphere in which the constitutional debate can best be held.

Incredibly, there was no prior consultation with the provinces before announcing the repeal of the act, or perhaps not so incredible when one considers this government's record over the past year. Sales tax cuts were sprung on the surprised provinces; expenditure cuts were announced without any consultation; constitutional amendments have been reserved for the federal government acting alone.

The western premiers' conference in April was sharply critical of the unilateral and intrusive way in which the sales tax cut was initiated. The joint communique states:

> The federal budget directly contradicted the spirit of federal-provincial cooperation and consultation which the February conference (of First Ministers) had been intended to foster and could be prejudicial to ongoing discussions on national unity.

At the February conference, Premier Lougheed called upon the federal government to recognize that its existing policies had not worked and needed to be significantly altered. This required, he said, "not only a change in policies but also a distinct change in attitudes." What the premier was looking for was new economic directions which would help all of Canada to "begin to move ahead again with renewed confidence."

He summarized the Alberta viewpoint on the formulation of a national economic policy as follows: First, the private sector is where the jobs are really created and where the multiplier effect is; second, we have to control the public sector in this country in terms of wage and salary settlements; third, we have to eliminate duplication in levels of government and within governments themselves; fourth, we have got to do more in our country, and press the media to do more,—to recognize the achievers and the doers in Canada today; and fifth, the real key to strengthening the Canadian economy is to encour-

age private sector risk investment by developing a climate that is encouraging.

This is also the view of the Progressive Conservative members of parliament from Alberta. For years we have been saying in this chamber that national unity depends on the economic strengthening of all regions and cannot be obtained by linguistic policies alone. We share Premier Lougheed's conviction that a stronger Alberta, and a strengthening of all provinces, are good for a united Canada. The leader of the Progressive Conservative party and the Progressive Conservative premiers have been working together to develop a common approach. But, of course, anyone is out of step except the Prime Minister who marches to the lonely beat of the Ottawa drummer.

Despite the call by the premiers for a co-operative approach, the federal government brought in yet another budget that distorted provincial economic and fiscal priorities, and it proceeded unilaterally with constitutional reform.

Premier Lougheed has rightly noted the deterioration in good relations between Ottawa and Edmonton as a result of the federal government's heavy-handed approach. Recently he said:

> We have been making some progress in Alberta and it was in the best interests of Canadians working together with the federal government and other provinces, but we can get pretty disturbed, as we are today, with a series of steps that have occurred in the last number of months—of broken agreements, of tax discrimination towards our province. It is as though they said, 'Well, let's cut Alberta down to size.' There is also a continued intrusion in all provinces and a constitutional bill that literally throws down the gauntlet.

● (1232)

For telling the truth, for standing up to the federal government, Premier Lougheed is derided in this House by the Prime Minister. Instead of belittling the Premier of Alberta, the Prime Minister should be pointing to Peter Lougheed with pride. In Alberta we know that Premier Lougheed is a great Canadian. And Alberta will not tolerate the undermining of this sterling advocate of co-operative federalism.

Let it be said clearly for the nation to hear: Alberta is committed to Canada. In the Alberta Speech from the Throne in March, Lieutenant Governor Steinhauer ably expressed this when he said:

> Our citizens are fully committed to a strong and united Canada. The flexibiity of our federal system should prove to be our strongest asset as a new federalism begins to evolve. Alberta will continue to play a leadership role in strengthening the unity of our Confederation.

What Alberta wants to see in any constitutional change is the promotion of Canadian unity, the achievement of the aspirations of the new west, a strengthening of the position of the provinces, and the safeguarding of the traditional and historic rights of the provinces, particularly with regard to natural resource ownership.

The Prime Minister notwithstanding, the message of the real Alberta is starting to be understood in central Canada. I congratulate the Hamilton *Spectator* for its editorial of October 5 which commended Premier Lougheed for opposing greater concentration of political power in Ottawa. The editorial noted:

> The fact is that the economic advance of Alberta is good for all of Canada, very good. And the development of more political power on the prairies would also be good for Canada. Ideally all the provinces from Newfoundland to British Columbia should share Alberta's aspirations and confidence.

What Canadians are looking for is a healthy and hopeful society. We must recover a sense of purpose for our country. The world needs our vigorous participation in economic partnerships.

This past summer I went around the world on a foreign policy mission and I saw the opportunities, and the challenges for Canada in a changing world. We are closing our eyes to problems and opportunities for Canada abroad because we are so beleaguered at home on the economy and national unity questions. We must solve our internal problems so that we can get on with a constructive and responsible role in the modern world. The recovery of trust in Ottawa is essential in this process. Canadians desperately need effective, co-operative leadership, not more political confrontation. Only in this way can our country express fresh recognition of the basic values in life, such as truth, honesty, and decency, that never change.

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I welcome the opportunity to participate in this debate in reply to the Speech from the Throne. Particularly I would like to compliment the mover and the seconder, the hon. member for York South (Mrs. Appolloni) and the hon. member for Verdun (Mr. Savard), both of whom gave strong and articulate statements. I was most impressed with the statement made by the hon. member for York South, a colleague of mine who comes from the same region of Canada. Hers was a thoughtful, warm and compassionate statement, not surprising to those who know her as a warm, compassionate, and concerned Canadian.

I was less impressed with the speech which I have just heard made by the hon. member for Edmonton-Strathcona (Mr. Roche). He has made a number of good speeches in this House and we have listened to many of them with great admiration. This was not his finest hour. Indeed, for a man who is espousing the cause of Canada, it seemed to me to be a speech which was aimed at fanning the flames of resentment and building upon a sense of alienation in the west. I know that alienation is there. I grew up in the west, just as the hon. member did. I probably sense it as well as most people in this House.

I was not impressed when the hon. member used his position as a member representing a very important part of the country to fan those flames and suggest that somehow or other we were not treating one province, the richest province in this country, the same as the others. There was a suggestion that we were trying to take advantage of Alberta through tax discrimination, and I think tax discrimination was the phrase he used. We have introduced tax measures which affect the province of Alberta and its citizens, but those tax measures have been

introduced to assist them and other Canadians to develop the resources of Alberta for Albertans, in fact for all Canadians. I am referring to the new measures which were introduced this past year with respect to depletion allowances and other measures aimed at bringing on the tar sands and the heavy oils.

The hon. member referred to the Syncrude project, that gigantic national resource which was formally opened this year, a Canadian first by any standard. But he did not mention that it was only made possible because the federal government provided a particular kind of tax treatment for that project, because the federal government moved in to help salvage the project along with the Alberta government. It was in fact a combined enterprise of the federal government, the Alberta government and the Ontario government which, without the assistance of these governments, would not have taken place. That was not the cast of his remarks. The cast was of grievance, of resentment, of dividing, not building. As I say, it was not his finest hour.

I quote the words of the Governor General in the Speech from the Throne where he stated:

1: Urgent Action Needed

Parliament begins today a new session which will concentrate upon Canada's two most pressing needs. They are the strengthening of our economy, and the renewal of our federation.

Those two inseparable imperatives are different expressions of the same goal: to strengthen Canada through unity: to unify Canada through economic strength.

I do not think we are going to find the clues to those particular policy directions in the sentiments stated and unstated that I listened to in the speech made by the hon. member for Edmonton-Strathcona.

Mr. Whelan: No way.

Mr. Gillespie: The two themes of strengthening the economy and of strengthening our country and confederation were themes which were picked up by the Prime Minister in his memorable speech last week.

I would like to add another perspective, a perspective as the minister responsible for energy policy, because no policy area seems to me to be more important to these two objectives than the energy policy area.

● (1242)

Quite simply, our economy, economic security, future economic growth, and future prosperity as Canadians will depend upon adequate and reliable supplies of energy at competitive prices.

Second, our sources of energy and our consumption of energy are often thousands of miles apart in this country. Nowhere is the economic and political interdependence of the regions of Canada more manifested than in the energy policy areas, areas of production, transportation and consumption of oil, natural gas, coal, uranium and hydro power. However, it has not always been that way. That has not always been the perception in Canada.

As recently as five years ago, Canadians were unconcerned about security of supply. That was hardly a word that we heard in the lexicon of Canadian economic policy. That was the time when we felt we had lots of cheap energy. The issue was not security of supply. The issue then was: how do we get the United States to take more of it?

That perception started to change in 1973 when the OPEC nations raised the price of oil four times and the Arab OPEC nations decided they would embargo the greatest nation in the world, the United States, that they would cut off supplies to the United States.

Quite clearly, the Arab nations, which produce most of the oil in OPEC, gave the Americans and the industrialized world two simple messages. The first was that the era of cheap energy is over. The second was just as important a message. It was that in the future "you would be unwise to count on us for your energy needs." There have been other events since 1973 and 1974 which have tended to highlight the insecurity of supply to the western world and to Canada.

Venezuelan production, for example, has been declining. The government of Venezuela has decided to cut back on its oil production. There have been some big finds such as the North Sea, Prudhoe Bay, and re-examination of the Mexican reserves, but not many other significant big finds. Big finds have been rare.

At the same time there has been an increasing perception that the technical producibility of existing wells is going to peak within a very few years. The World Energy Conference in their book entitled "World Energy, Looking Ahead to the Year 2020" published in the last few weeks by the Conservation Commission of the World Energy Conference, covered the input of thousands of experts from dozens of countries around the world for a period of three years. It contains the best estimates in the industry, in the countries, the bureaucracies and the universities. It is the most comprehensive that I have seen to date. It indicates that the producibility of world oil reserves will start to decline very shortly after 1985 at a time when the world will continue to be increasing its demand for oil.

During this period of time, as well, we have seen social unrest and tensions between countries in the Middle East start to increase. I refer, of course, to the tragic events in Lebanon, and the assassinations in the two countries to the south of Saudi Arabia, South Yemen and North Yemen, to the events on the Horn of Africa, to the internal events in Iran, to the almost silent takeover from a non-Marxist regime to a Marxist oriented one in Afghanistan, to the PLO, and to the Arab-Israeli conflicts. There is a whole pattern of instability in the Middle East, the centre of the greatest source of world oil.

During this period of time we have also noted a stiffening resistance on the part of Saudi Arabia, the greatest oil producer, to continue its production of oil. This view was put forward again when Ahmed Zaki Yamani, the petroleum minister of mines and resources of Saudi Arabia, was in Canada this summer.

I have taken a few minutes to put this matter in context. I think it is important that the security of supply arguments be understood by Canadians and all sides of the House. During this period of time, of course, the perception also changed in another very important respect. That was that Canada was no longer a net exporter of oil. Canada had become a net importer. Quite clearly the sense of urgency with respect to security of supply has increased very quickly and very substantially.

Quite simply stated, the major population centres of central and eastern Canada were perceived to be vulnerable as never before. Approximately 50 per cent of the primary energy source of this part of Canada is supplied in the form of oil. That oil has been increasingly imported oil. Without that oil, our economy will not function. Indeed, it will literally run out of gas.

During this period of time there has also been confusion among some people about gluts. There have been temporary gluts because of the Prudhoe Bay find and the discoveries in the North Sea. However, they are not going to answer our problems. The new discoveries in Mexico may help to buy a little time, but that is all they will do, because these discoveries together probably do not add more than a few years to the consumption pattern of the world.

That confusion continues to bedevil the energy policy formula in this country, as it did in the United States. However, there are other reasons for putting this in context, not just for Canadians to appreciate the importance of the issue but to understand the initiatives the federal government has taken and, indeed, to challenge the official opposition to come forward with their own policy positions in these important areas.

As I go through the rest of my remarks there will be a number of cases where I will want to challenge them to respond to important energy issues facing this country at the present time.

Mr. Paproski: We will after the next election.

Mr. Gillespie: The hon. member says they will tell us after the next election. Judging by the kind of statements his leader made in the House on leaders' day, I think we can expect more. He invited Canadians and members on this side of the House to expect more. He invited us to expect that he is prepared to put his party's position forward on these issues. We have been waiting a long time to hear from him on some of these issues. We hope we will not have to wait very much longer.

The issue of energy policy is not whether there will be a shortage, nor is it when will that shortage occur. The issue is, given our opportunities and the urgencies facing us, what can Canadians do? What can we in Canada do to protect our own interests, our own economy, integrity, and the interdependence of our own country? What can we do to develop our own energy resources?

[Mr. Gillespie.]

• (1252)

We are very fortunate as a country. We have options which most countries lack—large resources in western Canada, in the Arctic and offshore. We believe there is a major role for private industry to play in finding and developing those resources.

We also believe there is a role for the national oil companies in various countries. We believe there is a role for the Canadian national oil company, Petro-Canada, to play in the exploration and development of Canadian resources. But that is not the position of the Leader of the Opposition (Mr. Clark). The Leader of the Opposition has clearly stated that he would invite the national oil companies of other countries to come to Canada to look for Canadian resources and develop them, but that he would not permit the Canadian national oil company to do so. He made it clear he would dismantle Petro-Canada. Mr. Speaker, that is an absurd position for any thinking Canadian to take. It would be absurd the eyes of any foreign thinking government.

Can you imagine the President of France saying, "Well, I wonder whether the national oil company of France" which is presently exploring off the coast of Labrador, "would be able to form a joint venture with the Canadian national oil company in the same area in which it is now operating?" Would he not be bound to conclude that were the Conservatives to form the government he would have to find a multinational partner or deal with the oil company of another nation but that he could not deal with a Canadian company in the development of Canada's national resources?

If some other government, for example, the British government through BP, or the German government through its own company, wanted to get into the development of the vast tar sands of western Canada, they could not do so by dealing with a Canadian national oil company; they would probably have to deal with the national oil company of Japan which has already made an application to work out a joint venture with the Canadian national oil company, Petro-Canada.

I think Canadians will increasingly ask what is wrong with having a Canadian national oil company develop our resources. Why would the Leader of the Opposition not wish Canadians to participate in the development of our own country?

I should like to deal briefly before the lunch break with two other important developments which have taken place since the House rose last July. I should like to deal first of all with measures to reduce the inflationary impact of oil price changes, and to follow this with some comments on the measures we have taken to develop security of supply of energy resources for Canadians in the future.

I wish to refer particularly to measures we have in train with respect to certain major capital projects referred to in the Speech from the Throne. I wish to touch on the importance of maximizing eastern Canadian markets in particular for Canadian natural gas as a means of reducing dependence upon foreign imported oil. I should like to deal as well with the

program which was introduced in connection with the development of solar energy, an important program which has a strong Canadian orientation looking to the development of Canadian industry and using Canadian firms. This program is in marked contrast to the one which was trotted out—that is probably the most charitable way of putting it—some months ago by opposition spokesmen, a program which seemed to be more concerned with providing tax credits to persons who have installed solar heating some eight years ago than in dealing with the future or with the development of the Canadian industry; nowhere was a preference given to the development of solar systems by Canadians, which is in complete contrast to the approach taken in my party.

The measure to reduce the excise tax on gasoline by three cents will have the effect of enabling consumers to pay a price for gasoline which would be lower than otherwise. It is a measure aimed at trying to contain the price escalation which we became increasingly concerned about as it approached double digit figures. It is aimed at all Canadians.

With respect to the oil price change on January 1, I should like to spend a minute or two discussing the implications, but I shall probably have to do that after the lunch break. However, I want to make it clear that the agreement we have reached with Alberta with respect to the oil price increase on January 1 was conditioned by the level of prices in the United States. Our position was that we have to protect the competitive position of Canadian industry, as well as move prices up in an orderly way to ensure that development will take place and take place expeditiously. We do not think there will be sufficient head room on January 1 for a price increase to take place, but we are saying that in any event we believe it is in the national interest that the price increase should not take place at that time.

Mr. Speaker, I should like to call it one o'clock.

The Acting Speaker (Mr. Turner): It being one o'clock I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Turner): At one o'clock the Minister of Energy, Mines, and Resources (Mr. Gillespie) had the floor, with eight minutes remaining.

Mr. Gillespie: Mr. Speaker, I would like to spend just a moment to recap some of the themes of my earlier remarks. I had been talking about the importance of security of supply. This is a relatively new concept as far as Canadian perceptions are concerned. It is important because we have received a message from the oil exporting countries that we cannot continue to count on their supplies. They are, quite clearly, not prepared to guarantee an ever increasing amount of oil for Canadians and others. We are a net importer of oil, not a net exporter of oil. We have very substantial resources in Canada which we should be developing and, so far as possible, developing ourselves. Yes, we should be developing those resources, with the help of others when we can, and developing those resources by ourselves when we can.

I pointed out that a number of other free enterprise countries around the world also recognize the serious security of supply problem, that they have developed national oil companies to assist them in obtaining security of oil supplies, that many of those national oil companies are active in Canada in an exploration and development way and in some cases in a production way as well, and that the Canadian government formed Petro-Canada to assist in the exploration and development of Canadian resources.

Petro-Canada has been very active in the Arctic and in the offshore. Indeed, last year one half of all the wells drilled in the Arctic and offshore areas of this country were drilled with Petro-Canada participation. However, the position of the Leader of the Opposition is that he would keep those foreign national oil companies in Canada and dismantle the Canadian one. He would go further than that; presumably he would invite those national oil companies which are not now in Canada to come to Canada, but he would dismantle the Canadian national oil company. He would have no answer for the governments of other free enterprise economies when they would say to him that through their national oil companies they would like to deal with the Canadian national oil company in Canada for their purposes and for Canadian purposes.

He would have no answer because he would already have announced, if not already dismantled, the dismantling of the Canadian national oil company. This is a ludicrous position to Canadians. One might also observe that it is a ludicrous position to those outside Canada who would want to do business in Canada. They would ask why the leader of the country, which the Leader of the Opposition hopes to be, has so little faith in Canadians that he would not be prepared to maintain and develop a national oil company as other countries have done for their own security?

I went on to point out very briefly that other free enterprise economies are also heavily involved in the exploration and development of uranium. I referred to Germany, Italy, France, and Spain. Yes, there are companies in Canada with very heavy British government investment as well. There is one national Crown corporation, Eldorado, in which the people of Canada, through the Government of Canada, have an interest. That too, however, is something which the Leader of the Opposition would dismantle or peddle. He has not yet told us how he would deal with it, but he would get rid of it. He seems unable to put Canadian interests first.

It is questionable whether the Leader of the Opposition is a captive of an earlier dogma of the Conservative party or whether he has been talking to interests, perhaps in the uranium industry, who would like to make a bid for the most profitable of the Canadian Crown corporations.

I was about to go on to the oil pricing question. I want to provide a little background on this because the pricing of oil has always been a trade-off of a number of conflicting interests and objectives. Canadians will remember that we did not move immediately to the international price for oil in 1973-74. Instead, we decided to move up in measured but orderly steps toward world energy prices. We did so because we were concerned about the impact on the economy of such a massive change. We were concerned as well about ensuring a competitive advantage, where possible, for Canadian industry. The Conservative party has yet to state its position with respect to this pricing policy for oil.

As much as possible we have tried to reconcile the interests of the economy, on the one hand, by a pace of change toward international prices which will be slow enough to minimize any adverse impacts, and particularly to contain inflationary pressures. On the other hand, however, we have also tried to move fast enough to produce a favourable conservation impact and favourably stimulate the exploration and development of oil and other petroleum resources in Canada and, as much as possible, to limit budgetary requirements, because the subsidy which has been paid under this program has amounted, or will amount, to better than $5 billion by the end of this fiscal year. This is the subsidy which has been paid—because we import; we are not a net exporter, we are a net importer of oil—to hold down oil prices in a very large section of the country.

We felt that there would not be sufficient head room, that is to say, the difference between the Canadian average price and the American average price would be less than one dollar come January 1—so we took the position that there should not be a one dollar increase come January 1, a position which had been fully discussed and negotiated. Indeed, it was one of the conditions of the oil price increases negotiated a year and a half ago with the producing provinces that if there is not that head room, that there should not be a price increase. In our view there will not be that head room.

We have gone further: we have said that in any event we think it is in the interest of the national economy not to move up that one dollar come January 1. We believe this is a responsible position for the Canadian government to take. We would like to hear from the official opposition, which has been silent on that, as it has been silent on many important and contentious issues. Can the official opposition put its own particular regional concerns behind the national interest?

● (1412)

There are some major capital projects which we hope to complete during the life of this parliament. I am referring, for example, to the Maritime Energy Corporation. Negotiations are continuing favourably, although one must recognize that there are two new leaders in those provinces at the present time, as well as the fact that the third province is involved in a general election. That particular project is important to the maritimes and Canada. It will have to wait just a little longer for fruition. I am hopeful we will be able to bring it off with the cooperation of the leaders of those three provinces. Similarly, the formation of the Lower Churchill Falls Development Corporation in conjunction with the province of Newfoundland has moved along well. We should be in a position to announce the formation of the corporation very soon.

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. minister, but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. James Gillies (Don Valley): Mr. Speaker, I wish to join with the right hon. Prime Minister (Mr. Trudeau) and the hon. Leader of the Opposition (Mr. Clark) in congratulating the mover (Mrs. Appolloni), and seconder (Mr. Savard), for their very fine statements in the House the other day. I was delighted to listen to what the Minister of Energy, Mines and Resources (Mr. Gillespie) had to say, as well as what he neglected to say. Particularly I am pleased that he did not make a forecast about the prospects for the Canadian oil and gas industry. Ever since the government has been in power, we have received nothing but different forecasts. Every time the minister speaks, the net result is that we are more confused about the situation.

I was not astonished to hear a restatement in ringing tones of the commitment of the Liberal government that the enterprise system cannot solve the energy problems of this nation. It is a commitment for more government and bigger government all the time.

Many Canadians must find it absolutely incomprehensible that the energy policy of Canada should be one based upon the principle of self-reliance, rather than the principle of self-sufficiency. Surely if we learned anything during the OPEC crisis, it was that we must move as rapidly as possible to this position of self-sufficiency in energy. We are one of the few countries in the world which is capable of achieving a position of self-sufficiency. We have the largest known proven reserves of oil. We have larger proven reserves in our oil sands than the Middle East. It is a measure of the failure of the government that we are not self-sufficient in the production of energy.

I should like to speak for a moment on the contents of the Speech from the Throne and the participation of the Prime Minister the other day. The Speech from the Throne was most unusual and disappointing. Unlike most occasions when the government uses the Speech from the Throne to outline plans for the forthcoming session of parliament, and the participation of the Prime Minister to fill in the details, the government provided us with little vision, and practically nothing was said about the plans for governing this nation during the next year. Moreover, the Prime Minister used his time not to elucidate and expand, but to defend, explain, attack, and condemn, to the point where anyone listening to the debate would think that the Prime Minister had assumed already his position as leader of the opposition.

Perhaps the unusual nature of the government's performance can be explained by the fact that the House of Commons

is a political arena as well as a forum for governing, and that we are in the last stages of parliament before the calling of an election. Under such circumstances, the last gasp attempts of a Prime Minister to absolve an administration which is dying, and which, like a sick animal, should be put out of its misery as soon as possible, are understandable. Given the fact that the nation is looking for leadership, is aching to have confidence in its institutions and wants to know what plans this interim government has, clearly there has been a mammoth political miscalculation on the part of the government and the Prime Minister in abdicating the responsibility for providing leadership and offering hope to the people of the country.

Defence of the past is not what the nation is looking for. It is plans for the future and solutions to problems which people are looking for, and deserve to have. Politicians who have been on the hustings during the last few weeks and months know that at the present time Canadians are somewhat fearful of their future. They are distrustful of the inability of their institutions to solve the problems of the day. Probably faith in politicians is at an all-time low. For the Prime Minister to use one of our time-honoured occasions, to attack the opposition, not to put forward ideas and not to say how the government will operate in the forthcoming session, is an additional indication of the inability of the government to lead.

As unusual and misguided as the tactics of the Prime Minister may be, they are understandable at this time in our history. However, what was missing from the Speech from the Throne and the elucidation of the Prime Minister was an appeal and a challenge to Canadians to look at problems as opportunities and to have confidence in their nation. An omission such as this is inexplicable and unforgivable.

I had occasion to look in Bartlett's famous quotations for noteworthy contributions in the House of Commons, and found only the one made by Sir Winston Churchill in the Canadian House of Commons during World War II. Perhaps it is un-Canadian to provide the nation with any resounding statements of aspirations—I do not know. But if ever is a time when Canadians are looking toward the government for leadership, surely it is now. Where in the Speech from the Throne, or in the contribution by the Prime Minister, can an equivalent of John F. Kennedy's ringing declaration of his first inauguration be found? Mr. Kennedy said:

Ask not what your country can do for you but what you can do for your country.

At a time like this, Canadians have a right to expect such statements in the Speech from the Throne or from their Prime Minister. Where can an equivalent of President Roosevelt's comforting words in his first inaugural address be found? He said:

The only thing we have to fear is fear itself.

Or the words of Sir Winston Churchill when he said:

Do not let us speak of darker days; let us speak rather of sterner days.

Surely the essence of leadership is to be able to use the language in a sentence, to infuse the hopes and aspirations of a nation. Is there no one in the office of the Prime Minister who is capable of putting together such statements in order to distil for Canadians the leadership they require?

I would not suggest that we only need more rhetoric or more studies. What we really need is action on the pressing problems facing us. Warren Bennis has pointed out in his study entitled "The Unconscious Conspiracy: Why Leaders Can't Lead" the following:

Nothing ensures the status quo so much as putting the best minds and best talents to work diligently on blue ribbon task force committees. For their reports continue to get better as our problems get worse.

In this session of parliament we do not need more studies and more commissions. We require urgent action on parliamentary reform, economic reconstruction, and constitutional reform. We need to get on with the tasks we have been elected to perform—to provide a legislative framework within which people can live with freedom and opportunity.

● (1422)

We got nothing innovative and nothing new from the Prime Minister in his rambling speech. One expected and hoped for much more, because every Canadian who has been following our history knows that the Prime Minister has recently turned his personal attention to the economic problems of our time. This was dramatically illustrated on August 1 when, on his return from Bonn, he personally took hold of the economic management of the country, apparently without extensive consultation, some would say with no consultation whatsoever, with his officials or his colleagues, appearing on national television to announce the new economic policies of the government.

What was indeed lacking and threatening in the speech he made here, which we thought would develop the details of that statement made on television on August 1, was that the government, it is clear, has no fundamental grasp of the interrelationship between the various economic activities that go on in a nation and the need for an interrelated series of policies to solve them.

Unfortunately in his remarks in the House the Prime Minister said absolutely nothing to alleviate the fears of those who believe that economic policy-making in this country has collapsed, that the government has no program for dealing with the problems of high unemployment, has no program for dealing with high inflation, has no program for dealing with the low value dollar, and has no program for approaching the crisis in confidence which is apparent around us.

Indeed, the entire economic portion of the Prime Minister's speech, a speech which was awaited with keen expectation by people both inside and outside Canada so that they could assess the government's plans, was not a speech at all. Instead, it consisted of citations and recitations of statistics which appear to come from OECD press releases, and which were well orchestrated to demonstrate that the Canadian economy was probably outperforming any other economy in the world.

There was no awareness that 900,000 Canadians are out of work, no awareness that Canada has the second highest inflation rate of any industrialized nation of the world, no aware-

ness that the dollar is selling at about 84 cents, no awareness that there is an outflow of capital going on in an unprecedented amount, and no awareness that the general attitude of the people in Canada is that the economy is completely out of control.

It has been long held that statistics can be used to prove anything, and that maxim was never given a greater testing than last Friday when the Prime Minister spoke. How irrelevant to take ten years of statistics to demonstrate, I am not sure what, when we have these problems before us at the present time! How devastating that the Prime Minister, who has taken over and is in charge of economic policy making at the present time, appears to believe that the recitation of statistics for a ten-year period has any relevance whatsoever with what we have deal with in this parliament at the present time!

There is no debate in Canada at the present time about the goals of economic policy making. All parties believe that what we want in this nation is reasonably full employment and relative price stability. What we do have a debate on is how to get there.

The New Democratic Party is convinced that the traditional Keynesian policy of spending more is the way to solve our unemployment problem, to spend our way into prosperity, and if there is something less than full utilization of capacity in our nation, and a short-fall in investments, the government should take up the difference and in this way solve our economic difficulties.

The problem is we know that this, what has become the truly traditional approach, is not working any more, and it has not worked since 1972. The only way that public investment of a greater amount can be financed in Canada at the present time, with the present state of Canadian capital markets, would be with a greater deficit. The government could not finance a greater deficit at the present time and, therefore, would have to print more money. We know that in the structure of the economy we have now, and with the conditions we have now, the only thing that would happen with the printing of more money would be more inflation, and with more inflation there would be less investment, and with less investment there would be more unemployment.

The fact of the matter is that the policy advocated by the NDP, appropriate as it might have been for 1936, and as appropriate as it might have been for some cyclical slowdowns in 1950, is simply inappropriate and would not work under the circumstances we have at the present time. It is somewhat sad to me that a party which has been in the forefront of reform many times would propose such old fashioned, outmoded propositions to deal with our economic problems at the present time. They are almost as unworkable as the nationalization of resources which they have preached since the time of the Regina manifesto.

Unfortunately an analysis of the positions of the present government is more difficult because they are so incoherent one does not really know what they are intended to accomplish. Again, the goals are clear. We want to bring about reasonably full employment and relative price stability, but how do we do that?

The government seems to say that what it wants to do is cut, at least in planning if not in reality, its spending plan. Presumably the reason for doing this is to instil confidence in investors, lower the deficit, and slow down the rate of inflation. But at the same time the government raised interest rates. Last Friday it raised interest rates to the highest in this country since, I think, 1934. The result of raising the interest rate is to create unemployment because it slows down the rate of investment. This is exactly the opposite to what the government said it was trying to do with its budget cuts.

The government's stated budget cuts are highly irrational. The government has said, for example, that it wants to increase exports. Our advantage in exports is in respect of many of our basic resource industries. The government cut expenditure on research and development. It has cut expenditures on research in the fishing industry. It seems just incredible it would do this after spending several years negotiating a 200-mile limit in order that we could exploit fisheries. The government now cuts research in that area just when we need it so badly. It has also cut expenditures for research in respect of forestry products and in other areas where we must continue to develop efficient and effective methods if we are going to be able to increase our exports. This makes no sense whatsoever.

There has been no rational explanation on the part of the government as to what kind of deficit it wants. What is the appropriate deficit, the appropriate fiscal stance for this country during the next few years—the next five years, for example? How will it be funded? There are no explanations because there is no policy. Moreover, the government does not seem to have any understanding whatsoever of the fact that a deficit results not only from extravagant government spending but also from a decline in revenues.

The government does not seem to understand that one of the ways to increase revenues is by cutting taxes, strange as that may seem to some. The evidence is in from all over the world now that if you have an intelligent tax cut program which stimulates economic activity your revenues will increase. This has been pointed out by Professor Laffer, and it has been supported by the fact that when President Kennedy adopted tax cuts in the United States in 1960 he converted a federal deficit of $4 billion in 1961 to a surplus of $8 billion in 1965. The government has no policy on taxation in an attempt to stimulate the economy so that revenues will grow again.

The policy of the government in respect of the management of the dollar is so puzzling it defies explanation. Everyone knows that the credibility of this government has been weakened, almost beyond recovery, by the way in which the Minister of Finance (Mr. Chrétien) has handled the decline in the value of the dollar on foreign exchange markets.

Certainly it is clear, in an economy such as Canada's, where we have 27 per cent of our gross national product generated by foreign trade, compared to 6 per cent in the United States, that whatever happens to the dollar has an immense effect on

domestic inflation and on employment. It is simply impossible to make economic policy to achieve full employment and price stability without having a policy about the dollar. Every time our dollar goes down one cent against the American dollar, we have four-tenths of one per cent change in the inflation rate in Canada. Are the Minister of Finance and the Prime Minister trying to tell us that the government has no position with respect to the dollar, that any level of the dollar is satisfactory for the making of economic policy in this nation? This is absolutely ludicrous.

● (1432)

If our goals are to have reasonably full employment and reasonable price stability we must have a policy with respect to the value of the dollar. While the government argues that we are increasing our exports through the devaluation of the dollar, it should never forget that this is a very short-run gain. The last country that used this policy for any extensive period of time was Britain, and everyone knows what happened to the British economy from the period 1955 to 1965. In short, because of domestic inflation effects, the advantages that are gained in the export market by the devaluation of the dollar are soon wiped out.

I do not propose to argue today, because it is not the time or place, the merits of a fixed exchange rate versus the idea of a floating rate. Many economists believe that the great depression of the 1930s was caused because of fixed exchange rates when economies were held to the gold standard. Certainly after World War II, when ministers of finance of the world met together at Bretton Woods, it was determined that they would operate with a much more orderly international market. The reality is that the Bretton Woods program for handling international stability is no longer viable. Countries are breaking away from it, and we need new approaches.

Part of that new approach is for countries to demonstrate that they have an understanding of the interrelationship of their currency, if it is an open economy as in our case, and the economic policies that they are trying to propose. For the Minister of Finance of Canada to say that where the dollar is, is irrelevant to economic policymaking in this country, is doing nothing to achieve any gains in this direction. In short, elementary as the lesson seems to be, this government does not seem to understand the monetary, fiscal policy, that is, spending and taxing, and its exchange rate policy, must be integrated and they must work together.

Over the past few years we have experienced exactly the reverse. On the one hand the government does something on exchange rate policy which increases unemployment, then it does something on fiscal policy to decrease unemployment. Then it puts up interest rates by half a per cent, which lowers employment. There has been absolutely no program whatsoever. It is as if from day to day the Mad Hatter, from Alice in Wonderland, were making economic policy in this nation, a policy which can best be summed in Churchill's phrase that the government has, "decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all powerful to be impotent". It is the best summary one can make of economic policy making at this time in this nation.

The agony of the current economic situation is that it is unnecessary. Canada is a rich country, probably one of the richest in the world in terms of resources and potential. Remember that when the OPEC cut off energy from industrial countries, Germany and Japan did not have any oil at all, and yet they managed to have enormous recoveries and strong economic performances. The only thing we have succeeded at in the past few years is failing.

Why would that be true, Mr. Speaker? Well, there are many reasons. Part of the failure flows from the general inability of the federal government to work constructively with provincial governments toward mutual solutions of problems. Part of it is clearly in the inherent contradictions in the constitution, written 111 years ago, which gives the strong taxing power, and therefore the largest source of revenues, to a central government, but leaves in the hands of the provincial governments the expensive things to pay for, health, education, and welfare. Part of the problem comes from an acceptance on the part of the government in power of spending programs that it has no way of financing and the naive belief that the economy will constantly grow. This is probably based on the euphoric notion that economic growth will always be with us no matter what we do, and possibly in part on a failure to realize that what is a right economic policy for one period may, indeed, be the wrong one for another. Of all these reasons, the latter is often forgotten.

We have been a country locked in policy making based on the programs Lord Keynes developed in and for the 1930s. John Kenneth Galbraith, in his essay "How Keynes Came to America", points out that of all western industrialized nations the most Keynesian is Canada. Tragically, our policy makers have never realized that in a diverse nation such as Canada, with the great differences among our various regions, we need a different approach to our economic policy making. The essence of policy making in this country during the last few decades is that, by changing general tax policies and general expenditure policies, we can achieve the growth we want to have. Under certain circumstances this was true, but in a nation such as ours it is not always true, and it is not true now.

In this country economic policies must be made on the basis that if we make the components strong the total will be strong. What we need to do in this country, and this is more than lip service to some sector analysis, is to have a real belief that if we want to have full employment in Canada and want to have price stability we must be certain that the various sectors of the economy are prosperous. That means doing for the fishing industry what we have to do to make the fishing industry prosperous and doing the same thing for agriculture, manufacturing, and small business. When they are prosperous the nation as a whole will be prosperous. We can no longer go along with the budget making which I have seen in the six years I have been here, where every single budget has been based upon a false perception. Until that changes, we are going to have serious difficulties in this nation.

To solve the economic problems of this country we need not be limited by lack of knowledge. Economists have been much maligned during the past few years, and perhaps properly so. But new economic theory is not needed. What we must have is the political will to do those things which must be done to turn this economy around. We must begin the task of economic reconstruction and development, not only for the obvious reasons of creating the wealth which is available to Canadians, but as a cornerstone for solving our social and constitutional problems.

This country this year is maintaining its record as being among the top one or two countries of the world in the number of days lost through industrial strife, and I wonder why. There are many reasons, but surely one of the most important must be the latent discontent with the management of the economy as a whole. People know, and their common sense tells them, that this is a country that does not have to have high levels of unemployment and inflation, that we should not have under-utilization of our resources. They know when they hear of inflation rates of less than 5 per cent in Germany and other industrialized countries, and when they hear of situations where there is full employment of resources in other countries, they know that it does not have to be this way. They know that there has been mismanagement at the top and, they have become discontented and are determined that they will get their share. If they have to strike to do it, they will do it. They are disillusioned and quite willing to question the very social structure of our nation and the way our institutions operate.

That is one of the main reasons why we have so many strikes and lose so much production in this country. It has been said before, and I am sure it is true, that the alienation of the nation is immense. All we have to do is remember that in the province of Quebec we have an elected government that is dedicated to the proposition of taking the people of that province out of confederation. One only needs to go west to see the alienation all the way from Thunder Bay to the Pacific Ocean.

Why should that be, Mr. Speaker, in a nation endowed with the resources and history that we have had in this country? Part of it, as I have suggested, is because of the fact that the economy is not working the way it has previously, and part of it must lie in our constitutional difficulties.

● (1442)

If there is one thing that we must do in this parliament it is to bring in institutional reforms so that we can make parliament operate more effectively. Solving our institutional problems will not mean that all our problems will be solved. They will not, but we must make an attempt to do so and create understanding on the part of all Canadians.

I am speaking for myself but I sense that, particularly among my French Canadian friends, there is often a feeling that those of us not from the province of Quebec may not understand, may not care about what happens in that province. I would remind them, with the best spirit in the world, that the greatest study ever made of American democracy in the 19th century was done by Thomas deTocqueville who did not live in the United States. The social consequences of the policy of the United States of America toward blacks was written by Gunnar Myrdal, a Swede, in his book "The American Dilemma" in 1936. Those of us not from Quebec can also understand the problems of Quebec. I know my colleagues in this party and the leader of this party are bringing insight and understanding to the aspirations of the people of Quebec, even though they may not live there.

I would implore all sides of the House, particularly those responsible for developing policies and constitutional changes, not to ignore what might be said by those who may not come directly from Quebec, because we care, Mr. Speaker. I am sure we care as much as they that this nation survives after 111 years—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member for Don Valley, (Mr. Gillies), but his allotted time has expired. He may continue with the unanimous consent of the House. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Gillies: Thank you, Mr. Speaker. These are the days for the forecaster of the apocalypse. People as disparate as Robert Heilbronner in his book "An Inquiry Into the Human Prospect", or William Simon in "A Time for Truth", or Richard Goodwin in his analysis of the future of the United States, are saying that the democratic system as we know it is not going to survive unless people have confidence in their institutions.

The institution of parliament is a product of 111 years of history in Canada; it is a product of our history and of what we do, but every institution is also the sum of the people who are in it. I cannot subscribe to the theory that those of us who are privileged to be members of this institution of parliament cannot, in this period of crisis in our nation, make this institution work in such a way that we can solve our problems. Surely we do not want to leave this place thinking that we have not done everything, regardless of our political pursuasion, regardless of our personal interest, to make sure that it rises to the challenge presented by the Canadian people today.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, it is with pleasure that I welcome this opportunity to speak on the Address in reply to the Speech from the Throne, and I want to join the others who have spoken so far to commend the mover (Mrs. Appolloni) and the seconder (Mr. Savard) who did outstanding work.

What can readily be said about the Speech from the Throne is that is is a heap of old statements made by the right hon. Prime Minister (Mr. Trudeau) outside the House and before the Speech from the Throne, which really comes down to two main points only, that is, first lower government's spending

and, second, the constitutional change being proposed by the government. Apart from that, the most important problems are not mentioned. The economic problem is not mentioned. So we waited for the Prime Minister's speech to see if he could at least explain the Speech from the Throne and make it clearer. Unfortunately, we witnessed a two-hour attack against the Leader of the Opposition (Mr. Clark), but we were not offered any valid solution, any precision as to the attitude taken by the Prime Minister or the government concerning the remedies to be applied to the problems we are now confronted with.

The Prime Minister spent some time asking us to review his scholarly knowledge when he was speaking about experimental and rational psychology and he said that in his opinion the human brain has three different faculties: memory, imagination and intelligence. He said the Leader of the Opposition does have some memory despite a few mistakes, that he has plenty of imagination, but as far as intelligence is concerned, it is lacking in his speech.

● (1452)

I think Canadians in general will find it easy to agree with me here and that they recognize that the Prime Minister is indeed an intelligent man. But the fact is his administration lacks imagination and above all memory. The fact that once again the government has increased the rate of interest by three-quarters of one per cent two days after the Speech from the Throne is evidence of a lack of imagination because that was the fifth time the government did that since January. It is a lack of memory as well because such a move has always had the same results. Each time the government thought it would help our economy and each time it has caused a surge in inflation and unemployment.

The Prime Minister had just noted in his speech that the chairman and chief executive of the Royal Bank, Mr. McLaughlin, says we should not be too pessimistic, that things are going fine. If I were the chairman of the Royal Bank, I would certainly have said the same thing. When the government increases the rates by three-quarters of one per cent, the bankers feel allowed to raise theirs by 2 per cent or 3 per cent on the loans they will make. In their place, I say that there is no reason to be pessimistic. But people, the individuals who tomorrow will have to pay 15 per cent interest rather than 12 per cent on their loans, they have grounds to be pessimistic. And the Prime Minister is telling us: things are not that bad, the unemployment rate is going down.

According to Statistics Canada and the latest figures published on October 10—they are always a month old—as of September 16 then, the number of people receiving unemployment insurance benefits had indeed diminished. That is true. On the other hand, what they fail to add is that in some areas like mine, in northwest Quebec where we had 20 per cent of our people unemployed last summer, the unemployment rate went down to 16 per cent. Some will say: things go better, there are fewer unemployed! There are indeed fewer people who receive unemployment insurance benefits. On the other hand, there is the working population, the percentage of those on the labour market, not the population generally but people working, those who are on the labour market and looking for work. In my area, some 57 per cent of the people indeed are working which means that 43 per cent are unemployed, 16 per cent of whom are drawing unemployment insurance. Consequently, some 30 per cent are unemployed and do not receive any unemployment insurance. Where are they? Are they on social welfare? Is that a valid and buoyant economy, as suggested by the Prime Minister? I would say that we are right in the midst of a depression, but the Prime Minister's response is to say that the Leader of the Opposition lacks intelligence. That was his response in his speech.

In Quebec as a whole, we find 10 per cent unemployed 30 per cent of whom do not draw any unemployment insurance. Can you say then that the economy is booming that business is is thriving and that those who will be compelled to borrow and pay 15 per cent in interest will be happy while the Canadian economy will be expanding? No way.

The lack of imagination and memory of the government squeezes the worker more and more while allowing financiers to tighten their hold on him. Anti-inflation measures which we have lived with were aimed at limiting salary increases for individuals. For instance, in my riding and in three others throughout the province of Quebec, when Molson Company employees obtained wage increases, the Anti-Inflation Board came forward with a study and said to these employees: You are not entitled to those higher wages. And then they forced the employees to reimburse the company. That is what the government sitting in front of us is all about! Yes, I say they forced the employees to hand back to the company the increases they had obtained but at the same time this very company was allowed, as were other breweries, and this by order in council, to increase beer prices on the market.

Imagine! They authorize an increase for a big company and afterward crush the worker, even forcing him to give back the increase he has received. This is what the present government has done! What corrective measures have been proposed in the Speech from the Throne? None! Again there is some talk about reductions. In a letter addressed to the provincial premiers, the right hon. Prime Minister informed them of his decision to reduce public spending by $2 billion. But where does he intend to make those cuts? First, we are told that a personnel reduction affecting 5,000 jobs, will take place at least progressively. Will that affect big companies or the financial world? No. The workers will have to bear the consequences of the reduction of 5,000 jobs.

As I have said earlier, high finance has been allowed to boost interest rates. If this is how the Prime Minister wants to cut back $2 billion in government expenditures, I could sug-

gest to him other ways of saving this $2 billion. My colleague, the hon. member for Abitibi (Mr. Laprise), asked a question concerning the decrease in language training, since 477 Francophones will lose their job in the public service here in Ottawa. The minister's reply was that we had to try and please the other provinces. But we also know that the Liberal party is not very strong in the other provinces. So here are some gifts, because we all know that elections are coming. That is the reason for staff reductions in the areas of language, bilingualism and French positions.

The minister also replied: There is no demand for it. Yet we know that there are 2,000 applications for language training. Still, the minister has the indecency to tell us: There is no demand for it, so it is logical to cut back. Yet, at the very same time the decision is made to do away with 477 of those jobs, we find that some officials of the department are in the process of negotiating contracts with the Berlitz school of languages to give those same courses. That is the attitude of the present government: it would have us believe, on the one hand, that it is reducing the staff to cut down on expenses while, on the other hand, planning additional expenses in another field. We have often seen it happen.

We saw it in the budget of the Minister of Finance last March with regard to the sales tax; we were told that the people would be given goodies, that is a cut in sales tax. After ten weeks of debates in the House of Commons, it was finally discovered that the federal government was giving out $100 provided the provinces increased their own taxes by the same amount. That is making politics on the backs of the provinces. That silly little budget that was brought down at that time offered Quebeckers $85 and $100 to the other provinces. Do you know that, overnight, that increased the national deficit by $11 billion? Do you know that, overnight, the interest on the national debt was being increased by $2 million a day?

When the Prime Minister talks about cutting government spending by $2 billion, my suggestion is one Social Crediters have always made: that government be financed through interest free loans from the Bank of Canada based on Canadian and not American production.

● (1502)

At noon, questions were put to the Prime Minister on the increase of three quarters of one per cent announced last Friday by the governor of the Bank of Canada. The Prime Minister, having no memory, as I suggested earlier, and particularly no imagination, still had the audacity to answer that it was not to solve Canada's economic problem that the governor of the Bank of Canada had decided on that course of action. It was in reaction to the U.S. attitude. Who are the bosses in Canada? Is it the government? Is it Canadians or Americans in front of whom the Minister of Finance (Mr. Chrétien) stands on all fours as well as the Prime Minister, as he did this morning? It is the rate increase—and it is a reaction—and it is not a solution to the economic problems, that we know. It is a reaction to the American attitude. That is the attitude of the government now—flat on all fours before the Americans. That will not solve the problem.

Inflation, government members say, is beyond our control. They are not responsible for it. It is due to the Arabs who increased the price of their oil. It is due to other countries from which we import. We have called many times for a reduction of imports. Then we are told that we must have a trade balance. During that time we, stupid Canadian taxpayers, have to support that policy and reduce our production at home to maintain imports to please other countries and destroy our own production.

I am coming back from the riding of Lotbinière where an election is under way and a number of furniture industries are closed or must reduce their operations. They are operating at 30 per cent of their capacity. During that time we in Canada bought in 1976, $177 million worth of furniture products from the United States. that is the attitude of the government now. In the footwear industry it is the same thing. For three years we have proposed footwear imports. Finally, the government accepted last winter to impose a quota on imports. Recently the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) took delight in sending every member in this House a letter informing us we had an invitation from the Bata Corporation. They started making sports shoes, which used to be made here, except that the industry was completely destroyed by imports. We welcomed at that point such a step, notwithstanding the fact we had been requesting import curbs for three years. In the other areas, beef, ham, butter, the same thing goes. We are getting millions of pounds of imports from other countries, while we are destroying our own production. Such is the government's attitude. It solves nothing. Neither the Prime Minister nor the throne speech bring any solutions for that.

As I said earlier, the budget brought in by the Minister of Finance in March increased debt interests by $2 million a day with an $11 billion deficit increase. This is no joke. When the Prime Minister tells us government spending is to be cut by $2 billion at the expense of public servants, do you not feel it would make more sense to reduce government expenditures at the expense of financiers, who go on rising their prices, their interest rates instead of saving $2 billion? If tomorrow the government decided to do their own financing, if they financed provinces with loans without interest, this would mean that tomorrow the government would be saving $18 million a day we are paying in interests only on the national debt. And our debt is increasing by $20 million a day. This is not a joke. These debts must be paid by the taxpayers. Canadians have to pay $18 million a day for the bad administration of the government. Do you know that instead of saving $2 billion Canada would have saved $6.7 billion by the end of the year? We could let the Prime Minister have his $2 billion and redistribute the other $4.7 billion in the small business sector to give it a new life, to create employment and to create other production levels to replace those that have been destroyed.

Earlier, the Minister of Energy, Mines and Resources (Mr. Gillespie) said that this would help the import of foreign capital, the development of new gas deposits, the establishment in Canada of multinational companies to develop our natural resources and perhaps job creation. There may be some value in having foreigners invest in Canada, but as long as we do not have ourselves the means to buy the production of those machines, what have we gained?

We should therefore start by giving some purchasing power to the individuals. The Conservatives laughed ten years ago when the Social Crediters demanded tax reductions. They found this laughable, but today they are the ones who are demanding what we requested then, who are demanding a tax reduction so as to give a new impetus to the economy and increase individual purchasing power. If I have $5 more to spend, these $5 will certainly result in an additional production, and if all Canadians have more money to spend because they have fewer taxes to pay, they will certainly create a demand for new production, and this will necessarily result in new jobs or a demand for new jobs. This is how we can solve our present economic problem, not by continually allowing inflation to multiply.

It is not necessary to be a genius or an Einstein to understand that if I buy a house tomorrow morning at 5 per cent interest a year, it will take 20 years before the price of my house has doubled. You do not have to be a genius to understand this. If I purchase the same house at 10 per cent interest, its price will be doubled in ten years, which means that in 20 years, it will have increased fourfold, and after this you ask where inflation comes from? The Prime Minister says it does not depend on us but on the Arabs, that we are not responsible. We know that the Liberals are irresponsible, we know that. But when we come to pay 12 per cent, it takes ten years, and then eight years to double the price of a house and soon, next week probably, you will see the rate go up to 15 per cent, which means that it will take six and a half to seven years to double the price of a house. And we ask where inflation comes from? And we do not know where it comes from?

At the present time, because of its approach the government multiplies, creates that inflation; through its policy it allows the Bank of Canada to raise its rates, thereby enabling chartered banks to boost theirs on consumer loans and increase the pressure on the Canadian people to reduce their expenditures. At 15 per cent, people begin to be far less inclined to build themselves a house than before. How much is a $30,000 house going to cost them after 25 years? $89,000! We wonder where inflation comes from just like we wonder about energy. The Minister of Energy, Mines and Resources talks about the problem of energy. We can see little stickers everywhere on the walls saying "Save energy!"

We still encourage the massive consumption of energy in our cars and heating systems. I raised the issue in 1973 when I was the member for Charlevoix in the House of Commons; I asked the Minister of Energy, Mines and Resources: Before talking about an energy crisis, a shortage of raw materials or a shortage of oil in the years to come, at least did you go to the patents office in Ottawa to enquire about the registration of any patent that might reduce gas consumption in our cars or oil consumption in our heating systems? The minister gave me the following answer: No, we did not. This was not interesting. They said to Canadians: Tighten your belts, we are going to increase the price of gas in an attempt to reduce our oil purchases, but we cannot protect the individual or protect our resources by reducing energy losses, it is impossible.

In 1956, as I was 16 years old, I was driving an old wreck. A mechanic had fixed my carburetor so that my old wreck was going 65 miles a gallon, Mr. Speaker. I am not joking, 65 miles a gallon until that mechanic applied for a patent. The RCMP came and said that the system was dangerous because it was using preheated gas. At that time, I did not know exactly what it meant but I finally discovered that in all planes the fuel is preheated before it reaches the engine. It is not dangerous in a plane with 300 passengers but it is dangerous in a car.

Today, with catalytic systems on cars people are no longer allowed to go anywhere near oil companies' lands as the oil tank 150 feet away might explode because of the high temperature of the converter under the car. That shows how this government is prepared to accept anything: It allows companies to encourage excessive gas consumption in cars so that they make money with such dangerous gadgets as catalytic converters. That is the attitude of the government. Then they come to tell Canadians: You are wasting energy. There are little stickers on walls saying: Turn off the lights, do not over-heat yet at the same time the government does nothing, not even to market patents which have been duly registered in the patent office and make their use mandatory. My predecessor in the riding of Témiscamingue and the House of Commons, Mr. Réal Caouette, had been asking in those days for competitions to be held throughout the country for technicians and engineers to find ways to reduce consumption so as to save energy.

One must not penalize individuals but allow them to put their brains to work to find means and solutions to improve everybody's lot. The present government does not see it that way and all it intends to do is to penalize Canadians while putting the blame on others. If there are problems, it is never its fault. It is not responsible for inflation. It is not the government which allows the Bank of Canada to decide anything, it is the United States, the real bosses are the United States. The government has been elected for the fun of it. It has no decisions to make. We have just been treated to a Speech from the Throne in two parts: cutbacks in government spendings and, second, the constitution. It is true that there is a problem of unity in Canada. I listened earlier to the member for Don Valley (Mr. Gillies) expressing his views on the Quebec issue. He was referring to books written in 1936 and dealing then with the American issues and also with Latin America. As to the problem of Quebec, and also Canada in answer to the member for Don Valley and to government

members I would say that in my opinion it is neither a language issue nor a constitutional problem. Indeed the constitution creates frictions but tomorrow I do not know of any Canadian who is going to want the constitution to become his daily bread.

I never heard about one single family going every week to the corner store to buy a new constitution, never. The problem is the right to live honestly and honourably here in Canada. In our provinces it is also the right to live honestly and honourably. That is what Canadians want. Unfortunately, in Quebec many Canadians do not even earn enough money to eat two decent meals a day. The Minister of National Health and Welfare (Miss Bégin) said so herself before a group of students recently. There are 600,000 poor in Canada now. They do not even have enough money to eat two decent meals a day. We must admit it, there are people in Quebec who are unhappy, that is true. They do not even have enough money to eat two decent meals a day in French, in Quebec. Is it not terrible, in French, Mr. Speaker? I went to western Canada, on the Vancouver docks where I saw poor people; I went to the maritimes where I saw poor people there also. In Ontario, I went to regions where I also saw poor people who do not have the means to eat two decent meals, not three, we are used to talking about three meals, but here it is not even three, but only two decent meals a day. In other provinces, it is funny, people speak English, it is not terrible? And there are poor people among the English, it is terrible, it is horrible. Is it a language problem? Is it a constitutional problem? It is like I told you: be it in English or in French, nobody wants to eat constitutions, never! Poor people want enough money to go and buy food, for example. That is the problem. It is an economic problem that could be solved by giving to everybody a sufficient income to meet personal needs.

● (1512)

[*English*]

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired. He may continue, however, with unanimous consent.

Mr. Knowles (Winnipeg North Centre): D'accord.

[*Translation*]

Mr. Caouette (Témiscamingue): I thank you, Mr. Speaker, as well as all my colleagues. I have only a few more words to say.

Indeed there is a solution to that issue and we should not continue a confrontation between Canadians and we should not say what the Prime Minister said the other day in his speech about the Leader of the Opposition capitulating before the provinces. What we need is a strong government. But we cannot build a strong government without opposing each other. That is not the way. You do not build by confronting people and telling them to toe the line.

A good father does not spend all his time arguing with his children and saying to them: I am the boss and you will do as I say. However, if you have a conciliating father who is prepared to listen to any one of his ten or twelve children or to consider their needs, I am sure that father will raise a friendly and peaceful family. Anyone who spends all his time confronting his children or his colleagues will surely have the results we have in Canada: discontent in the west, dissatisfaction in central Canada as well as in Atlantic provinces. In his speech, the Prime Minister failed to indicate the solution, and in introducing again Bill C-60, he wants to maintain confrontation.

To conclude my speech, Mr. Speaker, in spite of what government members have to say, the Speech from the Throne does not contain any new or valuable suggestions. The Speech from the Throne will only complicate the complex issues we have to face now, it continues undermining the confidence people may have had in their government. As federal civil servants will have to pay for reduced expenses, that will destroy the confidence civil servants had in government.

Mr. Speaker, let the government start once and for all to recognize the rights of people, their right to earn a normal and valuable living and then, if individuals are to be replaced by machines in industry and find themselves jobless, let the government be intelligent enough then to find ways and means to give those individuals a purchasing power which will allow them to buy this machine-made production. It is precisely what the Social Credit party suggests as a solution to these problems to ensure a guaranteed annual income for everyone so that people will have enough purchasing power.

To conclude, the only suggestion I can make now to the minister and to the government is to stop clouding the issue with a smokescreen, to stop telling us stories and giving us all that hot air. They should start to roll up their sleeves to tackle the economic problems. It is a matter of urgency as more and more people are really fed up to be taken in, really fed up to lose their job and to have to live not even on unemployment but on social welfare.

[*English*]

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, the hon. member for York South (Mrs. Appolloni) and the hon. member for Verdun (Mr. Savard) certainly distinguished themselves by the manner in which they moved and seconded the Address in reply to the Speech from the Throne.

The hon. member for York South expressed her love for Canada, her adopted country, and she did so in a most moving way. It was a tonic to hear our country praised for a change—so frequently it seems that Canada is described only in the most negative terms, quite contrary to the evidence around us. Of course there are some problems, and I shall spend most of my allotted time talking about a few of them, but there are many good things to which we can point with pride. I took much delight in the fact that the Prime Minister (Mr. Trudeau) devoted part of his speech to doing just that, and doing so most effectively.

I was pleased the hon. member for Verdun used a portion of his speech to talk about the senior citizens. After all, the prosperity and success of modern Canada are in large measure

due to their contributions at a time when, as a rule, rewards for achievement were much less than they are today.

The government's New Horizons program has given all hon. members the opportunity to become more closely involved with senior citizens groups, and those of us who have done so are greatly impressed by the way in which these grants are being used, and by the appreciation shown for them. If the government really wants an example of how to carry out a restraint program, it should observe with some care how these senior citizens' organizations take those grants under the New Horizons program and do so very much with them.

● (1522)

When the hon. member for Verdun was speaking, I recalled a visit of mine to his community at the time when he was contesting his by-election. A youth group from Verdun had invited me to participate with it in a seminar on development in northern Canada. The request came at the time when Mr. Justice Berger's report had just been released. I mention this incident only in passing because it illustrated for me that as long as there are Canadians in one part of the country, like Verdun, who take an active interest in and show concern about Canadians in another part of the country, like those living in the Mackenzie Valley, then somehow I feel that we do not need to become unduly disquieted about the depth and strength of this nation's unity.

During the month of August while parliament was in recess, the government announced its determination to reduce its expenditures. At one point, the President of the Treasury Board (Mr. Andras) expressed the view that perhaps today in Canada people have become too dependent on government and that they look to government for nearly everything. "What is the government going to do about this? What is the government going to do about that"? I am sure all hon. members have heard that question time after time when they have been in their constituencies. Of course there will always be considerable scope and need for collective action. This is the way in which a civilized nation is nurtured and built. The cost of creating a humane and decent society is considerable. In fact it is immense. At the same time, and in the process, it is also possible for well-meaning governments to assume too much unto themselves and thereby stifle or discourage the initiative of individual persons or of the private sector. Too much involvement of government in people's lives may and, in fact, does, as most of us can testify, cause resentment and bring about a reaction against government generally.

Throughout the 1960s and into the 1970s it is true that governments at all levels increased their shares of the gross national product. It should be noted, however—and the President of the Treasury Board has done this—that increases in government expenditures have come most significantly at the provincial and municipal levels. The figures are there, provided by the President of the Treasury Board, showing that the increase in total government expenditures by the federal government has been much, much less.

Any restraint program, however, must begin with a determination to eliminate waste, extravagance, and inefficiency in government. A restraint policy should not set out to destroy programs, facilities or agencies which are required and essential for the common good, that is, unless or until some private concern is prepared to take over the service and do it as well or perhaps more efficiently at less cost. A case in point is the announcement by the Minister of Agriculture (Mr. Whelan) to axe Canfarm, an important and essential electronic management tool for many farmers. Canfarm has been described as one of the most progressive programs that the government provides in agriculture. It has become indispensable to the most efficient of Canada's farmers.

If the Minister of Agriculture fails to find a private company or organization to take over the Canfarm service, then I think some consideration should be given to doing a number of other things. Consideration should be given to increasing user-fees, which now are really only nominal, amounting to $30 per year per farmer. Perhaps there could be some cutting back on the developmental work which comprises such a large portion of the total program expenses, and possibly the operation at Guelph could be made more efficient. Let the financial burden on the federal government be reduced, yes, but I say to the Minister of Agriculture, do not let Canfarm die.

The decision to close the Petawawa forest experimental station falls into the same category, another possible casualty of government restraint. My colleague, the hon. member for Renfrew North-Nipissing East (Mr. Hopkins), will, I am sure, have much more to say about this particular matter in his speech, and I commend him for his dedicated endeavour to reverse what seems to be a questionable decision.

The forest products industry is the major employer in the constituency which I presently represent. I am advised that this industry directly employs 300,000 people in Canada, and indirectly there are another 700,000 who owe their jobs to forests. Forest products contribute significantly to our merchandise trade surplus—to the extent of $4 billion a year—and the federal government derives revenue from this industry to the extent of $1 billion annually. In the light of these statistics it is easy to understand why people in the industry resent the proposal to close a forest experimental station or a forest lab. In a letter, one of my constituents expressed it this way:

> If I had to change my personal budget because of monetary restraints, I would look at unnecessary expenses and tighten regular expenses, but, I would not stop wearing shoes so I couldn't get to work, to save a few dollars.

Forest research in numerous areas is urgently required in order for our Canadian industry to survive. It must survive against competition which is rapidly developing in other countries which have much better climatic conditions than we have, and where trees grow much faster.

The announced government restraint program is surely a welcome invitation to parliamentary committees to become sharper and more effective in their examination of spending estimates. Those of us who serve on these committees are supposed to be the watchdogs of the public purse. I think that is the way it goes, in political science anyway. Well, if we are

the watchdogs, seldom has our bark frightened anyone, and rarely has anyone been bitten for squandering public funds. It seems to me that a time of restraint is a good opportunity for parliamentary committees to prove themselves.

An exercise in restraint is also an opportunity for the government to redirect its efforts toward more desirable social and economic goals. In a time of high unemployment one of those goals must be job creation. In a time of high inflation one of those goals must be to redirect income to where it is most needed, to the elderly and to low-income families. These are measures which we will be debating during this session of parliament.

Above all, restraint will only hurt—and not help—unless the end result is a stimulus to economic growth. Since the early 1970s Canada has been suffering from a very serious lack of economic growth. Advocates of a no-growth or slow-growth economy have been notably silent these past few years. They have been silent because the results of that kind of an economy are not acceptable. The results are a rising rate of unemployment, especially among young people who are the newest entrants into our work force, and very large deficits in our international payments. Canada's current account balance has, with the exception of 1973, deteriorated every year since 1970. The major reason for this deterioration in our current balance is the rising deficit in the service account which escalated from $1.4 billion in 1966 to an estimated $8 billion in 1977. The service account deficit is the consequence of very heavy borrowing during the mid-1970s and an increasing shortfall in our tourist account. The devalued dollar has increased the cost of servicing our foreign debt, but unfortunately it has not generated as much additional tourism in Canada as it was expected to do. I say unfortunately, because the region in northern Ontario which I represent is one of the prime tourist regions of the country.

● (1532)

Looking at our merchandise trade account, the picture is much, much brighter, at least upon first glance. This year, our trade surplus in goods is expected to be $4 billion, which is up from $2.9 billion in 1977. But I would remind hon. members that it is our trade in primary resources and semi-fabricated goods which has made this trade surplus possible. Our trade in finished, manufactured goods or end-products continues to decline. It was minus $3 billion in 1970, and last year it was minus $12 billion. Canadians are buying foreign made goods at the rate of $42 billion a year, which is approximately $2,000 per person, or $8,000 per household in Canada. It is the sale of our wheat, forest products and minerals in large measure which makes it possible for Canadians to buy so many imports, much of which are in the luxury class.

As a member who represents one of the major resource regions of the country, of course I am delighted that our minerals and forest products are helping so much to provide Canadians with a high standard of living. I am pleased that we are able to contribute so significantly to Canada's trade surplus. But there are dangers for us if we continue to rely too extensively on our natural resources to keep us afloat.

[Mr. Penner.]

The manufacturing trade deficit reveals that there is a serious lack in the processing of our natural resources. Natural resource exports have been a redeeming feature in our merchandise trade account, but selling unprocessed materials abroad also means the exportation of jobs, jobs which we badly need in Canada at the present time. For example, it has been estimated that when we export $1 billion worth of natural resources, we generate 60,000 jobs in Canada. In turn, when we buy $1 billion worth of manufactured goods from abroad, 240,000 jobs are involved. This is the situation in Canada which is leading to more and more discussion by people in the univerisities, by economists and by other groups of concerned citizens, more and more discussion about the need for policies to encourage further processing and manufacturing.

Those of us who live in resource regions favour more on site processing. We would like to see more jobs created in the regions from which the natural resources come. We believe that this is the key to genuine, long term and lasting regional development. Coming from a region which depends heavily upon the forest products industry, I appreciate the positive results which flow from the increased processing of raw materials. For example, increased processing of pulp has meant a steady improvement in Canada's account for fine papers. Imports of fine papers are expected to decline substantially this year, and exports will grow appreciably. Canada's improved performance in the fine papers industry has occurred because of increased rationalization and specialization. Paper mills have concerntrated on fewer grades, weights and colours. Rationalization and specialization seem to point the way toward a more productive and competitive manufacturing sector in Canada. Those who know say that this sector is now plagued by duplication, excess capacity, and short production runs.

A recent visitor to my office put it this way in describing what should be done to improve the industrial situation in Canada. He said:

> We are putting our money on too many horses. We should pick the winners.

I would argue that the winners must include those industries most closely connected with the development and processing of our natural resources. Those industries, as well as others, would add value to the raw materials we produce and the energy we consume.

In the report by the Sector Task Force on the Canadian Nonferrous Metals Industry, recently released there were some rather startling figures concerning the value added content in Canada's export of metals. The report indicated that approximately one half of the copper, lead and zinc mined is exported in its concentrate form; only one half is smelted and refined into primary metal. Some two-thirds of the primary aluminum, copper and zinc are exported; only one-third is used in Canada's secondary manufacturing, and over 90 per cent of the nickel produced in Canada is exported.

While I have argued this afternoon for policies which would encourage, as a part of our industrial strategy, rationalization, specialization, and incentives for increased processing, I would not favour any policy which would act as a disincentive to mineral exploration and development. Much to the contrary, to discourage resource development would not aid manufacturing. Failure to encourage capital formation for resource development means that capital will go elsewhere in the world, and our Canadian resource regions will remain underpopulated and economically depressed.

Since the three main industries of northern Ontario are forest products, mining and tourism, I was extremely pleased by the announcement of the Minister of Industry, Trade and Commerce (Mr. Horner) indicating that there would be increases in economic development programs amounting to $300 million in 1979-80. Approximately $65 million of that total increase will be to provide support for tourism and resource industries. Of equal interest for me was the announcement by the Minister of Energy, Mines and Resources (Mr. Gillespie) which outlined government support of $400 million for renewable energy technology and industries founded on the commercial use of such technology. He stated that over the next five years the government plans to devote a large chunk of this total to the utilization of foreign wastes which are now by-products of the lumber, pulp and paper industries.

● (1542)

With regard to the mining industry, there have been two fairly recent reports pointing to the less than buoyant conditions for the industry in Canada. One report is entitled "The Decline of Small Mineral Enterprises in Ontario". It maintains that higher exploration costs, falling returns, and increased risks have had a negative impact on the small mineral enterprises in the province of Ontario. That report was published by that provinces's ministry of natural resources.

The second report is one of our own. It is the Sector Task Force on the Canadian Nonferrous Metals Industry to the Minister of Industry, Trade and Commerce, a report to which I referred earlier. The task force was one of the 23 commissioned after the first ministers' conference last winter to examine various sectors of the economy. The report maintains:

> Unless measures are taken by all concerned to revive mining exploration in this country, there will be a spectacular decline in the production in this sector over the balance of the century.

There are some recommendations, one of which has to do with capital formation. It states:

> With capital formation the issue of overriding importance, an early resolution of the dispute between the federal and provincial governments over mining taxation would produce more rational tax structures and create an environment more conducive to capital formation.

Secondly, the report recommended:

> In order to encourage increased resource processing and trade the report recommends further incentives for research and development.

I was going to comment about Canada's position at the present time with respect to research and development as compared with that of other countries. However, hon. members are so familiar with these figures that it would be redundant on my part.

I will leave that and move on to the third recommendation in the report, which is as follows:

> A problem of increasing importance in the mining industry is labour retention, particularly at Canadian mining operations remote from urban centres. There is often an excessively high turnover rate for the work force in these locations. In order to encourage the movement of people from urban areas in the south to isolated areas in the north, the government should give serious attention to a form of income tax relief for employees in remote areas in Canada who remain on the job for more than two years.

I have made this suggestion in the House before. The response has been that the government, at the federal level, cannot deal with regions, but must deal totally on a national basis. We know that in recent budgets the government has moved more and more toward a recognition that there needs to be special policies for particular regions in order to meet the needs and solve the problems which exist there. I do not think the old argument will stand any longer.

Those who live and work in remote communities located in resource regions are, in general, under-serviced. In some places this is far more serious than in others. Many must travel considerable distances for medical and dental care. Post-secondary education requires moving away from home, and there are additional costs for parents. In view of this additional travel I must not fail to point out to the House that these people pay anywhere from 15 to 20 cents more per gallon of gasoline than do people in urban areas. Yet, the products of our resource regions, as I have demonstrated this afternoon, contribute a disproportionately large amount to the national economy. Our tax system, it seems to me, should provide some tangible rewards for those who work and live in these regions.

If time allows, and I believe it does, I should like to point out that some people in the mining industry have expressed concern about the activities of the Export Development Corporation. Those concerns are based on serious misconceptions as to the purpose and function of the EDC. The Minister of Industry, Trade and Commerce has pointed out that the corporation's role is to facilitate the sale of Canadian goods and services to foreign buyers. EDC loans are tied directly to the sales of Canadian equipment and services, so they create jobs for Canadians.

Neither the Government of Canada nor the EDC has the power to prevent a sovereign nation from developing its own natural resources. If we do not arrange financing for the sale of our equipment and services, then some other nation most certainly will, some other nation such as Japan, Germany, France, Great Britain or the United States. As the Minister of Industry, Trade and Commerce has said:

> If Canadian exporters are to be prevented from selling to such buyers, we will lose not only their jobs, but tomorrow's competition—and we shall be worse off for it.

To conclude, we are being told today that Canada must learn to live within its means. We must import fewer luxuries, we must buy more Canadian products, we must divert more production facilities to exports, and we must spend on consum-

er goods only what has been earned. In the short term, the lower Canadian dollar can help, but in the long haul it will not solve our problems of unemployment, of inflation or of sluggish economic growth. Nor can we expect that our natural resources will help to balance our accounts forever and ever. This simply will not be, and it is time to turn our face to the future.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is a privilege to participate in the debate in respect of the Speech from the Throne, such as it was. Before commencing my remarks I should like to congratulate and commend the mover of the Address in Reply to the Speech from the Throne, the hon. memer for York South (Mrs. Appolloni), and the seconder, the hon. member for Verdun (Mr. Savard).

At the outset I would certainly like to echo the question a vast majority of Canadians are now asking, and that is, which way are we heading? This question has come to haunt an increasing number of Canadians with the entrenchment in power of the Liberal government over the last decade.

Canada is at a unique juncture in its history. We are facing many challenges, with over a million Canadians out of work, a distressingly high inflation rate which threatens to become a double-digit phenomenon, a miserably slow growth rate, impending constitutional changes, and a national unity crisis. One views the state of the nation with grave concern. I must register these concerns even at the risk of being termed an alarmist by government members who prefer not to be reminded of their record over the last ten years of Prime Minister Trudeau's government.

We require renewed faith in the ability of Canadians to surmount any obstacles on the road to making this country an example to the rest of the world. We need dynamism and farsighted leadership to inspire Canadians to place their faith in our country. Lack of effective leadership has led to haphazard and shortsighted policies being pursued by the government. The result of such policies is evident in the economic malaise that afflicts us today, political uncertainty, and an increase in social stress as reflected in the persistent state of labour unrest.

Last week the Prime Minister (Mr. Trudeau) made a flamboyant speech in the House. It was a lot of sound and fury, and I think, as Shakespeare said in one of his plays, it signified nothing. The highly entertaining performance relished by his own party members left many Canadians questioning the seriousness with which the current leadership is viewing the problems facing us.

● (1552)

An hon. Member: They liked it.

Mr. Darling: Certainly, they liked it. The Liberal side really liked it, but did the Canadian people like it? According to a poll taken across the country and the marks given out, the Prime Minister, because he did come on particularly strong in the last few minutes when he left his notes, was given a five out of ten for his performance, while our leader was given an eight, and that was an unbiased poll.

[Mr. Penner.]

Some hon. Members: Hear, hear!

Mr. Darling: That is just an example. I can assure my government colleagues across the way that the people of Canada who were listening in on live television probably were not able to get the same out of his speech as we were sitting right across the way, and they probably marked the Prime Minister's performance even lower.

The current leadership is indecisive. No one needs to be reminded of the guessing game the Prime Minister engaged in earlier this year about calling an election when he was faced with adverse reports from internal sources which indicated the unpopularity of the Liberal party. The fact is that the Prime Minister got cold feet and stalled. The government cannot tolerate the thought of facing the electorate. The wrath of the voters will deliver judgment on the government policies that have plunged Canada into serious economic and political trouble.

This is a rather unique day because a mini-election is being held. I know a great many people will be watching with interest when the polls close at eight o'clock and the results begin to come in. I am not one to forecast any election results—

Mr. Cullen: Go ahead.

Mr. Darling: All right. I will say that the Progressive Conservatives will come out with at least nine seats, and I am being very conservative with a small "c". We will see what that forecast brings.

Mr. Young: Would you resign if you are wrong?

Mr. Darling: Hardly, but that would be one bet, if I was a betting man, that would probably be safe to make. Would the next speaker from the government side of the House be willing to make a guess and put his seat on the line for the number of seats he will stipulate that his party will win in the by-elections today?

Anyone who examines the record of this country over the past decade would wonder just what is happening and what direction the economy is taking. The most obvious and highly embarrassing situation that confronts us today is the value of our dollar on the world market. This is a vote of non-confidence cast by the international financial community on the policies of the present government. The disastrous economic policies of this government continue to plunge the value of our dollar further downward. The government continues to find scapegoats to blame for the decline, but it would be well advised to examine carefully its own record and policies rather than to blame the Canadian public.

The Canadian dollar has hit an historic low. Surely the Prime Minister will agree that this is not a reflection, as he states, of a "healthy country in a difficult world". The decline of the dollar has led the government to engage in foreign borrowing to prop up its value. It pays out heavily in interest charges which further prevent us from attaining a balance of payments equilibrium.

One obvious advantage of the devaluation of a country's currency is that its goods and services become attractive to foreign markets. This was brought home to me in my own particular riding, in the village of Burks Falls where I live. There is a woodworking industry that is working at full capacity there because a large amount of their production is exported to the United States. But that is the exception to the rule, and there is no question that that firm is doing very well. While in attendance at a social event in the town of Powassan on Saturday night I spoke to a lumberman who also informed me that his firm is doing exceptionally well at this time. As he said, "They are just waiting to grab the lumber as it comes off the tail saw and send it direct to the United States." So, there are some advantages, but in the long run it is not in the best interests of Canada as a whole. Unfortunately, as I mentioned, the value of our dollar has defied traditional economic wisdom in so far as not providing a boost for many more exports than the examples that I gave.

I could go on endlessly listing the failures of this government. For instance, inflation has more than doubled from 4.5 per cent in April, 1968, to almost a double-digit figure. Similarly, housing costs have doubled in the last ten years and the unemployment rate has risen drastically from 4.5 per cent in 1968 to 8.6 per cent in 1978. I am aware that the present minister of employment is greatly concerned about this and is endeavouring to do something to alleviate the situation, and we are hoping that something can be done to turn things around. I am very pessimistic as to what is going to happen during the coming winter.

I mentioned that housing starts are down. The government, in its wisdom, has cut expenditures on a great many departments, something which will make many Canadians very unhappy. I am thinking in particular of those in the low income bracket, who are living in houses which are not in good condition and who had hoped to benefit from the government's current insulation program. The provinces of Nova Scotia and Prince Edward Island receive $500 per house under this plan and the people in the other provinces receive $350 for insulation. With the $110 million cut, there will certainly be a great many applications submitted that will have to be turned down. I am still receiving applications from some of my constituents and, of course, I will have to write them in the course of the next day or so telling them to get their applications in in a hurry because the chances are not as good as expected.

Another concern to me is the great exodus of Canadian capital for housing investment in other countries. It is estimated that over $1.4 billion has left Canada for the United States. Much of that money is being invested in apartments and buildings there because Canadian businessmen and developers feel they will get a much better return for their dollar. This is most unfortunate for our country where housing construction is needed, as well as other building construction.

What surprised and further depressed many Canadians was the Speech from the Throne and in particular, the Prime Minister's theatrical performance that failed to provide any concrete solutions or suggestions to deal with some of these problems. None of the other members of the cabinet have come forth with any policies either. One would have thought that this would be an ideal time for the government to indicate in some small measure what remedies it may be contemplating for our ailing economic situation. Instead, the cabinet and the Prime Minister have engaged in a frantic effort to convince Canadians that all is well, but the Canadian public knows otherwise for they face inflation in the supermarkets every day.

The Speech from the Throne is full of promises. It is littered with the same repetitive and unkept promises that one found in the previous nine Speeches from the Throne. However, it contains no plan of action. On the other hand, I highly commend the leader of my party for delivering a very eloquent address outlining in concrete terms what my party intends to do when elected to govern the country at the next election.

● (1602)

We on this side, for instance, have advocated a proposal to provide tax deductibility of mortgage interest and property taxes on personal residences. I, for one, have long advocated such a move in order to ease the tax burden placed on the individual homeowners.

As reeve of a small community for over a quarter of a century, and as a vice president and member of the executive of the Association of the Ontario Mayors and Reeves, I know that time and time again they have brought in a resolution to the effect that a tax on tax was unfair. The United States have done it for a number of years and, certainly if it is successful there, it can be just as successful here. I would not be surprised that the government, through its lack of policies, ends up by stealing that policy from us. If they do, more power to them.

The Progressive Conservatives have also proposed tax credits for research and development and cutting waste and inefficiency in government. These are, Mr. Speaker, but a few of some very specific proposals put forth by the leader of my party. These policies will be implemented in the very near future when the Canadian public is offered an opportunity to go to the polls to chase out the ineffective Liberal government and replace it with a responsible Progressive Conservative government.

For one who hails from picturesque Parry Sound-Muskoka, it is gratifying to note that one of the promises contained in the throne speech is to provide additional assistance for tourism. I sincerely hope that the promise does not become one of a string of earlier unkept promises. For instance, the government has been promising more aid to small businesses for the last five years. However, by the Prime Minister's own admission, small business is still being strangled in this country; evidence of this is reflected in the 49 per cent increase in business bankruptcies in August over the same month last year.

The hon. member for High Park-Humber Valley (Mr. Jelinek), this party's critic on small business, outlined at some length our position on small business and its importance to the

economy. Small business employs over 55 per cent of people in the country and generates over 60 per cent of the gross national product, so it is a most important part of the economy. I wonder how the many small businessmen view the recent increase in the prime rate of the Bank of Canada to 10¾ per cent today, a jump three quarters of one per cent. That just makes it more difficult to borrow money or, if you can borrow it, it is more difficult to pay it back.

This morning I had a telephone call from the operator of a sawmill in my riding who needs additional financing and is finding it difficult to get. I suggested that he contact the nearest branch of the Federal Business Development Bank where I hope he will be able to make satisfactory arrangements. Its interest rates are not the best, but many Canadians are delighted to be able to deal with it as a lender of last resort.

Tourism is Canada's largest single employer and the sixth largest source of foreign exchange. Furthermore, the combined value of visitor expenditures and domestic travel spending amounts to a $11 billion industry which accounts for 5 per cent of gross national product and yields governments some $5 billion in tax revenues. Yet for too long tourism has been denied the necessary recognition as an important economic and social element in our society.

I have said before, but I will place it on the record again, that I think any department or business that generates $11 billion worth of revenue should be given prominence and, therefore, I feel there should be a minister of state for tourism. Even in this time of cutting back expenditures that would not mean that one additional person need be hired. There are plenty of people in the branch of the Department of Industry, Trade and Commerce responsible for tourism who could do an excellent job. Tourism is vital to the economy of Canada and, I must say in all fairness, to the great riding of Parry Sound-Muskoka where it is the main industry.

It is ironic that it was in Bonn earlier this year that the Prime Minister first became fully aware of the seriousness of our domestic problems. The Prime Minister took some heed of the concern expressed by leaders of other industrialized nations about the state of the Canadian economy.

The Prime Minister suddenly became aware of the high rates of unemployment and inflation, and of the astoundingly high federal spending spree. Federal spending has increased by 400 per cent since the present government came to power ten years ago. Upon his return from the Bonn economic summit the Prime Minister hastily arranged to make a nationally televised address to enunciate a new economic policy. The announcement contained the usual promises to do something about everything. It is understood that a majority of the cabinet members were not even consulted before the address. The Prime Minister is not only isolated from the aspirations of Canadians but from his own close cabinet colleagues. Later, in a string of dramatic pronouncements which invoked images of a theatrical performance, about half a dozen cabinet members appeared on stage during the month of August to seek economic credibility. Now that the dust has settled from the summer activity, Canadians find themselves faced with no brighter economic prospects than before all the August announcements. Once again the government failed to offer any long-term solution or suggestions and most of the cuts announced are to take effect in the 1979-80 fiscal year.

The Prime Minister came to power a decade ago promising a united Canada. Canadians justifiably ask themselves today whether we are any more united or further torn apart.

The Prime Minister wonders why Canadians are questioning his intentions vis-à-vis the monarchy in the package on constitutional reform. When one observes the Prime Minister vacationing in North Africa on a purely private holiday and not at hand to welcome the Queen as the head of state, one questions his real intentions about the kind of role, if any, he would like to assign to Her Majesty the Queen.

The process of constitutional change is a very fundamental one for any nation, with far-reaching effects. It came as a surprise, therefore, when the Prime Minister, in introducing the constitutional proposals, placed a deadline on the passage of these proposals. I commend the joint Senate-House committee which did not agree to head the Prime Minister's authoritarian whims.

A joint effort by the federal-provincial governments is essential to tackle the constitutional issue. Unfortunately, statements by a number of federal cabinet members to the effect that the federal government could act unilaterally in implementing some of the proposals, seriously jeopardize the healthy working relationship that must prevail between the two levels of government. As a result of the statements by the cabinet members, the ten provincial premiers meeting in Regina unanimously denounced the Prime Minister's approach in dealing with the ten provinces in constitutional matters. I believe that the provinces must be included as equal partners in any discussion affecting the future of Canada. The Prime Minister will be well advised not to rush through some haphazardly constructed policies that may come to haunt the nation in the not too distant future. A constitution is meant to unite and inspire a nation. Let us hope to achieve the same in our constitution.

● (1612)

I convey my sincere congratulations to the leader of my party who is engaged in maintaining a sustained dialogue with the provinces. Unfortunately, the Prime Minister finds himself in confrontation with the provinces most of the time. After all the reason may lie in the fact that the Liberals are in power in only one province, and by a mere one seat.

These remarks will not be complete without some reference to the deplorable state of the Post Office. Canadians are once again faced with a nation-wide postal strike. The Post Office, which now ranks as the twelfth largest user of government funds, has, over the years, grown into a monstrous bureaucracy plagued by labour-management problems resulting in crippling strikes at too frequent intervals. The strikes create not only inconvenience but massive economic hardship for small businesses so heavily dependent on the services of the Post Office.

The Progressive Conservative party has for long advocated the transformation of the Post Office into a Crown corporation before the Prime Minister consented to the idea in August. It is my sincere hope that the structural change will result in a more efficient operation of a very vital service. One hopes that a settlement will be reached by both parties to the current dispute and thereby avert another strike.

I am well aware that serious talks are going on at the moment between Post Office management and union officials. Let us hope, in the interests of the Canadian public at large, that both sides will give serious consideration to continuing the service, thereby making it unnecessary for this parliament to bring in legislation to keep the CUPW workers at work. If they do go back to work and things are not satisfactory, to put it mildly we will not be getting 100 cents on the dollar from the employees who are back at work because we know that they will not be working as enthusiastically as they would under normal circumstances.

I had the privilege of attending a postal users conference in Toronto during the latter part of September. It was very interesting, as a member of parliament, to hear the many speakers. The figures quoted were really astounding. Those people in attendance numbered some 500 and were the wholesale users of the Post Office. Their business lives depend on an efficient postal service.

I believe a representative of the Bank of Montreal commented on the amount of money paid by them for postal services. The spokesman stated that about two years ago the bank spent $9 million on postage. I believe this year, because of increased rates the amount is up to $12 million, but he mentioned the terrible postal service in operation between Montreal and Toronto. It is so bad the bank has given up on the Post Office. Instead there is now a special courrier who leaves the bank in Montreal with 300 pounds of mail at 3.30 in the afternoon. This mail arrives in Toronto by 9 a.m. the following morning. The bank's representative was asked why the bank did that. He answered that mail between Montreal and Toronto was taking as long as five, six or seven days to reach its destination.

Here we have a very important department of the government which is losing close to $600 million this year. If this department were run efficiently and without confrontation between management and labour, it might be able to recapture a lot of that lost revenue.

Another speaker at this conference was the vice-president of Maclean's who patted the Post Office on the back with one hand and then by saying they gave reasonably good service, he gave them a kick with the other. I believe Maclean's spent $6 million a year on postage. He went on to say that Maclean's spends another $1 million a year for courrier service in order to get their magazines and periodicals to certain key locations to be distributed by the Post Office. One can see that Post Office management could get even more business from that particular user.

There is no other department of government that is more important to the people of Canada. Certainly National Health and Welfare is a high priority department. However, I believe there are more people concerned with the Post Office and with its efficiency.

I can see that my time is running out. I wish to thank you for your courtesy in allowing me to conclude my remarks.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, before I get to the text of my remarks I would like to make a few comments, following from what the hon. member for Parry Sound-Muskoka (Mr. Darling) said. In my opinion many hon. members do not believe that should the Post Office be off for one or two weeks that will create a hardship for the people of Canada, and one which they cannot tolerate—

An hon. Member: Tell that to them.

Mr. Anderson: My Conservative friends, being reactionary as usual, would like to put everybody in jail who thinks of going on strike—

An hon. Member: Who said anything about that?

Some hon. Members: Withdraw.

Mr. Anderson: In this country we do have certain basic freedoms.

People I met this summer on Vancouver Island were quick to point out that they were not against the basic right of people to go on strike, but with the right is a responsibility. People in my area on Vancouver Island were saying that if the Post Office and CUPW were responsible, then obviously they should have the right to strike, and obviously this is a right which should not be taken away from them.

People in Canada over the last several years have come to look at CUPW as an example of all bad that happens in unions because of a series of actions.

During times of relatively high unemployment and during times of concern about the direction our economy is headed, people tend to look at organizations, such as those in Sudbury which recently went on strike, as not being realistic. They tend to look at the labour movement as the culprits in our society. I do not believe they are. I believe the people of Canada would best be served if CUPW were a moderate group of people who could negotiate in a meaningful manner.

I do not think it is meaningful for CUPW to say, for example, that they wish to go from a 40 to a 30-hour week in one fell swoop, and then add approximately 18 hours of travelling time, tea breaks, and a few other breaks as well which would mean that the Government of Canada would have to hire an additional 46,000 workers. If CUPW want to have the support of members of parliament and the people of Canada generally, they will have to be responsible in their demands. I am not opposed to CUPW per se. However, I am opposed to irresponsibility, whether it be on the part of CUPW

or the official opposition. Irresponsibility on either count is something with which we all disagree.

● (1622)

Many members have been told at the present time that if the public service unions are not responsible, the people of Canada would like the Government of Canada to take away their right to strike. I am not advocating that. I am saying that if you talk to people across this country, you will hear that said. I think it is wrong. We should not have first and second class citizens in this country, with one group of people having the right to strike but not another.

I fear that CUPW gives a black eye to the labour movement, whether it be private or public, and that it is fermenting disrespect for the labour movement. I do not think the labour movement can afford it at this time. I hope my fear is unfounded. However, from speaking with people in my area, as well as with those in other provinces, I find that subject is raised again and again. They feel that disruptions in our carrier service, police service or postal service, should not be allowed to take place and that legislation should be brought in regarding essential services.

I am not sure that is the answer. I believe it would be more profitable to attempt, through meaningful negotiation with responsible groups, to find solutions that do not cause inconvenience to the public. I hope that union leaders in organizations such as CUPW which have a higher profile recognize the danger they may get into, not only with regard to the right to strike but in another important area. If poor service is provided, less and less people will use it and less and less people will be required. I suppose CUPW could be put into the position of cutting its own throat due to poor service and interruptions in the mail service with private institutions taking their place. I did not want to get into that except to carry on with what was said by the hon. member who preceded me.

I would like to discuss briefly what has happened since August 1 of this year on the return from Bonn of the Prime Minister (Mr. Trudeau), who pledged at that time a major re-ordering of government priorities. If I am not mistaken, on August 10 in his national address, the Prime Minister came across saying that new, bold, innovative measures would have to be taken. I could not agree more. I very much support the statement by the Prime Minister that this is the time for bold, new measures to be brought forward.

Mr. Dinsdale: Things are in a mess.

Mr. Munro (Esquimalt-Saanich): Why not ten years ago?

Mr. Anderson: When the group across from me came into the House the other day and politely applauded their leader, I thought they had perhaps adopted a new form of manners which would carry on throughout this session. However, I see they are still unwilling to listen to anyone from the other side of the House. I would ask them to hold their remarks until I make my few remarks. We would then be pleased to hear them.

In the context of what the Prime Minister said in his address, on August 10 I wrote to the Minister of Finance (Mr. Chrétien). I observed that over the years I have been in parliament, and even before I came here, when ministers of finance came before parliament with measures to last for six months, a year or sometimes two years, it was not in keeping with what we in Canada are facing today.

I think it is a fair criticism of governments past and future, and present I suppose, that they have always taken a short range approach. At the same time, it was not more than a year or two ago that the Minister of State for Urban Affairs (Mr. Ouellet) announced to the House a five-year program in which the government would encourage the construction of one million housing units in that period. In other words, he told the construction industry that the Government of Canada was bringing forth a plan which would allow them to dovetail their plans with the five-year plan. That gave the construction industry a certain amount of security with regard to the purchase of equipment and expansion of facilities. They knew there was a five-year direction in which they could go on unimpeded, knowing that we would not change our minds six months or a year later.

That was a very positive statement by the Minister of State for Urban Affairs. For the past two years he has been on target. In fact, he has been above target, which indicates it has been an attainable plan. Also, with various programs, the construction industry, governments, provincial and municipal, are delivering that project. At the end of the five-year period, we will in fact have had one million housing starts.

Something similar took place not too long ago. The Minister of State for Science and Technology (Mr. Buchanan) announced a long-term program for research and development whereby tax credits would be allowed up to 150 per cent. It is to be a 15-year program.

Important as urban affairs, research and development and new housing construction may be, is it any less important for the consumers of Canada, the investors, banks, manufacturers and other segments of our society, to have a plan similar to those brought forward by the two ministers I mentioned? In this way investor confidence and consumer confidence could be established. The government could announce that in a five year period it would come to such and such a point and this is the blueprint to be followed.

I have not been converted overnight to the five-year plans of our socialist friends, the U.S.S.R. and so on. However, I believe this is a day and age when governments can put blueprints before the country, to be discussed as to whether it is the proper direction to be going, and whether the government method of getting there is the correct one. In looking over past parliaments, I have yet to find it the case that a minister of finance or government brought forth that sort of comprehensive plan. It may not be that important to follow exactly a five-year plan. However, everyone would at least know in what direction we are going.

One objective that might be considered is for the Government of Canada to strive for a balanced budget at the end of a five-year period. It may be that we cannot achieve such an objective within a one, two or three-year period. However, is it not feasible to say to the people of Canada, our investors and manufacturers, that this is the direction that we want to go and these are the steps we will use to implement our plan? It seems reasonable to have an objective for more than a six-month or one-year period. There would be more confidence in this country if everyone were aware of the objectives we had for our economy. Moreover, business as well as consumer interests could make their plans in keeping with the objectives of the federal government so as to achieve what we all wish to achieve.

● (1632)

It is also obvious to me that in order to accomplish a plan of this sort we require the cooperation not only of provincial governments but also of municipal governments. The opposition does not often mention this, but the provinces and the municipalities spend more of the tax dollar in Canada than does the federal government. I think it is time we recognized that the municipalities do have a role to play in economic planning. After all, they are one of the three partners which, as far as governments are concerned, spend the money. It would be ridiculous to have a five-year program to reduce federal and provincial spending by 5 per cent, for example, if the municipalities were not brought in and did not agree to follow the plan.

I hope the present government or some future government, when discussing the national economy, will arrange for a tripartite meeting which would include not only the provincial governments, God bless them, but also their captives as they are sometimes called, the cities and the municipalities, which in some cases are very important in economic terms. Vancouver, Montreal and Toronto, for instance, spend almost as much as do some of our provinces or territories, yet they are not allowed to take part directly in this sort of enterprise. It would not be a particularly revolutionary idea to arrange for these people to be consulted as to the steps which ought to be taken to improve the national economy.

If we are to aim for a balance between revenue and expenditure over a period of years it will be necessary to identify those projects which are essential to the Government of Canada and determine which can be reduced without causing dislocation unacceptable to the people. It is all very well to talk about balancing budgets and exercising restraint, but every time action is taken by the government in this area our good friends opposite criticize the spending cuts as ill chosen. I think it would be in the best interests of us all to review a number of areas of expenditure with a view to determining whether they could be financed in greater measure by user groups rather than by the federal government. I would give hon. members an example. As one who comes from the boondocks, a small populated centre, I could find it very easy to talk about the Toronto Symphony Orchestra or the Vancouver Symphony Orchestra. I could ask whether the people of Vancouver Island were deriving any benefit from these activities. One could say, I suppose, that the people of Canada in general were benefiting, but I suspect it is the people of Toronto or of Montreal or of Vancouver who receive the most benefit from institutions such as these within their areas.

Is it heresy to suggest that those who are the principal beneficiaries should provide the most support? The government can put out seed money, as the Canada Council has done, but must the people of Canada provide the majority of the funding of such organizations for the next 50 years? Is there not a greater community responsibility? In situations where user groups are the main beneficiaries I believe the federal government should say, "We shall continue to make part of the funding available but the majority of money must come from the community. In the absence of support from the community the federal contribution will not continue indefinitely." Maybe the response in the area will tell the government how highly the service or the activity was valued. If people in the area where benefits are received do not wish to support these activities, should the federal government continue to make finance available? One could, of course, apply this principle too narrowly, but there are surely some non-essential services with respect to which a decision could be reached and expenditure reduced over a period of years in the interest of a balanced budget.

Incidentally, I have never heard spokesmen for the official opposition tell us whether they favour a balanced budget. The only programs I have heard of theirs in the last several months are programs which would cost more money and add further to the already high budget deficit. This subject is one upon which the official opposition has been silent in the last six or seven months during which they believed there was to be a federal general election; they never once declared it was a policy of a Conservative party to balance the budget. I am rather surprised at this because the message I have heard from the official opposition seems to be this, "We are the party of financial responsibility, while the Liberals are the spendthrifts and wastrels." The Liberal party has always considered itself financially responsible. At the same time I have never heard a statement from the official opposition that it would be their object, if elected, to bring down a balanced budget within, say, five years.

● (1642)

Does a party of financial responsibility go into an election promising the people of Canada further debt of approximately $4.6 billion? On the other hand, is this government, which is reducing government expenditures, the financial wastrel of this parliament? I can only judge by actions and deeds. I cannot judge by rhetoric. It is of no use to talk restraint when all you can come up with is added debt amounting to $4.6 billion. I suspect that there are people who have watched the charade which has gone on over the last few months.

The Government of Canada has been preaching restraint, not just for three or four months but for the last several years. Our friends in the opposition, who criticize us for throwing

away taxpayers' money, have come up with programs which would cost an additional $4.6 billion. Although I would never accuse hon. members opposite, I suspect that that $4.6 billion program was proposed only as a political ploy in the hope of gathering a few votes from people who have not looked at our budgets. I am rather disappointed that people with apparent capability in financial matters suggest that they might save this country from Liberals who madly throw away money. I do not think my party has ever thought of throwing away money as the Conservatives have. I hope the people of Canada watch, and listen to what is being said, because I suspect that hon. members opposite cannot get away with that any more.

People in Canada are a little too sophisticated to be taken in by this boondoggle which it is patently obvious is designed to do only one thing, and that is to get in and out of an election by making as many promises as possible. I suspect that the people of Canada are not quite naive enough to say that we are spendthrifts when hon. members opposite are prepared to put out some $4 billion with no recovery, and when we should be talking about saving money, not finding new ways to spend money we do not have.

The other boondoggle is the proposed expenditure of $1.6 billion or $2 billion to reduce taxes for homeowners in Canada. If we are serious about helping people—not just owners of big houses who can afford $50,000 mortgages, but also renters and people in many other situations—I hope with the co-operation of all parties we will find an equitable system for all Canadians rather than just for those to whom the Conservative party usually appeals, people on high incomes who probably do not require tax assistance in the first place.

I hope that parliament will continue to assist people through such programs as AHOP and others. Recently it was proposed that the government provide low income families with $200 a year in addition to $20 a month starting in January of next year. It seems to be reasonable and equitable that people who have the greatest need receive greater government assistance. There is no point for a breadwinner who earns $50,000 a year to receive the same benefit as a family earning $8,000 a year. I am very happy about that proposal of the Minister of National Health and Welfare (Miss Bégin). She brought in something everyone said would never be accepted, a means test with regard to the family allowance.

I hope one further step will be contemplated. Although the guaranteed income supplement will be increased by $20 a month starting in January, 1979, perhaps serious thought could be given to the fact that there are people over age 65 who do not require government assistance. If it is our aim that people at lower income levels do not suffer further from disparity between rich and poor, surely this parliament in its wisdom could bring in programs, not to eliminate totally moneys paid to people over 65 who do not require it, but which would be equitable and which would assist those in greater need, and reduce moneys going to people who do not require it.

I do not think that is revolutionary. I have heard people complain that they have paid a lot of money into income tax, that they have employed people, and that they are the ones who are not getting the benefits. They complain that we always give money to people on welfare and people on unemployment insurance and that those people are the beneficiaries of the system. They complain that they make $100,000 a year and it is all going out to other people. I say that that is garbage, because we have a system which allows people to make $100,000. Our system does not level everyone down with regard to income, as is the case in some other societies.

When a person has made his stake and has done very well in this country, it is two-bitting to say, "So what if that woman's husband left her; give her nothing." It is two-bitting to say, "It is my money you are giving away". I find that to be a contemptible attitude.

Some people who have done well in our system do not recognize the very simple fact of life that it is the system here which has allowed them to do this. The opportunity has been there, and the fact that moneys are taken by way of income tax and in other ways is really not the point in question. I hope that in our society we have enough tolerance to accept the fact that social programs are not demeaning to recipients because they are forced to be recipients.

There is a feeling among some that if a person, through illness or ill fortune, requires assistance, he is somehow taking advantage of the system. I think that for every ten people who would take advantage of the system there are a thousand who would not, and I find it demeaning that some of our citizens, not only in this House but also in other sectors of society, assume that undeserving recipients of assistance are the majority rather than the minority.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I must say that it is an interesting challenge to participate in the debate on the Address in reply to the Speech from the Throne in the fourth session of the thirtieth parliament. I really am not going to take any time to comment on the words of the previous speaker, the hon. member for Comox-Alberni (Mr. Anderson). I was not quite sure what he was protesting about toward the end of his speech. As perhaps with other Liberals from western soil, he certainly gave a great demonstration of why they are an endangered species, especially in terms of messages. Without playing the role of a seer or a prophet, I think there will be a message tonight from coast to coast which will show that Canadians have not been fooled by government protestation and declaration.

● (1652)

The government talks about restraint and then cynically selects for cutbacks some of the high profile, very specific programs which receive a lot of press coverage, but in actual terms of savings make little difference in the federal treasury. The hon. member for South Shore (Mr. Crouse) has much more knowledge of fisheries than I. I will not deal with the specifics of some of the protestations or statements of restraint made by the Prime Minister (Mr. Trudeau) and subsequently

by other ministers. Contrary to what the hon. member for Comox-Alberni attempted to suggest, my party has been talking about restraint for the last ten years since I and the Prime Minister have been here.

Mrs. Holt: What have you done?

Mr. Nowlan: It is not what we have done. When one is in opposition he cannot do very much. Canadians will not be fooled by conversion on the road to Damascus. One cannot compare two or three months of speeches since August to several years of very deliberate policy. We have attempted to point out, by criticizing legislative programs, that some of the things we voted on would result in financial ruin. I am sure the message will be loud and clear tonight.

Without being detoured on some of the byways of some of the speeches which have gone before, let me congratulate the mover (Mrs. Appolloni) and the seconder (Mr. Savard) for their addresses in reply to the Speech from the Throne. I found it somewhat ironic that the seconder was the hon. member for Verdun in view of ongoing activities in the Canadian electoral process. Certainly the hon. member for Verdun deserves credit for his participation, but it is somewhat an ironic twist of history that his predecessor is being judged by the people today. The shadow of Verdun will be on some of the results tonight and, like some of the battles of old Verdun, the tale will be told very loud and clear.

The Speech from the Throne and the various speeches of the last few days have provided a contrast between the opening of this fourth session of the thirtieth parliament and that of the third session a year ago. Both speeches took place in the month of October, with autumn leaves, beautiful fall sun, and the painted hills of the Gatineau. Last year we were honoured with the presence of the King and the Queen—

Some hon. Members: King and Queen?

Mr. Nowlan: Well, the Queen and the Prince. After the Queen is dead, long live the King. Royalty continues. We had the benefit of Her Majesty and the Prince coming to Parliament Hill in the landau. This caused an air of excitement and anticipation. Regardless of past evasions, we thought the Speech from the Throne by Her Majesty the Queen would be the final act and the final Speech from the Throne, leading into the general election which the country wanted.

I find it somewhat hollow for certain speakers to say, "what are you going to do, why have you not done more?" How can restraint be preached? Perhaps from a bookkeeping point of view certain programs will produce certain dollars in deficit. If a program is carried out as intended and defined, hopefully our stagnant economy will be stimulated. I will not deal with those areas, but I should like to point out that the contrast is invidious.

If one looks at the British history of parliament, he will realize that there has been a long parliament, a short parliament, and a rump parliament. But I do not believe in Canadian history that there has ever been such as lame duck parliament as the present one. We are going through the motions of staying here until the Prime Minister decides to issue the writ. The Prime Minister had more sharps and flats and starts and stops than an organ grinder on a merry-go-round when attempting to make up his mind. A poll from Goldfarb would provide him with a hint, and then he would find out that the hint was not too good. Then he would turn to the Gallup poll for guidance, followed by a return to Goldfarb. He sent Keith Davey to Vancouver, and had someone else fly to Halifax. If the business of the country was not so serious, we could all laugh at it.

One of the greatest testimonies to not calling an election was when finally the Prime Minister indicated that there would be no election and that the House would resume in October. On that day the dollar took one of its largest falls in the decline which has been ongoing for several months. That indicates the confidence of the outside world. It was realized that the chance to restore some confidence to the economy was going to be delayed a further six to eight months while a pantomine was conducted in the form of a forced session of parliament. When the Prime Minister finally decided to play his organ, he indicated that there would be no more flats or sharps; he pulled out the plug and continued the charade.

We have had the benefit of two interesting speeches, those of the Prime Minister and the hon. Leader of the Opposition (Mr. Clark). Those speeches were diametrically opposed. If one was a man from Mars, perhaps he could be forgiven if he did not appreciate who was the Prime Minister and who was the Leader of the Opposition upon hearing those speeches. There is no doubt that the Prime Minister put on quite a performance in terms of attack, ridicule, and contempt. Years ago I said that the Prime Minister is one of the thespians of the political stage. He makes the bard of old, Mr. William Shakespeare, seem like a piker. He put on a tremendous performance, the purpose of which was twofold. It was to buck up his troops who were feeling somewhat low, with just cause. Also it was to tell a certain lawyer on Bay Street to stay away, that this preserve is still prohibited because the Prime Minister would remain in office for a few more months. He told John Turner to stay away, that he was still in charge. In terms of the morale of his troops in the House and for the benefit of those who were sniffing winds of change, he put on a tremendous performance. From that narrow point of view he deserves credit.

In effect, the hon. Leader of the Opposition came forward with a draft Speech from the Throne in terms of positive things to be done. The Prime Minister's attack on my leader confirmed the fact that he felt endangered and is almost on the endangered species list. The performance of the Prime Minister will not go away, no matter what great theatrical performance follows his. The Prime Minister himself is one of the fundamental issues which confront the country from coast to coast. There are the problems of inflation, the economy, unemployment, and the weak dollar. Also we have a Prime Minister who has been in power for ten years, leading a government which has been in power for 15 years. The federal

government is the oldest government in the western world in terms of continuity of office. Is it any wonder why Canadians will demonstrate their feelings at the polls? People realize that the federal government can be changed, as is the case with provincial governments and other world governments, if and when a general election is called.

The demonstrations which have occurred in the last few days illustrate my point. Our theatrical Prime Minister over the last ten years has highly personified his office. Whether offshore or onshore, he has performed before the cameras dramatizing his office. I sympathize with hon. members opposite who cannot understand and do not yet believe. Perhaps the results of the by-elections will show them better than I.

The members from Nova Scotia were the last ones to come from the political trenches approximately two or three weeks ago. I do not care about the columnists in Ottawa and the inner sanctum of the ivory tower, but they should realize that in Nova Scotia there was a strong anti-government and anti-Trudeau feeling. If they do not understand that, then they are just whistling Dixie. The longer they whistle Dixie, the better the tune for us to take over when Trudeau, if he is around, does call the next election. What has happened is understandable. This is human nature. My friend, the Minister of Employment and Immigration (Mr. Cullen), understands this. He and I came here pretty much at the same time, and we know this has happened before. We know this is historic, that there is precedent for it.

● (1702)

I remember an earlier time when Canadians put their faith and trust in a prime minister who was very colourful. When difficulties arose in a certain economic climate Canadians took out their ire on that prime minister with a vengeance. Between 1962 and 1963 the Conservative party lost more seats than it had previously won, and it dropped from 208 seats down to the minority government of 1963. The same thing is happening again. We have had the great expectations of 1968, the beginning of the love affair on the part of many Canadians, if you want to call it that. Canadians who were not committed to politics then saw the prime minister as a new man, a new politician. That was a love affair, but we all know what happens when a love affair goes sour. Rationale and logic go out the window and are replaced by criticism and complaint. The individual, and sometimes the public collectively, acts in an unreasonable way.

I suggest in all seriousness that is one of the reasons there is an almost virulent anti-prime ministerial mood in some parts of the country today. At one time the feeling was warm and close, almost a love affair; now it has gone sour and people want to get in their licks. I do not know how many people really love the hon. member for Halifax (Mr. Stanfield), but when he was leader of the Conservative party no one hated him. There was respect for him from coast to coast.

Seriously, there is a sort of unfortunate feeling in the political domain today that, while the people may have loved the Prime Minister a few years ago, perhaps ten, because of a multiplicity of factors, including general economic conditions, there is no longer a love affair; and those on the negative side will not go away as a result of a parliamentary theatrical performance on the part of the Prime Minister, even though that performance was a boost to the troops and perhaps accomplished what the Prime Minister intended.

I say no more than that, except that what happened in Nova Scotia was not an aberration. I do not think that what will happen tonight in the by-elections will represent an aberration. I would almost go so far as to suggest that what will happen in Saskatchewan a few days down the road will not be an aberration. I hope there is another performance by the Prime Minister before the next election in New Brunswick in order that the troops stay bolstered, because I would certainly like the next election to be run against that Thespian north of the 49th parallel, that present incumbent prime minister.

The Prime Minister put on that performance, and at least part of that performance again would explain why the public in Canada is rather negative in its appreciation of his talents. How could a responsible Prime Minister, trying to exert leadership in this country at this particularly difficult time, make the statement he made in his speech that we in Canada "are performing better than most, better than all, actually, if we consider the over-all of total performances"? He then went on to divide up the total performance into job creation, inflation, real income and housing starts.

I do not want to cast stones, but I will use that old maxim that figures do not lie, but sometimes liars figure. In a political, allegorical way, you define your own figures, your own total performances and thereby paint a rosy picture. It does not take the rhetoric of the House of Commons, or any speech from any of us, to point out to you, Mr. Speaker, what you found out when you were home this summer. It certainly does not take a speech from my colleagues here to tell me what I found out when I was at home and in other parts of this country during the summer. We all know that no matter how selectively you define the term, certainly the general confidence of the people in this government and in politicians generally is sadly lacking.

Inflation is historically high in many areas. We have extremely high interest rates, even higher following the announcement over the weekend. The public can no longer be duped. You can cite the job creation programs, you can talk about inflation and real income after taxes, and you can even point out housing starts, as the Prime Minister did; but you cannot fool the public because the people are living with these things every day. Every day the people are having to shell out.

The Prime Minister conned the public once in 1974 when he said there was not to be any control package because inflation was offshore; but then within a year, we heard that famous and memorable Thanksgiving speech on television. He told Canadians, many of whom were eating turkey, or those who could afford it were—he was eating crow and doing a flip-flop—that we were going to have a controls package. The people knew then they were conned but they will not be conned again. They know that these statements of rhetoric represent a

con job because they are actually facing and confronting day by day the economic difficulties of life today.

It was only a day after the Prime Minister's speech that someone more knowledgeable of economic figures than I, Mr. Donald McGillivray, the business editor of Southam Press, took the Prime Minister's selective figures and wrote in a most conservative way:

> Trudeau is incredibly careless in the conclusions he draws from his numbers.
>
> It is simply untrue to say, as he did, that "Canada, in terms of the employment growth rate, is the best in the world."
>
> According to the statistical *Yearbook* of the United Nations, 15 countries had faster rates of employment growth between 1970 and 1975.

An hon. Member: Which countries?

Mr. Nowlan: I have them here. They are Mauritius, Jordan, Malawi, Kenya, Turkey, Syria, South Korea, Malaysia, Yugoslavia, Romania, Spain, Swaziland, Tunisia, Fiji and Pakistan. Let me tell the Minister of Employment and Immigration that this takes us up to 1975. Perhaps those are exotic countries that started from a very slow base, and perhaps it is easy to play with those figures. But this statement was made by the Prime Minister who is supposed to be accepting some responsibility when dealing with these figures, instead of playing footsie with them.

Mr. McGillivray goes on to state:

> Since then, Canada's rate of job creation has fallen behind other countries, including the U.S. Statistics published by the Paris-based Organization for Economic Co-operation and Development show that between 1975 and 1977 the U.S. created 6.4 per cent more jobs while Canada was creating only 4.2 per cent more.

He then asks rhetorically how the Prime Minister can cite these numbers to back his claim that we "still lead the world". Then he dissects the process of how the Prime Minister did this, namely by playing with figures. He states:

> First, by restricting his "world" to 15 industrial countries and second, by mixing the slow recent rates of job creation with faster rates recorded before 1975.

He then continues by stating:

> For proof, Trudeau cited figures for the period 1968-76. And 1976 was, of course, the year when food prices slumped and gave Canada a relatively good year against inflation. Even so, Canada's performance was so-so, not immensely better.
>
> More recent figures do not bear out the impression that we are doing better at all. The Economist, the British-based journal of business and current affairs, does a regular check on 10 "major economies" including Canada.

● (1712)

They are not the exotic countries which the Prime Minister had fun playing with the other day. This shows that eight of the ten countries, Australia, France, Germany, The Netherlands, Japan, Sweden, the United States and Britain, did better than Canada against inflation in the past year, and that only Italy did worse. My point is that while there was a great theatrical performance the other day, you did not have to question other prime ministers, be they Conservative or Liberal, and their statements when dealing with facts. We have found out to our sorry experience and to even the sorrier, more collective experience of Canadians that we have to question and check the facts and statistics quoted by the Prime Minister.

More serious than just playing with the figures in an attempt to make a parliamentary debating point, is the frame of mind and the premise the Prime Minister reflects when he suggests we are performing better than we actually are. Because if you believe that frame of mind, then how can the Canadian people expect that there will be any change in policies which every objective outside observer has said are bringing economic despair, and in some cases ruin, to a good many parts of this country?

It is the frame of mind of the Prime Minister which has to be indicted here. It is not just three months of preaching restraint that is at issue here. When we go into the election campaign, as eventually we will, at issue will not be just the last three months or the six or seven months before that, it will be the ten-year period. He will not be playing around with different time periods and different countries then; he will be playing with our own country and defining his actions during the ten-year period that he has been in office. That is the time frame which will be relevant to Canadians when it comes to making their decision at the polls.

When he took over the government in April, 1968 unemployment was at the level of 375,000, or a rate of 4.5 per cent. Now it is 8.4 per cent or over 900,000. The youth unemployment rate has gone from 7.4 per cent in that ten-year period to over 14 per cent. These are some of the relevant facts and figures that will have to be considered and will not be easily sloughed off as they were here in parliamentary fashion the other day. The rate of inflation in 1968 was 4.5 per cent; as of August, 1978 it was 9.2 per cent. I could go on on this topic forever.

The unfortunate thing is that the just society of 1968 has become the sick society of today. It is sick on unemployment figures no matter how you count them up. The dollar reflects the sickness in terms of investor confidence outside this country. Some of our modes of transportation are in a sick state as, for example, Air Canada with its labour and management problems. Just today we received notice that the seaway workers are going to strike, and right now, as was pointed out earlier, the postal workers are negotiating in a situation where they may go on strike. You could almost take every facet of our economy—be it interest rates, strikes, inflation, unemployment—and see that in effect we have a thermometer that is registering rather high. It is a sad commentary that the just society has now become the sick society of ten years later, and this is another reason why I would think that the public of Canada wants a chance to make a value judgment on whether to extend the mandate of this government or to give it to some other party that will change the fundamentals of government.

The two speeches given by the leaders were so different. The Leader of the Opposition gave a very controlled, positive and constructive contribution with a few political sallies and barbs from time to time, which we should always have in a partiamentary debate in a political atmosphere. But the Prime Minister had a change in roles. From playing with figures and

using sleight-of-hand as though he were in a shell game and defining his own time reference in office, he turned to concentrating almost solely, in terms of theatrics, on heaping scorn and contempt on the Leader of the Opposition. Obviously, he feels threatened and can feel the warmth of the Leader of the Opposition's breath on his neck.

Had I been from Mars, I would have wondered if these two men were talking about the same country. It takes me back approximately 119 years to the "Tale of Two Cities" and a fellow called Dickens, who wrote, as many will remember:

> It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair. We had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way—in short, the period was so far like the present period that some of its noisiest authorities insisted on its being received for good or for evil in the superlative degree of comparison only.

The comparison of the speeches by the two leaders illustrates in fairly graphic form what Mr. Dickens said 119 years ago in his memorable "Tale of Two Cities". The two different leaders stood in this national forum, but one spoke and addressed his remarks to the problems of the nation and tried to give some examples of where he, had he written the Speech from the Throne or been the leader of the government, would be moving to try, with all the imperfections of any policy—because no policy will bring overnight redress or correction to 15 years of mismanagement, let alone the galloping mismanagement of the past ten years—to put this country on its feet again. The Prime Minister went into his selective figure routine where, by intellectual, dialectical, classical thinking you can prove almost anything. You could prove that the town of Wolfville, which I had the good fortune to come from, in terms of growth is most likely growing faster than the city of Toronto. That is the type of dialectical debating exercise that we got from the Prime Minister the other day. There was nothing in his speech directed to the problems of the nation.

The Speech from the Throne talks about the general state of the economy. We have had some press statements and undoubtedly there will be some bills proposed to plug the dike, like the Dutch boy many years ago, who saw the water starting to come through. There was also mention of the constitution. Unfortunately, Canadians have heard so much about the constitution that many of them are turned off by it. I could make a whole speech on the constitution and Bill C-60 as it then was. Certainly in terms of the economy there is no objective outside observer who does not say that something will have to happen.

The subject of the constitution—and I want to be kind here, for I have not said publicly what my thoughts are on the late, lamented bill, which frankly will not be lamented that much since it died with the old session—you would think would be the Prime Minister's forté since he apparently taught constitutional law at one time. However, in cabinet making it has happened that the person with the expertise makes the worst cabinet minister if he is appointed to the portfolio which is related to his field, because he thinks he knows all the answers. This can be borne out, for example, where generals have become ministers of defence. Perhaps the Prime Minister has a blind spot. Indeed, I suggest that he has several blind spots in the area that was his professional expertise—the constitution.

• (1722)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I find it rather odd to be speaking on a throne speech in this session of this parliament. A few weeks ago I was asked if there was to be a throne speech and a budget in the new session and I said: "Not in my opinion". I thought the government would not want to drop the bills they have on things like constitutional change and that they would not want a throne speech because they did not know where they were going. I did not think they would want a budget either because they would not want to make a financial accounting unless they had to. The last session had gone on so long that most of us forgot when the last throne speech was.

Of course, I thought there would be an election last spring. I have never seen such preparation for an election by a government. Everything was arranged. They did not get their bills so far advanced that there had to be discussion of them to the point that opposition might develop. Programs were introduced that could be discussed without a conclusion being reached, so it seemed to me the best possible situation for an election.

When I heard that the Prime Minister (Mr. Trudeau) had added six or seven vacant constituencies to the list of by-elections, I was sure there would be a general election, that nobody would be foolish enough to have 10 per cent of the population vote in a mini-election. But all of these things came to pass and here we are in the middle of a throne speech in a new session in the fifth year of a parliament.

I listened to the mover and seconder of the debate on the throne speech and I should like to congratulate them on their presentations. It seemed as if they felt, as I did to some extent, that this is the first session of a new parliament—that this parliament will go on forever. Maybe there will be changes to make that possible and this is the beginning of a new era. They sounded like the speeches of totally new members, although neither of them are and one, I know, has made some very good contributions over the years. But I congratulate them both on their speeches.

Next we heard from the Leader of the Opposition (Mr. Clark) and the Prime Minister. I am in complete agreement with those who say the roles have been reversed. It was very surprising how much the Leader of the Opposition has learned about running a government—the necessary finesse, the rhetoric that is necessary to allow him to go in any direction after he finds out what the public will say. The Prime Minister then

came along like a schoolboy debating the subject of parliament in high school. In the best tradition of an opposition leader he presented his role in politics.

After travelling around the country, Mr. Speaker, I have come to the conclusion that the only issue that remains for an election is the Prime Minister himself. There are those who think he has done the best he could given the international implications and difficulties being experienced in monetary and fiscal areas throughout the developed and undeveloped world. On those items I think he performed very well, but he must have scared some of the people sitting in their living rooms watching the program, waiting for answers to their problems. They are in a major depression and they do not know what to do about it. They looked for leadership which was not forthcoming; all they got was a tirade saying how bad the other guy was and how bad things were in general.

There are two things that bother the public, Mr. Speaker. The first is the fact that jobs are not available for newcomers on the labour market. Some have been helped to a small degree with make-work projects, but there are no continuing jobs for them. This applies to a large percentage of the age bracket 15 to 24, those just entering the labour market. Some are drop-outs who in the past have been able to find manual work, jobs driving trucks or any job they are equipped for. They are willing and ready to do those jobs but what are they offered? They are sent back to school for retraining and then have to wait till something is available. Sometimes when they enter the labour market they are told they are too highly qualified for the work available and are entitled to more money than an employer can pay. In both cases they are sitting at home waiting for jobs. How long can they wait? I am not sure how long society will allow them to wait and unless there is a great change in our economy they will not find the employment they are trained for.

These young people know that they will be given a hard time by people in the community and that they are going to have difficulty making ends meet. In my community and others some young people have committed suicide because there is just not any future for them and there is no way of getting a living other than stealing or living off their parents. In many cases young people do not want to live off their parents. They did it for years when they felt it was the obligation of the parents to support them, but then they believed they had an obligation to make their own contribution. They are ready to do so but there is no opportunity for them to participate.

Some welfare officials advise young ladies of 18 or 19 years of age to live at home because welfare benefits are not available for them. Just this week I had a case of a father who said to his daughter, "I have six other children to raise; I cannot afford to feed and clothe you and supply you with cigarettes." What is she to do? There is only room for a certain number of prostitutes and there are only some young women who are qualified to be prostitutes. Yet it is the only kind of job that many 17 and 18-year-old girls can get if they leave their community and go to the city. It is not a nice situation but it is part of our society today, as any police officer will tell you. Where do young ladies go who leave the community? Most of them are found in that profession. It is not entirely their fault. We have a responsibility as well and we are shirking it.

Mrs. Holt: Perhaps there should be a quota system on prostitution.

Mr. Peters: Perhaps there should be; it depends on the market. It is a free enterprise system and there are a lot of people in that profession who do not want to be but are because there is no alternative. We are not providing opportunities for our young people. I think that is a field in which governments, provincial and federal, have to get directly involved. If there are no jobs, then we should be increasing those kinds of operations that most of us are not completely in favour of but should be looking at, if that is the only alternative left. For example, I think of youth camps or Army training, if that is the only type of training possible. But this winter, with the curtailment of unemployment insurance, and particularly in Ontario where the municipalities themselves quite often make the decision as to how they treat young recipients of welfare, unless parliamentarians do something about the job situation many of the injustices concerning the young will be much greater than before.

● (1732)

I am told that we are in a period of austerity. We are going to cut back on this, and we are going to cut back on that. We have been operating a country for many years on the basis that we were a subsidiary of the United States. The parent company at home could not make enough of the product to sell throughout the world, so they allowed the subsidiary to do some selling as well.

Canada did get into the export market with some manufactured goods and I think we did very well. As soon as there is difficulty in selling manufactured goods, no matter the value of our dollar, the parent company will say: "We want to do the selling; the market is not big enough for you and me, it is only big enough for me." As a result Canadians have not done very well in that regard.

We must think, Mr. Speaker, about some of the things we are doing to provide a better life in this country. All Canadians had better take a look at how we are balancing our trade today. We are balancing our trade today, to the extent we are, by selling raw materials. We are selling our birthright. We are depending on agriculture, on forestry and on mining to balance the budget accounts of our nation. And we are not making it even at that. No other country in the world gives away the amount or resources we give away in return for so little.

I am amused by some of the suggestions I hear for increasing production in Canada. It was interesting to note that the government of Ontario and the federal government got together recently. They wanted the new Ford plant built in Canada because it would provide jobs. That is very nice. We would like those jobs and we would like that new plant in Canada but did we really have to provide $75 million to get Ford to come here and help us out?

I checked some of the figures published in the *Financial Post*. I find, looking up these corporations supported by Liberals and Conservatives—the free enterprise system—that Ford of Canada actually owns dollar shares worth $8,294,000. Of that number, the United States owns 88.4 per cent, or $7,336,603 worth. In December of 1977, the last available figures, the dividend paid was $8.35 per share or $61,227,235. The amount paid to the American company was 88 per cent, or $61 million.

At the same time as we allow them to transport out of Canada, as a dividend, $61 million plus a few thousand dollars, we allow them to blackmail us into supplying them with a further $75 million. That amounts to a whole year's dividend. We are going to bring that money back in, but since we do not have that money we borrow it from the Americans. We pay interest on money provided to Ford Canada to come back into Canada, though we have already in one year, given them almost sufficient money to have done that themselves had they wished.

The situation is no better in the case of General Motors of Canada. General Motors of Canada has very few shares, some 703,250. These are all held by General Motors Corporation in the United States. Their earnings are $227.24 per share. They paid out a dividend of 53.9 per cent, which is $122.48 per share, with a total of $86 million and some odd going to the United States. What are we going to do with that money, Mr. Speaker? We are not going to let General Motors build a plant in Canada with that money, which they have already taken out of Canada. We are going to give them some more money and use that as a carrot to bring them back into Quebec to build a casting factory in that province. The Quebec government will give them some money and the federal government will give some money.

The *Financial Post* tells us there is $66,000 in dividends leaving Canada each hour for the United States. This money comes from American owned corporations in Canada. It would seem to me that unless we really loved those Americans a better deal than that could be obtained. Either there would be some way of stopping those dividends from leaving the country or there would be a tax on them.

With that kind of monetary drain out of this country in dividends to Ford and General Motors, we should be able to buy American Motors and set up our own automobile industry in Canada. Maybe they do not produce the best car in the world, but the price is right now. It is likely to go broke in the next few years. Why do we not buy it? It has the patents which are necessary and their cars could be built in Canada and we could use all of the dividends which are going to the United States. Some of them come back to Canada. We could tax those dividends. We could do a lot of things with them.

Recently we decided to cut back, so what did we cut back on? As I said before, there are two things this country is running on as far as exports are concerned. One is mining and the second is forestry. On a television station that I watch I see an advertisement from a lumber company every few days. It says that 23 cents out of every dollar that each Canadian gets comes from the forest industry. It may be right or it may be wrong, but if it is right 23 cents out of every dollar is a lot of money.

We have cut down the experimental stations in the forest industry. I come from what was one of the best forest areas in Canada. Now there are no trees. We are now cutting about 10 million acres of budworm infected forests and do not have any trees. Canada has never done better in its reforestry program than harvesting one tree out of every ten. We plant ten trees, one lives. If it does not burn down in the next 60 years, someone will harvest it. In my area they are harvesting trees now that are probably not more than six inches at the butt and they are drawing them in tree lengths to Quebec. We in Ontario are so generous we can give them away. Yet we can cut back the stations that are our only hope of developing a perpetual yield forest. It is not like the mines; anyone will tell you that you should plant a tree every time a tree is cut. However, that has not been done. This is a good time to fly over Ontario to see the trees. The leaves cover the ground. It is like a mat. However, in most places there are no trees of any size.

● (1742)

In my area there is a tremendous fight about whether one particular sawmill or the other will get the new cut. Whichever mill gets the new cut will be able to expand; the other will have to close. In other words, there is enough cut for one sawmill, or a little for each of the sawmills to try and get along with.

The forests of Ontario are not being regenerated. This is probably true in British Columbia and, in fact, across the whole of the North American continent. There are no forests for tomorrow. We will be hard pressed to get along for the next ten or 12 years.

A new project has been started. It reminds me of when the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was minister of agriculture. He talked about the ARDA program, taking eastern Ontario out of farming, where they only farmed stones and little sections, and putting it into forests. I understand that at the experimental stations in Guelph and Petawawa a hybrid tree has been developed that will grow a foot a month.

Mrs. Pigott: The Ontario government did that.

Mr. Peters: The Ontario government is the main force behind it, but the federal government is certainly involved in it too.

Mr. Hopkins: Don't let her lead you.

Mr. Peters: It does not matter who developed it. I could give the name of the man in Guelph who did develop the hybrid poplar tree. The point is that this is an area in which there appears to be a breakthrough. In ten or 12 years you can get a tree the size of a 60-year tree. Therefore, this is not the time to cut off grants to the experimental stations. We would be cutting off our potential for the future in a field where there appears to be some resource. After all, you only need someone with a chainsaw to cut trees which can then be trucked to the

United States or somewhere else to help our balance of payments.

All across northern Ontario, including my area, there are headframes and rusty fences indicating where there once was a gold mine. I suppose that 20,000, 30,000 or 40,000 of these operations have been developed over the past 50 or 60 years. Most have a small shaft that goes down 200 or 300 feet. When they were in operation, they operated on a shoestring. Some of these mines operated when gold was $28 an ounce. A lot more operated when it was a maximum $35 an ounce. It is true that wages were not as high then.

Both the forestry and mining industry are labour intensive, other than in areas such as Elliot Lake or Sudbury where very large quantities of ore are taken out. Gold or silver is mined in a vein 40 or 50 feet wide. Therefore, we do not need a great deal of width to extract a considerable quantity of ore. These mines could be developed if there was some leadership given by the federal government. I am not in the position to say what kind of help should be given. Possibly a penny market could be established. There is no question that in most communities the money is available to develop these mines; what is needed is leadership.

Most Liberals have not followed the example of the Minister of Supply and Services (Mr. Goyer). When he attended a committee meeting not long ago, he was asked by the mining industry to provide gold coins that would contain exactly one ounce of gold with a fineness of .999. I was at that meeting. The minister stated that he would like to have a $100 commemorative coin put out annually but with considerably less gold content than that. However, he agreed with the mining industry he would be willing to have a bullion coin put out. Brokerage and securities people say there is a market for such a coin, one with about twice as much gold as that in production in Canada today. However, the framework to provide such gold coins has not been looked at.

The operation of the gold mines in my area would not require elaborate structures; it would be merely revitalizing a lot of holes already in the ground. A man could mine a few tons per year. In many cases, the gold would be worth $400 or $500 a ton of ore. During the depression, I worked in gold mines for $4.64 a day. Everything has gone up quite a bit since then, but not in proportion to the price of gold today. Today I could get $46 a day, not much in today's terms, working at hard labour in a mine.

People could be found to develop and work in the gold mines in these communities. There are already developed mines that could again be mined. Some of the present mines have extra mining capacity. Kerr Addison Mines in my area is operating at less than 1,000 tons a day, although it has a mill that will handle 5,000 tons.

Not long ago a man who had mined in Boston Creek died. He had operated a mine for ten or 12 years and had made enough money to live on. He went underground, drilled off, blasted, mucked it out, put it in buckets and hauled them to the top. He made enough money to get by for ten or 12 years. That kind of gold mining is available in literally thousands of places in my constituency. In addition, silver is available.

I suggest the Supreme Court ruling told us something. It told the federal government that it has an obligation to see what happens with gold when it comes out of the ground. In Timmins, Kirkland Lake and Noranda there is an opportunity to create 5,000 jobs within six months. The people there are available and willing to work. Most of them are not qualified to do anything but the job they had been doing for a number of years but which is no longer available.

I now want to deal with the Lakeshore mine. There is more gold in the top 200 feet today than there has been during most of the lifetime of that mine. That gold has increased in value from $35 an ounce to $275 Canadian. Maybe the Americans will only pay $225, but in Canada it is $275 an ounce, almost ten times the amount it was worth when the mine closed.

● (1752)

These mines closed because there was not enough money with which to pay wages, though the most I ever got in the industry was $1.19 an hour in one of the best paid jobs and I really do not think the workers were overpaid. But if you paid the workers ten times that amount today there would still be a good deal left over from the sale of the product; the government could take that gold to any country in the world and get value for it. They could go to Germany or the United States and borrow on the strength of it. Why not develop the gold industry here?

I would have no objection to the federal government setting up a national mining corporation, as did Quebec at the provincial level, paying so much for the gold and getting it processed. I do not care what procedure is followed but I think a country is stupid, stupid, stupid when it fails to take advantage of the price of gold in these circumstances. I am not sure gold will always be at its present price. After all, the world might be broke tomorrow; it is already up to its ears in debt.

A few years ago the United States took out a loan from Germany and agreed to pay back that loan either in gold or in Swiss francs. Several months ago the U.S. Treasury went to Switzerland on bended knees asking the Swiss to put more Swiss francs on the market where the U.S. could buy them to pay off part of this debt. The Swiss authorities declined, saying there were not enough Swiss francs in the world to pay off that particular debt, nor was there enough gold in the U.S. Treasury, or anywhere else where the Americans could get hold of it, to pay that debt off. So, in due course, if the regular procedure is followed, the Germans will own the United States because they will take over its assets by default.

As I was saying, the price of gold may not hold up forever, but right now it is at such a high level that we should be mining it in northern Ontario, in British Columbia and, yes, in the maritimes. I am sure the hon. member for Central Nova (Mr. MacKay) could tell us a great deal about the history of the mines which were developed in that province and the reason many of them were unsuccessful, mainly because of the lack of sufficient capital. In those days gold was fetching about

$28 an ounce. Today, with the price around $225, even a cow pasture would begin to look good.

It is possible for us to ignore the studies which have been going on at our forestry stations, though we do so at great risk to the future. If present experiments turn out well—of course, there is no guarantee that they will—we can expect a perpetual yield from our forests. Young people today are not as stupid as we were. They believe in the value of preserving the ecology and I am confident they will find ways through experimentation to maintain a perpetual yield from those forests.

The Liberals and the Conservatives are always talking about free enterprise. I am not suggesting that mines should not be managed by free enterprise; my socialist friends would have a fit if gold production were to be nationalized. It has been done before without too much success because the price of gold was not very high and my friends did not think there was very much sense in digging a hole in the ground, taking out the gold and then burying it again in a vault or some place else. Of course, those who need it can use the gold to fill their teeth, though today one has to be very rich to afford gold fillings in teeth; I suppose people can only afford to have them gold plated. But surely we can find a way of helping to develop Canadian gold mines if only for the purpose of providing employment. Even if we are interested in helping our southern friends—we help them by sending our savings down there and by allowing them to put up factories in our country and take out the dividends—there are some things we can do very well here; for example, long-distance transmission of electricity.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but the time allotted to him has expired. He may continue, however, with unanimous consent. Does the hon. member have unanimous consent?

An hon. Member: Agreed.

Mr. Peters: I will only take half a minute more, Mr. Speaker. I was pointing out that we do have certain resources in this country, that we had better quit playing around and make sure that we use them. I told some of my young people who are smart at developing things that they would be able to get a grant for development of solar energy, but when I sent them all the information they found that without a "gross" of half a million there was no point in even applying for a grant. Mr. Speaker, development in this country will come as a result of innovations by young people with knowledge of these subjects, not from companies of size. Let us begin doing the things we can do best, and develop skills and resources internationally, particularly in mining and forestry because those industries could employ a lot of people.

Mr. Ralph Stewart (Cochrane): May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Turner): It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Order, please. At six o'clock the hon. member for Cochrane (Mr. Stewart) had the floor.

Mr. Stewart (Cochrane): Mr. Speaker, first I would like to join with those who spoke before me in congratulating the mover and seconder in this debate. In particular I would like to underline the important contribution made by the hon. member for York South (Mrs. Appolloni) and her courage in expressing her opinion regarding respect for the lives of the unborn. I agree with her stand and I congratulate her.

The main concern in our country today is the economy. Reasons for the difficulty facing us are many and varied, but there is no doubt that work loss caused by strikes and so-called working to rule must bear a good share of the blame. We have seen what has happened in England and in Italy as a result of frequent work stoppages. Surely no loyal Canadian can wish for the same thing here.

In August the Prime Minister (Mr. Trudeau) said that Canadians are fed up with the nonsense going on in the Post Office. I can say without a doubt that my constituents are fed up and, indeed, so are many, many others who have spoken to me on this subject. In fact, the attitude of many Canadians is "fire the bastards"! While I can understand this kind of frustration, I do not personally advocate mass suspension; but it is obvious to me that a much tougher stand has to be taken, and this stand must extend to all essential services.

I do not know who coined the phrase "the right to strike". How can it be called a right to disrupt a country? Some people refer to the right to strike in the same way they talk about the right to free speech and the right to freedom of expression. The term I prefer to use is the "option to strike," and I say there should be no such option, at least in essential services.

I think an analogy can be made between a strike and a declaration of war, because in both cases they are a last resort when everything else has failed. In addition, they both create a great deal of disruption, one destroying the physical environment and the other creating havoc within the economy.

I have always felt that a strike should be the very last resort, but in recent years it has become far less than that and is used even as a tool for arbitration. Obviously, something had to be done to change the present system because it simply does not work.

Perhaps strikes have become outmoded. Perhaps they should be set aside in favour of some other means of settling labour disputes. Indeed, the prominent American labour leader, George Meany, said a few years ago that strikes no longer served the purpose they had in the past and were becoming obsolete. It is abundantly clear to me that strikes serve no useful purpose when regarded in the over-all context of the disruption that is created in our country as a result. If we do not go as far as doing away with strikes entirely, the least this

parliament can do, if it is to act responsibly, is to legislate against strikes within the public service and in other essential services to Canadians.

When a strike or walk-out causes a necessary industry or service to grind to a halt, the public indicates its displeasure. However, too often the degree of their disgust is strictly proportional to their own discomfort or loss. Too few citizens think or feel beyond their momentary personal or family inconvenience.

The average resident of Montreal or Winnipeg, for example, fails to realize how much more terrible an interruption of rail-ferry service becomes for the people of Prince Edward Island, Newfoundland or Vancouver Island than for himself. If he lives in Nova Scotia or Alberta, he may not think about how interruption of air freight in the Northwest Territories or to the isolated settlements of James Bay and Hudson Bay may threaten the health and the very lives of those in the hinterlands.

The householder of Saskatoon and Fredericton does not get terribly upset if the sanitation work forces of Hamilton stay at home so that garbage piles into hills while flies and rats hold festival. If he lives in Toronto, suspension of electric or gas service to Hull, Quebec or Vancouver is not nearly as despicable a thing as the same thing happening in his own city. What is it to Mr. Average Citizen in Charlottetown or Victoria if a strike of telephone operators cuts off emergency messages to doctors, hospitals, ambulances, firefighters or police in North Bay or Windsor? Does it matter if a business in St. John's or another in Calgary is forced to close its doors and send its employees home because a postal strike has suspended transmission or sortation of mail?

● (2012)

If the significance of an industrial dispute weakens with its distance from home base, one should not be surprised that remoteness in economic terms is even less well realized. Interruption of stevedores' work in Thunder Bay or pilots' duties on the St. Lawrence seaway may cause grain to choke elevators and pile up on farms. Beyond that it may wreck an international agreement with Great Britain or China, or it may even bring hunger closer to helpless millions on the other side of the world.

Every disruption of utility or production line inevitably and inescapably raises the cost of goods and services throughout the whole market area, usually beyond that area, and prices rise with costs. Reduction or disappearance of income in any segment of the economy results in the slowing of business, an increase in unemployment, the disappearance of profits which would otherwise be available for investment in expansion of existing enterprises or the founding of new ones. New cost burdens are thrown on the welfare apparatus of municipal, provincial and federal governments, forthwith translated into bigger levies upon every taxpayer. The strike to obtain higher wages simultaneously and inevitably is accompanied by higher costs and higher taxes, leading to the next round of demands and strikes.

Are we in Canada waiting for a general strike which strangles the entire population before doing something about it? Are we to endure forever this pattern of big or little blows, of short or prolonged agonies? Are we to endure everyone facing another work stoppage? Are we to endure some new example of injustice hitting first one group of workers, then some employers, then whole communities of consumers, and even the entire nation?

Most Canadians would agree that when a nationwide strike cuts a service from the Atlantic to the Pacific, the government has to step in. Indeed, any hesitancy on our part would be regarded as weakness by the majority of Canadians. Quite aside from the widespread hardship for the whole population which may be imposed by a work stoppage in a vital industry or service, also the following should be considered. It is ridiculous that the practice should have grown up in this country of meeting the more serious crises by the adoption of special legislation put before a specially convened session of parliament or legislature. Surely it should be beneath the dignity and reputation of a sovereign state that the parliament of Canada should be summoned to end a railway strike or an air controllers strike; that the legislature of the province of Quebec should be convened to get teachers and public servants back to work or the government of the province of Ontario should end a transportation paralysis. Laws should provide a structure within which foreseeable disputes can be settled in a just and orderly manner; they should not be improvised to meet sudden emergency.

The laws of the modern state may not yet give adequate support to unions seeking to fulfil their functions under such conditions, but constantly they are being improved as experience accumulates and as a clearer concept of social justice is achieved. Present standards have not been reached easily. Unions look back upon a history of struggle against odds. However, unions are long passed the stage when they should feel threatened, harassed or unprotected. Now they are part of the establishment, whether they wish to admit it or not. They are not government and should never be permitted to act as if they were.

The state is the instrument which serves the entire society. The whole society must guard jealously against being used by non-political powers, wealth, labour unions or pressure groups based on religion, sex, race, ancestry, professionalism, education, or by the idle, the criminal and the violent. The point is that unions are no longer oppressed but are a part of the estblishment. They can even look down on the non-union labour in some instances. In the over-all picture the only group that is sacrosanct is the whole of society, for whom the political state must be able to speak and act.

It follows then that the state must limit the powers of the corporations so that its citizens may remain politically free. Similarly, it must limit the power of worker organizations to whom some of these citizens belong. No class or group within our nation should be in a position from which it can hold the whole population or large segments of it to ransom. Unions

must be controlled for precisely the same reasons that corporate entities within society must be controlled—so that they may not obtain a stranglehold upon the political organism which alone must think, speak and act for all.

Those who find their jobs eliminated by the cessation of essential operations, who find their costs skyrocketing as efficient industrial and merchant activities are halted, and those who find health and education threatened for themselves, their families and neighbours by disputes utterly beyond their control, can find protection only in their instrument and servant—the state or government. Unemployment, reduction of food supplies, a halt in the building of homes, are just as painful if they result from union action or are imposed by slum landlords or corporations.

If we were looking for a place to lay the blame for labour problems, one could blame the government, management or unions. Regardless of whose fault it is, the important thing is to find a solution, one which is better than what we have at present. I believe the solution is known and it can be imposed justly. The way to impose it is through the control of law. On this matter I wish to quote Abraham Lincoln as follows:

> The reign of law and the maintenance of the machinery for the administration of justice, inadequate as they are, are man's only possible defence against the reign of violence, tyranny and unqualified injustice. Without these the weak man and society as a whole become prey to the unscrupulous and the strong; the individual becomes the victim of the mob.

I repeat, the rule of law is the only way to a solution. There is scarcely any activity of men and women in society which is not brought within the scope of law. Whether it be the quality of food or clothing bought for the family, a commercial form of recreation, the manufacture, sale and purchase of vehicles, all aspects of housing or the production of utilities, all are within the ambit of law.

Codes set standards of health and working conditions, outlaw discrimination, provide a structure of rights for unions and their members, establish obligations for employers, set out procedures for negotiation and conciliation. But strangely when it comes to strike action, the one form of action which affects every man, woman and child in a multitude of ways, it substitutes anarchy for order and actually legalizes a form of blackmail aimed at employers, fellow workers, the state and the whole of society; it is left completely open-ended.

Outside of criminals, it is difficult to think of any segment of society which is not brought under the control of law. It seems odd that whenever we discover leaks in the structure of protective law, such as juries or other public bodies, an attempt is made to plug the leak. But in the case of strikes, it seems that society simply stumbles on from one strike crisis to another.

At the beginning of my remarks I indicated that all strikes should be brought within the rule of law in the same way as other activities which affect society. But all strikes are not equal in importance and a least those which affect society seriously should be brought under the law. To categorize that which is an essential service is relatively easy. They include all industries and services, the uninterrupted maintenance of which has become essential to the survival of the modern western community. Those industries and services which are categorized by law as being essential to society would not be permitted to strike.

Compulsory arbitration may be anathema to all orthodox unionists. But since the existing methods have not worked, it is time that we choose this course and stick by it. The fact is that our society has continued to take great risks in permitting services and industries, which are vital to survival, to be interrupted time after time, while the dangers and costs of interruption multiply.

● (2022)

It is immaterial whether the fault lies with the employer, the employee or the government. The time has come to call a halt to disruption. No one should be compelled to work in essential occupations, but if one prefers to do so one must forgo the option to strike in return for compensations guaranteed by law and administered by arbitration courts which are as far above influence and interests as are the skilled courts of criminal jurisdiction.

It deserves to be repeated that while social action of this sort may have a shock effect, it is really not sudden or revolutionary. We have been moving gradually along a straight path for many years. That path has had to be cleared of trees and underbrush like any other pioneer road in new country. The route has had to be explored and blazed before it could be cleared. But it has been apparent to any discerning eye that the path is marked "Law" with a capital "L" and that the destination point is "Justice" with a capital "J".

For labour peace and social order the price which unions in the essential services must pay is the relinquishment of the so-called right to strike. The price which management must pay is a levelling up of compensation, not only in dollar terms but in guarantees of job security. Both labour and management must learn to live with compulsory arbitration as the seal of the customary processes of negotiation, conciliation, mediation and procedural rules. All elements, including society, will be rewarded by escaping the incalculable costs and the ever-threatening hazard of periodic interruption of production and distribution.

Other reforms must follow and I should like to mention some of them briefly. One is mobility of labour. If a large and important class of workers is to be deprived of its major escape valve, job security alone is not sufficient compensation. It must also have improved opportunity to move into different types of work. Some of this mobility is already in place and is facilitated by such things as retraining programs, employment finding organizations and by means of the payment of costs of moving to new occupations. Such programs must be sufficient so that a worker feels confident of being made mobile.

The second pathway to be brushed and paved follows as a corollary to the first. A worker moving from one job to another must be assured of the portability of his pension rights, whether he moves into a new type of work or into another

province. Considerable progress has taken place in Canada already but the provinces which have not acted must do so to assure the maintenance of full pension rights.

It is time that new methods be put into practice for the settlement of labour-management relations. I contend that to strike is not the God-given right that some people advocate. If society suffers to the extent that it has in some countries, let us learn from the mistakes of others and establish a system of arbitration which will obviate work stoppages in the future. There may be circumstances in which the strike weapon is a legitimate one, but others in which its use is a crime. In the case of essential services, such as the postal service, it is a crime and should be treated accordingly.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, at the outset, of course, I want to congratulate the hon. members for York South (Mrs. Appolloni) and Verdun (Mr. Savard), respectively the mover and seconder of this Address in Reply to the Speech from the Throne. They have done an admirable job under difficult circumstances I would say, sir. I also wish, as other members have done, to pay very sincere tribute to His Excellency the Governor General and his good wife who have carried out, with such distinction and warmth, their responsibilities during their term of office.

This particular Speech from the Throne was almost obsolete, I would suggest with deference, about 30 minutes after its release. Talk about a sense of déjà vu; this particular one in its antecedents and in its premises simply cries out for non-acceptance and for scepticism. It does little to meet the challenges of our country. It does little to meet the needs of our country. Nor does it signal the end of the posturing and the economic failure of the Prime Minister (Mr. Trudeau).

I was very interested in the remarks of my friend who just spoke. He castigated big labour, he castigated big business, but he ignored the biggest villain of all in this country at the present time, and that is big government; a government which has failed so signally to protect its citizens from the excesses of either big labour or big business. It is obvious that the Prime Minister in his visit to Bonn, Washington and other places did not really learn anything as far as the need for a different posture in his approach to leading this country is concerned.

He and his cabinet should refer to a very interesting book written by a former secretary of the treasury of the United States, Mr. William Simon, called "A Time for Truth". Mr. Simon points out that the reason for discussing economic issues is not to inspire a national passion for bookkeeping, but to inspire a national awareness of the connection between economic and political freedom. The connection is real and it is unbreakable, and to lose one is to lose the other.

In this country that is exactly what is happening to a government that favours manipulation and intervention. They are creating economic alternatives which are practically inescapable. Such government can confiscate, it can redistribute what is confiscated, it can spend more than it possesses, but there is one thing it cannot do, and that is produce wealth. That is what this government has not yet learned. It has not yet learned that the productive partner in our society is the private sector.

The government has maintained, belatedly, that the private sector does have some responsibilities, and the private sector does have the capacity to produce wealth and to spark a recovery in this country. But the economic climate that has developed under the Prime Minister and his cohorts, a climate which is so terrible and has resulted in such unprecedented high interest rates and deficits, is one which discourages and not encourages the private sector, which this country and this government belatedly is now depending on to right the harm it has done over the last ten years.

The cutting of taxes and the untangling of red tape is absolutely essential if we are to make any progress. One possible answer lies in the theory of potential budgeting. That is one possible answer to these difficulties. Governments must rearrange their priorities. They must consider the necessity in some cases of spending money in order to make money. The difficulty is, this government has been spending money for all the wrong reasons. There is a big difference between buying a Cadillac and buying a dump truck. With one you can make money and deliver something of value. With the other you can drive around, perhaps back and forth to the House of Commons or to your place of business, but that really does not do very much for the economy, unless you are pushing a consumer economy and trying to consume energy.

You can spend money wisely to make money. You can reduce taxes and get more revenues as a result. President Kennedy proved this when he, over the objections of many of his financial people, reduced taxes in the United States by approximately $10 billion and was rewarded by almost double that in increased revenue.

The Chancellor of Germany, Ludwig Erhard, quickly realized after the last war that if you reduce taxes to an acceptable level it will produce an unprecedented response from the people. Andrew Mellon did the same thing in the 1920s in the United States. This government is absolutely incapable of recognizing that it is taxing our people right into the ground. This government does not even have much interest in indexing the capital gains tax, or experimenting with any of the equity that is possible when taking a look at our tax system. All this government can do is have a Pavlovian response when someone on this side of the House puts forward some positive theories in this regard.

● (2032)

It is very amusing to see what happens when the Prime Minister and the Minister of Finance (Mr. Chrétien) try to counter the criticism. I think sometimes that the Prime Minister must be a bit of a baseball player. He is leaving his Minister of Finance in the House of Commons under considerable fire from the heavy hitters and the arbitragists in the financial centres of the world while that gentleman throws his verbal knuckle balls around the House of Commons and gets wracked up and our poor economy sinks lower and lower, just like the batting averages of some players in the World Series. I

would not want to try to negotiate next year's salary on the batting averages in the economic league of either the Prime Minister or the Minister of Finance. The only thing we can be thankful for is that he is not a playing coach and tried to assume the portfolio himself; otherwise we would probably be even worse off.

The concerns of this country, as reflected from the part of Canada that I come from, are growing steadily more pronounced. We have not seen anything constructive being done to cure our transportation inequities, and we have not seen any responsible capital intensive projects of a major nature to help us. Little has been said about a corridor road, although Maine, an idea which has been brought up from time to time—it has been brought up, in order to be fair, by members on the other side as well—a road which would, by its very nature, cut a couple of hundred miles off the journey and greatly improve our accessibility to markets in central Canada. Such a road could be built in partnership with our friends in the United States and do a great deal to help our economy and to straighten out inequities in a very practical way.

We should have had a far greater and more gracious acceptance of our historic rights for our offshore resources than we have had. Under some prodding the government finally conceded that Nova Scotia could have three-quarters, subject to certain of their own claims coming off the top. This is absolute nonsense and a denial of the rights and the traditions of Atlantic Canada.

For example, the province of Newfoundland is a province that has the capability, right, capacity and historic claim to its offshore resources. This government, however, will not even concede that, subject to the powers of the National Energy Board, national energy policy, environmental standards within a federal jurisdiction, the province of Newfoundland has the right to proceed on its own level to develop and exploit these resources, knowing full well that that province, as my own province of Nova Scotia, can handle this development far better than a centralist government. To make matters even worse, the government does not appear to be willing to apply customs and immigration and other federal statutes to the point where it is protecting the rights of Newfoundlanders, against off-shore drilling, particularly at this time, for the benefit of inshore workers and producers of local products. It is nothing less than a disgrace.

As far as the fishing industry is concerned in Atlantic Canada, time after time the member for South Shore (Mr. Crouse) has pointed out to this government the ludicrousness of its policies, the inequity of its quotas, the fallacies of the ICNAF arrangement, and that hundreds of thousands of tons of the very best fish in the world are being dumped by fishing captains to avoid these silly laws. The government has refused to listen to the hon. member despite the fact that he is one of the few members in this House who has the practical experience to back up what he is saying. He has actually operated a fishing fleet and therefore knows of what he speaks; but these people opposite still do not listen.

[Mr. MacKay.]

Regional disparity in the past has been a buzz word with this government. In some of the Speeches from the Throne in the not too distant past, it has been said that there is no higher priority than solving regional disparity. Well, Mr. Speaker, one would never know that. As the failure to solve regional disparities becomes more and more manifest, so does the mention of its continuing support become less and less obvious in successive Speeches from the Throne. Right now we have energy costs that are almost prohibitive for any industry that would seek to establish itself there, yet this government up to this point has not been willing to press ahead with any meaningful, large capital cost projects that would see as their objective the solving of this problem by making it possible to take in electrical energy from parts of Canada where it is available by means of a national power grid.

This government has commissioned yet another study of Fundy tidal power. I do not know how many studies we have had, but it is good business for the consultants and that is about all. That is another sore point, consultants. For the money this government spends on consultants, we could probably fuel an economic recovery in at least one of the Atlantic provinces on that expenditure alone, which sometimes has approached $1 billion on an average over the last few years. This government absolutely refuses to spend its money and marshal its priorities in a way that is good for the country.

The Minister of Transport (Mr. Lang) is an interesting man for he is practically a one-man cabinet. He is minister in charge of the Wheat Board, Minister of Justice and Minister of Transport. The people of Canada have not seen an act like that since Harpo, Groucho and Chico Marx, and he has done it all by himself, just he and his JetStar. The Minister of Transport and his departmental associates have paid out, for example, over $1.5 million, as evidenced in a belated answer I received to a question on the order paper that is over a year old, to consultants, Phillip Binehaker and his group and a well known Toronto law firm, for some work having to do with the Pickering airport.

They are still beavering away at this project, despite the fact that the government of Ontario and the people of Toronto have indicated that they do not want another Mirabel, a monstrosity that not only is an economic drain, having run up a deficit since it opened at the average of approximately $40 million a year, and which is an international model of how not to build an airport. This may result in the closing down and curtailing of a perfectly good airport in Montreal which continues to make money. That kind of use of our tax revenues and how to get value for money spent is what is causing a great deal of the difficulty in the past ten years in those areas of the country where there is a real need for sound infrastructures. Such examples as the corridor road, the development of minerals offshore and improvements that are required in our fishing industry are only a few of the projects that could have been funded.

The government, despite pleading from their own members as well as members on this side, has steadily refused to provide even the most rudimentary of amenities to the fishing industry,

as the hon. member for South Shore I am sure will agree. They could in a few of the communities around our coastlines put in a few slipways, a few lights on the wharves, a few things to hoist heavy crates off boats, and this would do a tremendous amount.

Mr. Crouse: A little more dredging.

Mr. MacKay: Yes, a little more dredging. That is another story—the millions and millions of dollars over the years that were wasted on dredging. We wonder if the dredging in some cases was ever done, but that matter is being proceeded within the courts, and perhaps some day we will have the answers.

There is no point in going on ad nauseam about examples of government waste, but the refusal of the government to come to grips or even to admit that this is occurring is a reason for the tremendous animosity that is building up, not just toward unions and business, as my friend from Cochrane (Mr. Stewart) said, but toward the government itself.

The Minister of Public Works (Mr. Buchanan) said today in the House that he is quite satisfied with the report of the standing committee on finance in the other place, as if that report justified and vindicated the things that his department was doing. He must be either so unaware of the practical realities or so regimented that he does not understand what is going on in his own department. Let me put on record some of the statements made before the committee which took a look at the Les Terrasses de la Chaudière project, which is only one of many projects that one could choose. Page 90 of the Senate report states that the Department of Public Works—

> —with the approval of the Treasury Board, failed to observe precautions taken as a regular course in all other projects for the acquisition of space... The committee's inquiry into the details brought out evidence that these agreements have committed DPW to pay rates for the space involved well beyond the prevailing private sector level.

It states also on page 89:

> The committee's inquiry into the details of the four lease-purchase agreements made in the Ottawa-Hull area brought out evidence that these agreements have committed Public Works to paying rates for this space well beyond the prevailing private sector level. The two agreements for the buildings in Hull have brought the department's judgment into question in parliament and the press. In entering into them the department, with the approval of the Treasury Board, failed to observe precautions taken as a regular course in all other projects for the acquisition of space. No tenders were called and proposals made by the owners for space not yet in existence were accepted.

● (2042)

If that kind of commentary can be interpreted as a vote of confidence in a department, then there must be a new standard of acceptance.

As far as matters of security are concerned, the government has again failed to be honest with the people; they have failed over the years and months to answer a very simple, rudimentary question about what they intend to do with this iniquitous section 41(2) of the Federal Court Act. This section has become so infamous that it really does sanction executive privilege without judicial review in this country. Sum it up anyway you like, that is the bottom line. Any country that would allow a statute like that to remain on its statute books in times like these, having consulted and been in touch with the attorneys general of the provinces, as the former minister of justice indicated to me in this chamber that he had, and without making some modification to it, has got to be extremely unrealistic and insensitive.

This government has not lived up to its responsibilities in the way that the Canadian people have a right to expect. Rather, it has shilly-shallied, delayed and asked people to have confidence. What the government is really saying is, "Let us be your confidence men." There is no reason why they should extend this parliament—if they had any confidence in themselves. If they had real confidence they would have called an election. The fact that we are in this chamber at this time indicates their tremendous lack of confidence in themselves.

How can the people of Canada extend to this Prime Minister that which he appears to want more than anything else—a mandate to change our constitution? Supposing someone hired the Prime Minister to run a large business—and I do not think many people would—and then over the last few years the corporation had systematically fallen into a deficit position—had lost large markets, good will, its credit rating had been damaged, its retained earnings depleted. In other words, it had been weakened to the point that its stock in the business community was in the same state as our dollar is in the international community. Then he came up with the great idea of radically changing the way of doing business. He proposed to computerize everything, change the distribution methods, turn the thing upside down and make a lot of money, saying, "I want you to have faith in me." If he had done a good job during the past ten years and had increased the retained earnings, held his own in a challenging market and demonstrated a grasp of practical realities, then I think one would be justified in saying, "It sounds unorthodox and it is untried, but based on your past record, we have confidence and we will authorize you to take us into these uncharted waters."

I can see you doing that, Mr. Speaker, because you are logical, reasonable and an admirable individual, but I cannot see our permitting anyone with his record to do anything further, he having demonstrated his incompetence under the present set-up. Yet that basically is what the Prime Minister is asking the people of Canada to do.

His reach for constitutional reform is frustrated by his lack of grasp of practical realities. That is the greatest frustration that I think the Prime Minister and this government will have to face. They have failed miserably in their stated objective of reducing regional disparity and of bringing us a more open society. They have even welched on the solemn commitment to do something about the War Measures Act. I believe the anniversary of that infamous occasion is today. A solemn commitment was made that it would be discussed in this House and steps taken to do away with it, but as usual nothing has come of it. Yet the Prime Minister and his government are asking the people of Canada and members of this place to trust them to lead us into uncharted waters and change the very basis, in many respects, of our constitution.

If the government wanted to do something constructive and work with the other place, they should take one step at a time. First of all, they could make the Senate an elected body and no one would quarrel with that. At one time the United States Senate was an appointed body but it ran into difficulties in the early part of this century. It is now a very admirable institution and I suspect part of the reason is that it has become an elected body.

I sincerely hope that in the few months left in this parliament the government will bring forward some concrete legislation which will be handled with dispatch. We on this side would be pleased to do that. Mention was made today of the Bank Act which needs to be reviewed and I think the government and the Prime Minister would find us very co-operative in that regard.

Many other things need to be done, such as tax reform. Let us experiment a little with reducing or at least indexing some of the capital gains taxes which are the noxious glue gumming up the wheels of free enterprise in this country. We cannot afford a capital gains tax in this country. Anyone who has examined it can see that it is a regressive tax which stops people from taking a chance and doing things which they could do with a more reasonable approach to taxation.

The government could recognize that many people who purchase stocks in Canadian companies wish to provide for their retirement or to educate their children and should deal with them differently from the speculators who deal in non-Canadian securities. Instead of that, the Prime Minister, as he clings to office for the last few months, is going to continue to be obsessed by his constitutional pretentions. As far as I can see he has never demonstrated that he is particularly qualified for this task. Certainly some of his colleagues and some distinguished senators from his party have been most savage in their criticism of what he is attempting to do.

I would hope that his proven lack of capacity to lead this country along the road to success and prosperity which some of his own predecessors in his party who held the highest office predicted for us will be a strong warning, a red flag and all the other warnings that are necessary to the people of this country and members of this place so that they will not permit him, of all people to vary our constitution. Let us wait until we have a new parliament, a new leader, a new prime minister; let us wait until the present cabinet, which, as someone said, is probably the largest collection of pygmies outside the Belgian Congo, has had to go to the people and try to get another mandate. Let us then talk about making changes to this constitution of ours.

Some hon. Members: Hear, hear!

● (2052)

Mr. Art Lee (Vancouver East): Mr. Speaker, I would first like to extend my sincere congratulations to the mover and seconder of the Address in Reply to the Speech from the Throne. Having had the distinct honour and privilege of doing so myself, I know how proud their constituents must feel in having their members move and second the Address in Reply to the Speech from the Throne. It is a privilege not only in recognition of the hon. member for York South (Mrs. Appolloni) and the hon. member for Verdun (Mr. Savard) of their own particular talents and capabilities. It is a distinct recognition of the particular constituencies and people they have the honour to represent in the House of Commons.

I also extend greetings on behalf of my constituents to His Excellency the Governor General and his wife on the excellent Speech from the Throne. I wish him well. I hope he will be able to continue in his portfolio and that we will not be seeing the end of the fine work he has done in serving Canada over the past few years.

It was very interesting to listen to the speeches delivered last Thursday by the leaders of the various political parties. I listened very attentively to the Leader of the Opposition (Mr. Clark), the leader of the New Democratic Party the spokesman on behalf of the Social Credit party and, of course, the leader of our party, the right hon. Prime Minister (Mr. Trudeau).

There is no question that the Prime Minister did an excellent job. It showed this country and those in this House that he is truly a leader of distinction. He showed in which direction this country should go. The economic program and the discussion about the constitution and national unity were excellent. His speech really hit the nerve of what Canadians want to hear.

The speech by the Leader of the Opposition was rather interesting. He raised the spectre of many old scandals about which we have heard off and on over the past few years. All the opposition wants to do is talk about scandals.

We in this country have a unique and sound tradition with regard to our judicial system, how it is thought of and how we approach it. A person is always thought to be innocent until proven guilty. The Leader of the Opposition raised the old problem of Sky Shops and Senator Giguere. He stood trial and was cleared, yet the Leader of the Opposition raised the matter again. I sat in amazement. These people talk about our very fine traditions and what is fair. However, in his speech the Leader of the Opposition did not once mention that Senator Giguere had been cleared.

The Leader of the Opposition talked about the Royal Canadian Mounted Police. As Parliamentary Secretary to the Solicitor General, I had first-hand experience with the way the opposition attacked the government on this matter. They talked at great length about the need for a royal commission and the rightness of the Keable commission in the province of Quebec. When evidence brought forward showed there was need for a royal commission, one was established. During the fall and summer the opposition attacked the government, saying that all it had done was create a royal commission to cover up and that it was not going to do the job. They even questioned the appointment of the head of that commission, Justice McDonald, a very fine person.

The opposition has attacked the government with regard to the independence of the judiciary. I recall the so-called alleged judges affair. There they attacked the independence of a member of the judiciary, Justice McDonald of the Supreme Court of Alberta. I really wonder about the duplicity of the kinds of arguments raised by the official opposition. They must realize that once a person is appointed to the judiciary, we have to respect him as an independent person.

During the alleged judges affair, there was lecture upon lecture and question after question in question period about how the government was upsetting the independence of the judiciary, tampering with their integrity and the principle of independence of the judiciary. The official opposition keeps coming down on one side of an issue and then on the other, as it suits them.

The whole issue of the RCMP is an excellent point. It is a very fine institution in this country, well respected in Canada and throughout the world. The opposition soon found that the people in this country were asking what they, the opposition, were doing. They were told that they could not win elections and gain power by riding on the backs of the RCMP. Canadians were telling them to cool off.

For the last while, the opposition have not been attacking the RCMP. I think the opposition found that by attacking that institution they were attacking the men and women who make up the RCMP, some very fine people. I have had the opportunity of meeting members of the RCMP in the smaller communities in my province, the Northwest Territories and the Yukon. They not only perform the duties of the police force but become involved in the community. One often finds the local constable directly involved in community affairs by acting as coach of the local baseball or hockey team. They help to solve the serious problems of juvenile delinquency in the communities. They are involved in diverse programs. This is what the opposition members faced when they returned home.

By attacking this very fine institution, the opposition found they were attacking the people. When they were told they were not going to be elected by attacking the RCMP, they backed off. We have not heard much complaint about the RCMP from the opposition recently.

We have heard about any number of scandals from the official opposition in the four years I have been here. The hon. member for Central Nova (Mr. MacKay) said that the government could put forward a big economic program if it tallied up all the dollars that have been spent on consultants. At the same time the opposition complains that the government does not listen enough to outside people, that it listens too much to the civil servants.

The Leader of the Opposition complained about the so-called elite in the Prime Minister's office running this country. I wish the opposition would make up their minds. Which side are they on? Are they saying the government should not listen to anyone other than civil servants? There are many good deputy ministers who are advising the government. Are they saying we should not have outside consultants, people who are expert in their field and close to the regions or specific problems they are asked to deal with?

On one hand the Leader of the Opposition says that all we have is a group of elitists in the Prime Minister's office who are running the country. I really do not understand this. The opposition comes down on one side of an issue and then within a month, week, day or even an hour comes down on the other side.

• (2102)

This is the party which hopes to replace us in leading and governing this country, but I certainly do not think it will. We hear members of the official opposition complaining about the restraint program announced by the government in August and discussed in great detail in the Speech from the Throne. They say it is not a real program but just cynical politics to gain votes, yet I have heard a number of opposition members who represent constituencies in my province complaining about some of the cuts. I have heard them complain about how the cuts will affect the province of British Columbia. They have complained about cuts with respect to weather ships. I have heard opposition members from the Atlantic provinces complaining about cuts which will affect weather reports there. In my own city I have heard opposition members complaining about the cuts because they will affect federal programs, particularly public works projects. There will be cutbacks with respect to the federal government building which is planned to be built in the federal riding of Vancouver Centre. These are the same people who talk about cynicism and about the government restraint program not being a real program, yet they ask why we are cutting this and that.

We talk about tightening up unemployment insurance, and hon. members opposite ask why. I remember that they often used to complain that it was too generous, but now we are cutting back. Perhaps we were too generous, so now we are trying to divert some of those funds to job creation programs. In this regard members of the official opposition and of the New Democratic Party complain that we are being too tough.

I think that the government's program boils down to three R's, restraint, reallocation and renewal. Restraint means even tighter controls on government spending. We have slashed $500 million from current expenditures while slicing another $2 billion from next year's budget. As well as making government leaner and more efficient, our belt-tightening exercise will leave more resources with the private sector for job creation.

This is exactly what the hon. member for Central Nova (Mr. MacKay) was talking about. He says we are not leaving enough to private enterprise not allowing private enterprise to produce. He says that private enterprise is the one sector which truly generates wealth and that we should allow it a little more freedom. The hon. member talked about indexing the capital gains tax. Why not examine the possibility of eliminating the tax entirely? Why even talk about the question of indexation? Why not examine the recommendation of the Bryce commission which talked about the elimination of the

capital gains tax? Hon. members opposite like to tinker around. They like to be on the one side as well as the other. Perhaps they should decide whether they do want elimination of the capital gains tax.

The second of the three Rs of the federal government program is reallocation. Within our reduced budget we are taking away $1 billion from certain departments and programs in order to spend it where the present need is greatest. I think this will mean more jobs for the unemployed, more help for elderly Canadians with low incomes, more help for low and middle-income families with children and a faster growing economy.

The government's economic package does not signal a radical departure from previous policies. I think it has been labelled by members of the official opposition and by some members of the media as a deathbed conversion.

At a convention of my own party I once delivered a speech about restraint, and I can see that since 1975 the government has followed a program of restraint. It has limited increases in government expenditures to a level below the rate of growth of the gross national product. In the same period we have fought inflation in order to cushion the most vulnerable of our citizens against the ravages of inflation. Finally, we have given a high priority to economic growth and the creation of jobs for our young people. What cutback and reallocations really represent is a strengthening of existing programs and a reaffirmation of our long-standing goals.

I listened with great attentiveness to the hon. member for Central Nova when he spoke about turning everything back to free enterprise. I do not think we have really had free enterprise in this country, unless the free enterprise about which members of the official opposition are talking is the free enterprise of the days of the robber barons or the Carnegies. I do not think I particularly want to return to that era. In that era free enterprise did not really care about the working people. Working people did not have pensions or health plans. When people were unemployed, there was no such thing as unemployment insurance.

This is the kind of thing which leads me to think that members of the official opposition want to throw out the baby with the bath water. They want to turn to the old, free-style free enterprise where the needs of average working people are forgotten. Such needs are medicare, unemployment insurance and the job-creation programs which this government has undertaken and, I think, very effectively. I do not know what members of the opposition are attacking when they ask for more cutbacks and more restraint. I think if we were to do things the way they want us to, we would throw the country into a tailspin and cause a recession the likes of which this country has never seen.

Members of the official opposition talk about redistribution of income. They talk about their mortgage plan. I must agree that the principle behind the plan is not bad, but judging by the way the hon. members opposite are talking about it, the program would be ludicrous. I come from a working man's riding, and I do not see anything in the plan to help working people. Many people in my riding are renters. The program would do nothing to help them. How would it help people who rent? Should those people not be allowed to deduct something from their incomes? Should they not be allowed to deduct part of the payments they make to their landlords?

Because of the marginal rates and the effective rates in our Income Tax Act, those on higher level incomes usually receive a better advantage from any proposal which does not really take into account the effect of marginal and effective rates. That is why the Minister of National Health and Welfare (Miss Bégin) announced changes to the family allowance and tax credit of $200 per child per year.

I remember reading about this in the Carter royal commission report as well as in the report of the Advisory Council to the Department of National Health and Welfare. The Carter commission and the advisory council were involved in the area of national welfare, and they advised the government that it should implement a tax credit program.

We do not find that in the program of the official opposition. It is very clear that the proposals of the official opposition would not help people on low and middle incomes. Those at the top who earn $50,000 and who have large mortgages would really be laughing, but the proposals of the official opposition would not help the average working Canadian. The mortgage interest deduction program has to be the greatest political gimmick I have ever seen.

I remember explaining to some people in my riding the effect this program would have and how it would not really help them. They were quite amazed. They said, "Perhaps this is really an election gimmick". That is what many people really think when they study the proposal of the official opposition. There are many people in my riding who cannot afford down payments, and I do not think the program would help them.

In the process of trimming our budget and redistributing dollars it is clear that some very good programs will suffer. We do not like to cut back on those programs, but we should redirect our tax dollars to areas of the greatest need. We have no choice.

I have spoken about the family allowance. We are cutting it from approximately $25 per month to $20. I think that is a positive step, when we take into account the tax credit of $200 per child for those families which earn $18,000 or less. For those families which earn more than $18,000 the tax credit will not be as high. I think this is an excellent way to approach the matter. The approach should be to help those who really need help. If we are to use the family allowance program effectively in this time of restraint, we must reduce monthly payments to some families. The monthly cheques will still go out to every family with children, but in a reduced amount—$20 per month per child instead of the current $25.

● (2112)

The money saved by that reduction will finance a refundable tax credit of $200 a year for each child under the age of 18, in cases where the family income is below $18,000. Above

$18,000, the amount of the credit will diminish and gradually disappear in the high-income brackets. That credit will be paid to the mother of the family, effective January 1979, and it will be paid even in cases where the family pays no income tax. While the greatest benefit will go to the 1.5 million children who live in poor Canadian families, the tax credit will also provide greater assistance to middle-income families in caring for their children.

Our unemployment insurance measures tell the same story. We are reducing the benefits of the program and tightening up its administration. But with the money saved, we are offering enriched incentives to the private sector to create permanent jobs. Young people have trouble finding jobs because of their lack of experience; the federal government will now pay the cost of a $1.50 an hour wage subsidy to those employers willing to take a chance on hiring a young worker. We will also give a subsidy to business to train the workers it needs. We are aiming to have these measures in place before winter.

And we have other proposals, likewise aimed at combatting inflation, fostering economic growth, or improving the lot of needy Canadians. The old age pension supplement will rise by $20 per month per household from January, 1979. An additional $300 million has been alloted for industrial development. The federal excise tax on gasoline has been cut by three cents per gallon. Postal service will be improved by the Post Office's conversion into a Crown corporation. Taken together, these initiatives and announcements add up to a comprehensive agenda of economic and social action.

This brings me to the third R, renewal. Our economic program aims at something beyond more jobs, better social services and leaner government. Ultimately, we are seeking to establish a renewal, a strengthening of confidence in this country and its future.

Canada still has boundless potential in its natural resources, its skilled manpower and it growing industrial might. We also have a solid record of past economic performance. Whether the measurement is the rate of growth in employment, the number of new homes, or the increase in real disposable income, Canada comes out first among the western industrialized nations in over-all performance. Nothing but a lack of confidence can hold us back from economic recovery.

Spending restraint and the reallocation of existing resources are now fact. What remains is for Canadians everywhere, in their response to the government's new economic program, to display the renewed confidence which will allow them to achieve the future they deserve.

The other issue I would like to spend a few moments talking about concerns the area of constitutional change. During the summer, along with colleagues from all sides of the House I served on the special joint committee of the House and the Senate with respect to the constitutional proposals. I think it was a very interesting exercise and I think it is noteworthy that the committee was able to come down with what I think is a unanimous report in some aspects, shedding light on how it feels about constitutional change and constitutional proposals.

I listened to the hon. member from Central Nova saying there was no urgent need to change our constitution. Well, I think there is. I think we have to demonstrate to the people of this country that parliament is not going to stand by and maintain the status quo. I can see the hon. member across from me shaking his head. They keep on saying we are going about this the wrong way, that we should not just be making changes with respect to institutions but that we should also be talking about the division of powers.

The premier of my own province, British Columbia, delivered a speech last spring, in May of 1977, to the Canadian Men's Club in Vancouver. He said—and I believe my memory serves me correctly—that the two most important and urgent problems facing this country were the national economy and the question of constitutional reform. In that speech, Premier Bennett went on at great length to express the view that we did not really need wholesale changes affecting the division of powers; and what we need is a change in our institutions to ensure that the various regions within our country, and the west in particular, do have the power and the ability to influence what is going on within Canada by changing federal institutions. He agreed that maybe we should change the upper chamber as it is not really doing the job of properly reflecting regional interests and regional needs.

As for the particular proposal of the government with respect to the House of the Federation, which was tabled for discussion purposes only, I certainly do not think that proposal is that sound. But it started off a very good discussion on how we could change federal institutions to meet the needs of the west and of the Atlantic provices so that we would get away from this feeling of alienation, this feeling that there is too much power within central Canada.

That was certainly brought out by the people who spoke and testified before the committee and in particular by the representatives of the Canada West Foundation. I think they are a very articulate and good group headed up by Mr. Stanley Roberts, the former vice president of Simon Fraser University of my home province. What he was saying was: Yes, we realize that this government has in fact taken into account the various regional interests. Whether through appointments to various quasi-judicial bodies like the CRTC, the Canadian Transport Commission or administrative bodies, or with respect to appointments to the cabinet, we do take into account regional interest. But he was saying that it is the appearances that have to be changed and that institutions like the upper chamber really have to reflect truly regional interests within this country. He said after having attended a number of symposiums in major centres across western Canada—in Winnipeg, Banff, Calgary and Victoria—that most people did not like the concept of the House of the Federation in that members of various provincial governments, whether they be premiers or ministers or delegates of those governments, could come down to Ottawa and in effect block or veto legislation passed by the House of Commons, a body which is elected on the basis of a national mandate at each federal election.

This is exactly what the concept of the House of the Federation really amounts to. It is unacceptable that an upper chamber, particularly one made up of people who represent the various provinces could come here and block federal legislation passed by the House of Commons consisting of people who represent the will of this country. I think it was Professor Mcquinney, one of the witnesses who testified before the committee, who called it the "Bundestag caper". He said that provinces like the province of British Columbia were not really addressing themselves to the issue. He also pointed out that one of the constitutional courts in Germany held that the Bundestag really was not a bicameral house in a true federal state, that it was only an extension of the executive form of government.

I think the area in which we should work much more closely is that of having proper and full discussion at the first ministers level. Provincial governments are elected to represent provinces. The Prime Minister very adequately pointed out last Thursday that as the Prime Minister he is elected to represent the nation as a whole. That is the area upon which we should concentrate.

● (2122)

Some of the other witnesses who testified before the committee indicated that in times of war, at the end of war or in times of great need or emergency all the component parts of the constitution can be changed, whether it is the actual make-up of government or the division of powers. Many of the witnesses said that the government is taking the right approach by adopting a rather pragmatic approach to the entire issue of constitutional reform. It is dealing with the issues of institutional reform, the upper chamber, the constitution of Canada, the charter of human rights, and then seeking a consensus respecting the division of powers.

I see that my allotted time has expired.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome the opportunity of entering into this debate. I am very disappointed that the debate has reached such a low level. Of course, this trend was commenced by the Prime Minister (Mr. Trudeau) last week when he used selective statistics and handed out false information.

The hon. member for Vancouver East (Mr. Lee) was respected on this side of the House, but this evening he has completely destroyed any respect members on this side had for him, especially after such a ridiculous speech. He touched upon Sky Shops as if it was a mischievous matter raised by the Conservative party. The Quebec government laid charges against four men. There have been court cases, and Senator Giguere has been acquitted, which acquittal is being appealed by the government of Quebec. If the hon. member thinks this man is making any contribution in the Senate, I advise him to look at Senate *Hansard*. In the ten years he has been a Senator, he has done absolutely nothing other than being involved in the Sky Shops matter. I will not defend anyone like that, and I do not know why the hon. member would.

[Mr. Lee.]

There are three ongoing inquiries into the RCMP. They were not instigated by the Conservative party; they were instigated by other governments. Obviously there is something wrong when the hon. member indicates that the Royal Canadian Mounted Police are against us. Those statements are completely false.

An hon. Member: Order, order.

Mr. McKenzie: I have many friends in the RCMP. I should like to tell the hon. member about the RCMP. Representatives of that force came to my home in 1968. They wondered what was happening in the country because the Liberal leader was to become the Prime Minister of Canada. They could see Trudeaumania occurring and they said, "What on earth is happening in this country? Is a man with that background going to become Prime Minister?" The RCMP has not forgotten that.

The hon. member for Vancouver East expressed concern about bringing expenditures into account. On February 7, 1978, we presented a motion in the House to review the entire government structure, to bring in sunset laws, and to make every government department justify their existence in order to conduct proper examinations and bring expenditures under control. I suggest the hon. member read the speeches in that debate. Every one of your members over there, including the NDP, ridiculed that debate. You are no more interested in bringing expenditures under control than flying to the moon. You are such an irresponsible group that you changed the rules in 1968.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member for Winnipeg South Centre (Mr. McKenzie) but I would suggest that he direct his comments to the Chair. He should be speaking in the third person rather than addressing the hon. member and his party directly. He seems to be directing his accusation toward the Chair.

Mr. McKenzie: Mr. Speaker, I apologize for that. I will direct my comments through Your Honour. Of course we have no control over expenditures. This is due to legislation brought in by the Liberal government in 1968. At that time they stopped proper examination of government expenditures and reduced the role of parliament to the point where government estimates were not examined properly. This legislation was rammed through the House of Commons under closure by the Liberal government. My party did not support that particular motion.

Today we are in such a financial mess that the Auditor General has indicated that he cannot certify the accounts. This has resulted in the necessity for a Comptroller General, which will cost the Canadian taxpayers $6 million. That department will be set up in order to find out where the money is going, yet the hon. member for Vancouver East told us that the government is interested in controlling expenditures, as well as speaking other silly nonsense.

He mentioned the mortgage interest deductibility program. The manner in which that program has been criticized by the

Prime Minister and other government members is very interesting. It is evident that we have come up with something good. A similar program is working in the United States and Great Britain. Why on earth cannot it work in Canada?

The Minister of Finance (Mr. Chrétien) was out in Winnipeg making a series of irresponsible statements concerning the mortgage deductibility program. I should like to make a few comments regarding the financing of such a program. The minister indicated that the federal budget deficit was expected to reach $11 billion this year and perhaps go as high as $15 billion. He wondered how we could afford a new program at this time. We stated that a Progressive Conservative government would offset the cost of these major tax incentives by instituting a program of restraint to reduce current government spending.

On February 2, 1978, we raised this matter but it was opposed by the New Democratic Party. The privatization of Petro-Can will result in the sale of assets with a current book value of $900 million. Also that will result in an end to advances to Petro-Can which amount to $200 million a year.

Also we mentioned that there was no need for the Department of Urban Affairs. We are not backing down on that suggestion. That would result in a saving of another $20 million.

The Liberal government stated that the program made no provision for Canadians who are not home owners. Because mortgage interest and property taxes are deductible business expenses for landlords, renters already receive these benefits. The majority of Canadians aspire to owning their own home. We want to assist Canadians in buying their own home. Young married couples want to own their own home. They do not want to live in apartment complexes all their lives. The rich are able to buy homes. It is the low income earners who are unable to buy homes. Renting for many, especially the young, is viewed as a temporary condition until they can afford to purchase. This program will make the dreams of these renters come true. Renters should realize some spin-off benefit from the program.

As middle income Canadians encouraged by the tax deductions move into their own homes, the amount of rental accommodation will be increased, thus removing some of the pressure from renters. We have come up with a program that will be worked out with the provinces, though certainly some technical aspects will have to be worked out. It is a plan designed to help people purchase homes. The hon. member for Vancouver East has ridiculed this plan in his riding, yet he offered no alternative.

Also the Liberal government indicated that the program benefits only the rich. The tax proposals are not intended as a social program. Their primary purpose is to provide a major economic stimulus in order to get the Canadian economy going again at a satisfactory rate. From time to time we will outline more detail, but I have touched briefly upon the matter now.

We can obtain money in order to finance this program by a reduction of consulting and other contracts which have risen by 650 per cent, or $1.4 billion a year. Canada has the benefit of having approximately half a million public servants who have some of the finest brains in the country. They are educated and have degrees, yet $1.4 billion a year is spent on outside consultants. This work could be done within the public service. Perhaps some highly specialized consulting work will have to be done by consultants outside the public service, but a lot of money can be saved in that area.

In the area of information and advertising, expenditures have increased by 100 per cent, or $180 million a year. I would suggest that propaganda would be a better term to describe this area. We do not need all this advertising. This is another area where we could find some money for the program.

● (2132)

During the 1975-77 period the administrative and other operating costs of the government increased by 45 per cent. If during that period the Trudeau government had lived by its own AIB guidelines, its own spending would have been $3 billion less in 1977. What on earth is this government doing with operating costs going up 45 per cent? Hon. members opposite stand here and tell us what brilliant administrators they are. If they are brilliant administrators the costs would not be increasing to the extent of 45 per cent.

A PC government will cut the waste and inefficiency from government operating costs without reducing efficient service to the public. If hon. members want to find out about waste and mismanagement I suggest they just read the Auditor General's reports. On and on this goes.

I am not going to read out our whole program tonight, but there is another point I want to make. The PC program of tax deductibility for mortgage interest and property taxes would be of particular benefit to the Canadian housing industry where unemployment is currently running at double the national average. Housing starts this year are running at 230,000 units, yet the Canadian house building industry has a proven capacity of producing at least 275,000 starts a year without significant pressure on housing prices. By stimulating demand to at least that proven capacity the PC program would generate 75,000 new jobs. What has that to do with a program for the rich?

Let me say to renters and everybody else in this country that unemployment here is costing Canadian taxpayers a great deal. Whether one lives in a home, rents or lives in a hotel, unemployment is costing $8 billion a year. I am quite sure that many renters would like to pay a lot less to welfare and UIC programs.

Members on the Liberal side have said that house prices would inevitably rise with our mortgage tax deductibility program. A colleague has just informed me that this mortgage deductibility program has been in effect in the United States for the last 40 years and the price for a house there is a lot less. Let me give an example. A Winnipeg home must have a basement and be properly built for a particular climate. The same home in North Dakota or Minnesota costs $10,000 to $20,000 less, and they have had this program in being for

years. But in this regard we have had absolute nonsense from the government side.

At the present time there are 70,000 unsold homes in Canada. Is that not some record? Have we heard one speech from the other side since last week saying what the Liberals are going to do about those 70,000 unsold homes? Some builders in my riding have held these unsold homes for a year or a year and a half. They are going bankrupt. Isn't that wonderful? What is this government going to do about it? I suggest it will do absolutely nothing. We have come up with a program; let us get it off the ground, get it going and do something.

As usual, the Liberal party is divided all over the place. I have an article here from Montreal which indicates that the Liberal candidate in Westmount likes this Tory policy. I understand there are two or three others in Toronto and one in St. Boniface who support the policy. Someone referred to the former mayor of Toronto in relation to housing. I recall that gentleman coming down here and appearing before a parliamentary committee in respect of housing and urban affairs. That is a man very concerned with housing and he appeared before this parliamentary committee with a lot of constructive ideas regarding housing. Thank God he is going to be here in this House to make his contribution in respect of housing in Canada.

At the commencement of my remarks I referred to the climate of the debate, and what a sorry thing it was that the Prime Minister is leading by giving us a lot of false statistics. It is incredible that the man in the number one position in Canada, the leader of the government and the country, would make a speech at this particular time using a lot of improper statistics.

This whole matter was covered very well by Don McGillivray of Southam News Service. I have mentioned a lot of the false information being spread about our mortgage interest deductibility program. Let me read what Mr. McGillivray has said in reference to the Prime Minister's speech:

> Trudeau is incredibly careless in the conclusions he draws from his numbers.
>
> It is simply untrue to say, as he did, that "Canada, in terms of the employment growth rate, is the best in the world."
>
> According to the statistical *Yearbook* of the United Nations, 15 countries had faster rates of employment growth between 1970 and 1975. Those were years when jobs were appearing in Canada faster than they have since, but Mauritius, Jordan, Malawi, Kenya, Turkey, Syria, South Korea, Malaysia, Yugoslavia, Romania, Spain, Swaziland, Tunisia, Fiji and Pakistan did better.
>
> Since then, Canada's rate of job creation has falled behind other countries, including the U.S. Statistics published by the Paris-based Organization for Economic Cooperation and Development show that between 1975 and 1977 the U.S. created 6.4 per cent more jobs while Canada was creating only 4.2 per cent more.
>
> How then, can the prime minister cite numbers to back his claim that we "still lead the world"? First, by restricting his "world" to 15 industrial countries and second, by mixing the slow recent rates of job creation with faster rates recorded before 1975.
>
> Has Canada really done "immensely better" against inflation than most of the other industrialized countries?
>
> For proof, Trudeau cited figures for the period 1968-76. And 1976 was, of course, the year when food prices slumped and gave Canada a relatively good year against inflation. Even so, Canada's performance was so-so, not immensely better.
>
> More recent figures do not bear out the impression that we are doing better at all. The *Economist*, the British-based journal of business and current affairs, does a regular check on 10 "major economies" including Canada. This shows that eight of the 10—Australia, France, Germany, The Netherlands, Japan, Sweden, the U.S. and Britain—did better than Canada against inflation in the past year. Only Italy did worse.

[Mr. McKenzie.]

The Prime Minister stood up in this House and told us we are licking inflation. Mr. McGillivray concluded by stating:

> But perhaps we should not expect Trudeau to be candid.
>
> But it does seem that a prime minister who sets out to correct the "absolute falsehoods" uttered about the economy by the opposition leader should avoid the tricks described in a book like How to Lie with Statistics.

How can we have any credibility at all in any the government's proposals to cure unemployment or anything else?

Then we heard the ramblings of the hon. member for Crowfoot, the Minister of Industry, Trade and Commerce (Mr. Horner). Good heavens, I remember his speeches and statements about the 92-cent dollar. He was raving in here about how we could not live with a 92-cent dollar. Now he says that the 84-cent dollar is the greatest thing that ever happened to Canada. I don't know, but I think I would call him the Christine Jorgensen of Canadian politics. I have never seen such a transformation in my life. I do not know how he lives with himself.

Let me read a very interesting statement made this week by the British secretary of state for trade who talked about the British experience with the devalued dollar. He said:

> The British experience with a falling currency is that it helps trade but with "serious costs" in rising domestic inflation—
>
> While Dell refused to comment directly on Canadian dollar problems here, he said the declining value of the British pound in the mid-1970s "did give us certain advantages and competitiveness" in trade. "But there are costs in this and serious costs," he said to reporters after talking with federal ministers. Among these are costs of inflation caused by depreciation. It is better if one can be less dependent on the price factor in selling one's goods and services and more dependent on quality.

● (2142)

We want our dollar to be worth a dollar, or at least within a couple of cents either way.

I read with great interest the statement made by the premiers last August at their conference in Regina. They seemed to identify all the problems and wanted to take some particular action, but so far no action has been taken on the recommendations. The bulletin from the Manitoba Information Services Branch says:

> The provincial premiers reviewed the state of the Canadian economy and the progress which they had made towards achieving the goals established at last year's conference in St. Andrews, New Brunswick.
>
> They noted that as provincial governments they had made some fair degree of progress in the areas which they had established as important in coming to grips with the dual problem of unemployment and inflation.
>
> The provinces had restrained their operating expenditures, with the growth of provincial expenditures falling below that of the federal government.
>
> Provincial public sector wage and salary settlements have been comparable to or less than those in the private sector.

The premiers also stated that they urged the development of a joint national economic strategy.

The February conference was a step in this process. The premiers reaffirmed their commitment to the principles agreed to but expressed their concerns about the lack of progress on specific policy directions and projects also agreed to.

It would have been wonderful if this government had dealt with the issues raised by the premiers at this conference in August, Mr. Speaker, instead of spending the last few months debating the constitution. You could debate the constitution for the next 20 years but it is not going to create one job or stop the best of money from leaving Canada. It will not correct the debt or do anything. These are things that should be debated these next few months by the federal government and the premiers. The bulletin goes on:

The premiers agreed that the review promised by the federal government in February should proceed and be concluded with dispatch.

We have seen no dispatch at all, Mr. Speaker.

The premiers also came up with an excellent suggestion in regard to UIC:

The premiers agreed that the UIC Act be changed, if necessary, to provide for new uses of UIC funds which would be more conducive to job creation. In this respect they urged the federal government to co-operate with the provinces, in devising more creative use of the UIC funds.

This is an excellent suggestion and I am sure that we all support it, but nothing is being done about it. We, the opposition party, support it and all the premiers support it, but where is the leadership from the government? It goes on to say:

They agreed that, for instance, where a temporary economic crisis disrupts employment patterns, a strategic disbursement of unemployment insurance moneys could maintain a work force intact and hasten its re-employment.

The premiers also agreed that there should be an immediate program of restraint and proper management of our financial affairs. This was even agreed to by the NDP premier of Saskatchewan.

I would like to give an example of what happens when expenditures are brought under control and waste is eliminated along with mismanagement. We have experienced this in Manitoba over the past year. Before I begin to explain how we have made such a successful gain in the economic scene in Manitoba, I just want to point out the figures for September. They showed that there was a 35 per cent increase in unemployment. This is some kind of phenomenon for Manitoba. In September, 1977, unemployment was up by 29 per cent, but it is just for this particular month that this happens, and I cannot explain it fully.

The poor economic performance of 1978 has its basis in the economic environment established by the previous NDP government. A poor performance for this year was forecast in November, 1977 by the Conference Board, with the dismal economic performance of the first three quarters laying the groundwork. The groundwork of our problems was laid by the previous NDP government and has nothing to do with what the present Conservative government is doing in Manitoba.

This research completely counters the false statements the federal members of the NDP have been making about the economic conditions in Manitoba. The Conference Board has said:

As the Manitoba economy has borne more than its share of the general national economic slowdown in 1977, the 1978 projections show a recovery that is significantly weaker than that for the nation.

There are two variables which affect the level of unemployment in an economy. One variable, labour force growth, is not controllable. The other variable, employment growth, is influenced by economic performance.

I have just received a note on how things are going in the riding of St. Boniface tonight. The NDP spent most of their campaign on attacking the present Conservative government of Manitoba, but I would like to point out right now that the Conservative candidate is 2,100 votes ahead.

The memorandum which I have been referring to goes on to say:

The Manitoba labour force has grown by 18,000 in the past year—a growth rate above the national average, and far greater than had been experienced in any of the NDP years. This factor is not controllable.

Employment growth is controllable. Employment in the past year has grown by 10,000 jobs. Employment growth in the last four years of the NDP government averaged only 3,000 per year. This year's job performance is actually better than was forecast by the Conference Board.

So, by properly controlling your expenditures and cutting out a lot of wasteful programs, the private sector can be attracted to invest once again in the province. In the last year of the NDP government, 6,000 manufacturing jobs were lost. There was a loss of 5,000 jobs in transportation and communications. The 6,000 lost manufacturing jobs have been more than regained, for manufacturing employment is up by 8,000 over this time last year.

That is quite an enviable record for just one year considering what the Conservative government inherited after eight years of complete mismanagement of Manitoba's affairs. Of course, we have another parallel in this House with the present government. When the NDP was first elected, the Manitoba unemployment rate was 2.6 per cent. Within a year it had jumped to 6.4 per cent. The first year of NDP government in Manitoba was a disaster in terms of unemployment as the 8,000 jobless in June, 1969 almost tripled to 22,000 in June, 1970. They did not waste any time in destroying the economic situation in Manitoba.

The NDP also talk about the fact there is no building or construction going on in Manitoba, that everything has ground to a halt. I would like to point out that $300 million worth of construction permits have been issued so far this year. The city building permits department has reported that it issued $40.2 million worth of permits last month, a 69 per cent increase over $23.8 million total for September, 1977. This is an enviable record in just one year, and it shows what can be done. If this government, adopted these policies you can imagine what an enviable position we would be in today, Mr. Speaker.

I would like to explain why we have such a high unemployment rate in this country and such a high level of investment leaving it. According to figures published in the first quarter,

$18 million of investment money left Canada daily. Canada today is probably the best friend that the United States ever had to help them with their economic problems. Of course, with eight years of New Democratic Party government in Manitoba, they were the best friends Alberta every had too.

● (2152)

I have some statistics here, Mr. Speaker, provided to me by a financial consultant who assisted some 24 businesses to move out of Manitoba. He says that countries, or for that matter provinces, which have nationalistic, leftist or extremely strong bureaucratic tendencies make striving and successful entrepreneurs feel uncomfortable. That also described this government. It is why we have such a mass exodus of business and investment money from Canada. This financial expert stated that the movement of this $40 million out of Manitoba would cost the province 4,000 jobs. When I spoke to him last week, he said the trend is definitely changing. The provinces are not going to correct this situation by themselves but will need co-operation from the federal government.

The Prime Minister and members of the government who have spoken in this debate have upbraided us for having the audacity to criticize the government. I challenge anyone to show me a document that supports this government. Even the Senate is issuing studies describing its failures, and that goes for a lot of Liberal senators too. Everybody in Canada is writing some sort of document to support the things we have been saying for the last five years. Newspaper articles and statistical information offered by experts around the country confirm what we have been saying—that this government's handling of the economic problems of Canada is a disgrace.

Some hon. Members: Hear, hear!

Mr. Leonard Hopkins (Renfrew North-Nipissing East): Mr. Speaker, first of all I would like to take this opportunity to congratulate the mover and the seconder of the Address in Reply to the Speech from the Throne.

Tonight I want to say something about rural development in Canada. We live in an urbanized society today. Cities are growing larger and larger and unless we develop the rural communities into places where people can live without the need and high cost of law and order, as is required in highly urbanized or centralized areas, we are going to pay the price in years to come in the same way as the Chicagos, the Detroits, the New Yorks and the Bostons are paying the price today.

Our nation was built on three main staples—the fur trade, the timber trade, and wheat. Since then it has bloomed in many different directions and to a large degree we are now a technological nation, particularly in the field of electronics.

The region I come from, the upper Ottawa Valley, was one of the original fur-producing areas. It was also among the first of the timber-producing regions. Parts of the valley can grow wheat and other parts are good only for forest lands. Agriculture, forestry and small community development are therefore of great interest to me. The tall pines, the spruce, the hemlocks and the hardwood stands are part of the proud heritage of eastern Ontario and western Quebec.

After the turn of the century when the "boom timber days" were declining, a great vacuum grew in the economy. The forest industry continued at a reduced level of production and the federal government moved in to take up some of the slack. In 1907, Camp Petawawa was established under the Laurier government. The land was purchased from local farmers, many of their ancestors had come to cut the pine off the sand and rock of the uppermost valley area, and had stayed to farm as best they could.

There are some interesting stories about this in the upper valley. During the days when the military were having firing practice they would move families out of the farm houses to what is now known as the historical Matawa Trail along the Ottawa River. Then they would fix up the houses and move the families back in for the night.

In 1909, settlers were totally moved off this land. There is an interesting editorial in one of the local newspapers of that time which says what an economic disaster it would be to have this farm community moved off what was Camp Petawawa, because it would be a great detriment to the business of merchants in the nearby town of Pembroke. Today, about 10,000 people have replaced those farmers whose families were moved on to better nearby lands with their families.

Mr. Speaker, may I call it ten o'clock.

The Acting Speaker (Mr. Turner): It being ten o'clock, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 2(2).

At 10 o'clock p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, October 17, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

ELECTION OF POPE

CONGRATULATIONS ON ELECTION OF POPE JOHN PAUL II—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I would like to move a motion of urgent and pressing necessity which is of particular pride to me. It concerns the election yesterday of Pope John Paul II as a spirit of inspiration to all those of Polish descent and a unifying force for the universal church and all Christians and those of goodwill everywhere.

Therefore, I move, seconded by the Leader of the Opposition (Mr. Clark):

That the Speaker offer the congratulations and prayers of this House on the election of His Holiness.

Mr. Speaker: Presentation of such a motion, pursuant to the Standing Order, at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

* * *

EXTERNAL AFFAIRS

CIDA ASSISTANCE TO LEBANON—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I have a motion pursuant to Standing Order 43. In view of the continuing crisis in Lebanon, the increasing number of wounded requiring medical attention and displaced persons requiring food and shelter, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House urge the government to provide additional emergency humanitarian assistance to Lebanon out of CIDA's emergency relief fund; such assistance to be channelled through the International Red Cross for the provision of medical supplies, tents and blankets and, further, that the government increase the level of food aid to Lebanon to augment Canada's commitment of $3.6 million in food aid last year.

Mr. Speaker: Pursuant to Standing Order 43, such a motion can be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FISHERIES

REQUEST FOR REINSTITUTION OF SUBSIDY ON GROUNDFISH—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an urgent matter of pressing necessity.

In view of the fact that coastal fishermen of groundfish in the Atlantic have received a special subsidy of two cents a pound up to October 1, 1978, which meant an assistance of $1.5 million in 1977-78, considering also that those coastal fishermen, as is the case in the Gaspé peninsula, cannot take advantage of the 200-mile zone and that they cannot always make both ends meet solely with fishing and finally owing to the unemployment rate in that group of the population, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House enjoin the Minister of Fisheries and the Environment (Mr. LeBlanc) to take all necessary steps to have that special subsidy of 2 cents a pound which expired on October 1 last extended for another year, that is until October 1, 1979.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

EXPLORATION

CONGRATULATIONS TO CAPTAIN BOUVIER AND CREW FOR COURAGE AND INITIATIVE—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Considering that a Canadian sailboat has succeeded in travelling from the Atlantic to the Pacific through the North-west Passage, a sailboat led by Captain Réal Bouvier with a five-member crew, I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That the House congratulate Captain Bouvier and the crew of the J.E. Bernier II for their courage and their initiative and extend to them its best wishes for the remainder of their trip around North America.

[*English*]

Mr. Speaker: Order, please. There was a very notable exception in a motion under Standing Order 43 put forward this morning by the hon. member for Edmonton Centre (Mr. Paproski). I refer the hon. member to my rulings on previous occasions when Standing Order 43 has been used in an effort to congratulate people on particular accomplishments. It makes a very difficult situation. With the one exception which was raised this morning, I think the rule ought not to be used in that way. If there is argument to the contrary, I will be glad to hear it at another time.

* * *

COMMUNICATIONS

CLOSING OF CN TELECOMMUNICATIONS OFFICE AT BROCKVILLE, ONT.—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning the city of Brockville, in my constituency, and the arbitrarily ordered closing of the CN Telecommunications office without a public hearing, despite the fact that the Brockville city council, as well as myself, have strongly protested the matter to the Minister of Communications (Mrs. Sauvé), protests to which she has given absolutely no acknowledgement or reply whatever over a period of some weeks.

I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government order the immediate reopening of the CN Telecommunications office in Brockville and that such remain open until a public hearing is held, allowing all those objecting to air their views, and that a decision be made whether the office can continue to remain permanently open in the future after that time.

Mr. Speaker: Presentation of this motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

INTRODUCTION OF LEGISLATION TO END STRIKE—LABOUR DISPUTES IN PUBLIC SERVICE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. The Canadian Union of Postal Workers has now formally declared a national strike. Ministers at various times have indicated that legislation would be introduced in this House to deal with that strike. As the Prime Minister will know, it is the normal practice of the government, when introducing emergency legislation of this kind, to consult the House leaders of the other parties and provide those House leaders with an advance copy of any legislation that is intended. That has not been done so far in this case.

Can the Prime Minister indicate to the House of Commons, now, whether it is the intention of the government to introduce legislation that will restore postal service in this country, and can he indicate whether the normal courtesies will be followed and an advance copy will be made available to the representatives of the other parties in this House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, at the normal moment during orders of the day we will give first reading to a bill dealing with the postal strike. The House leader will be consulting with the leaders of the other parties to see if we can obtain the consent of the House to proceed with that bill later today after members have had an opportunity to study the bill at first reading.

Mr. Clark: Mr. Speaker, the Prime Minister knows, from the undertaking given by my colleague, the opposition House leader, last Friday that this party is certainly prepared to give unanimous consent today to second reading of that legislation. I would hope that it would be possible for us to see that legislation, as is the normal practice, well enough in advance so there can be serious consideration of its implications prior to any debate.

My question relates to the more general problem of strikes in the public service and in essential services. The Prime Minister will know that since 1971 there have been 93 strikes by unions under the Public Service Staff Relations Act. He will know that on eight separate occasions since 1972 this parliament has been brought back to resolve disputes in the public sector.

● (1112)

In 1968, the Woods commission proposed the establishment of a Public Interest Disputes Commission. Against all this history, in the legislative agenda that the Prime Minister has said he has prepared for this parliament—of which we have seen very little evidence so far—is it the intention of the government to introduce legislation that will establish in practice a Public Interest Disputes Commission or some other forum that will reduce the extent to which parliament has to

intervene in labour management disputes affecting essential aspects of the public interest?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition, as usual, put a lot of remarks in his question which have to be dealt with. First, he said his party would give unanimous consent to second reading even before seeing the legislation.

An hon. Member: He did not say that.

Mr. Trudeau: Then he said he wanted to see the legislation; he reminded us that the House leader indicated the other day unanimous consent to legislation. All I said in my answer was that we would give first reading in a moment and that later today we would go to second reading. I do not see why the Leader of the Opposition has to make the point that he wants to look at the bill: that is exactly what I said we would do.

With regard to the strike record in the public service, there have been hundreds of settlements, without a strike—I believe the percentage is well below 10 per cent and is in the area of 5 per cent—of collective agreements which have had to go the strike route. Therefore, I think that situation does not reveal any note of panic.

The government has been called upon to act in certain circumstances. We have called parliament and even recalled parliament to deal with particular strikes which were deleterious to public order and the common good. We have dealt with them, and we intend to continue doing so in the future.

Mr. Clark: Mr. Speaker, I would suggest to the Prime Minister, with all charity, that this is not exactly a day on which he should carry on in his general, traditional, disputatious way.

Some hon. Members: Oh, oh!

* * *

LABOUR RELATIONS

INLAND SHIPPING—LABOUR DISPUTE INVOLVING MARINE ENGINEERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Labour, if the echoes of agony on the other side would subside. I noticed he is sitting in front of the Minister of Industry, Trade and Commerce, who was responsible for the Liberal campaign in St. Boniface.

Some hon. Members: Hear, hear!

Mr. Clark: My question to the Minister of Labour is this: the Minister of Transport indicated yesterday that discussions were under way between mediators and ministers with relation to the dispute on the Great Lakes. Can the Minister of Labour report to the House the results of those discussions?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, the discussions are still taking place today. We hope to make progress in this field in the very near future.

EFFECT OF STRIKE ON MOVEMENT OF GRAIN

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is to the Minister of Transport, who is in charge of the Canadian Wheat Board. In view of the fact that stocks of grain in the country elevators are up 35 per cent this crop year, deliveries by farmers to the country elevators are down 33 per cent, and in view of the disastrous effects of a strike on the inland waterways on the movement of grain, can the minister advise the House on the meeting that took place yesterday between the minister and the Minister of Labour with respect to this strike?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, obviously, as the exchange in this House yesterday indicated, we are very conscious of the importance of the Great Lakes movement, and so is the Minister of Labour. That, of course, is the reason he is having discussions with the parties in an attempt to resolve the dispute as quickly as possible.

Mr. Neil: Yesterday, in response to a question put to him by the hon. member for Hamilton West, the minister said that he was going to meet personally with the Acting Minister of Labour with respect to this strike. In view of the serious consequences of the strike on the economy, not only of western Canada but all of Canada, can the minister advise what specific steps he is taking personally with regard to the strike?

Mr. Lang: Mr. Speaker, that is a rather extraordinary question, to attempt to determine exactly what conversations went on. I think I have made the point very clearly, that we know the importance of the continuing service on the Great Lakes. The Minister of Labour, therefore, is in possession of the problem and is in discussion with the parties. The object is, obviously, to find a solution and have the ships moving as quickly as possible.

* * *

● (1117)

EMPLOYMENT

PUBLICATION OF STATISTICS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Employment and Immigration. On May 15, 1978, an assistant deputy minister in the minister's department sent a directive to local Manpower offices throughout the country instructing them to cease putting together and publishing "labour surplus rates"; that is to say, to stop publishing the real unemployment levels in the regions. For example, considering that in New Brunswick the official rate is 10.6 per cent but the real rate is 17.7 per cent, and in Newfoundland the official rate is 14.6 per cent but the real rate is 23.9 per cent, I ask the minister if he will now take the opportunity to withdraw that directive even if such figures are embarrassing to the minister.

Will he not agree that truth is more important than burying it, particularly where it concerns regional unemployment levels?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, first and foremost, I must congratulate the Leader of the New Democratic Party for the breakthrough in Newfoundland—albeit temporary.

Some hon. Members: Oh, oh!

Mr. Cullen: Secondly, I say to the hon. member that he has again misinterpreted the purport of that memo. We are indicating that we have absolute confidence in the professionals at Statistics Canada who provide us with the figures so that they have comparability right across the country. For our officers in the individual offices to interpret particular results, such as unemployment, labour and surplus figures, is counterproductive to the figures we receive from Statistics Canada from the professionals in the field. For that reason, it did not seem appropriate to give that kind of interpretation.

An hon. Member: Resign.

Mr. Broadbent: Mr. Speaker, the minister knows that the reason given in the memo to the regions for the cessation of this activity was described as being embarrassing to himself.

An hon. Member: By the deputy minister.

Mr. Broadbent: Would the minister clarify what he said in reply to the first question? Is he saying that regional assessments done by people in his own department, showing that local levels of unemployment were much higher than the general statistics provided by Statistics Canada, were inaccurate, false and misleading? Is that what he is telling the House? If so, how does he square that with the reality that other economists in the region and officials working elsewhere outside government departments are, in fact, in full agreement with those local statistics?

Mr. Cullen: No, Mr. Speaker, the figures collected by officials in the field are for internal use, so that we will know the number of people we have to put in a particular region if there is a lay-off in an area where they suddenly have several registrations in the Manpower office; things of that nature. Those statistics are valuable and accurate and are collected by our officials. However, to interpret them as unemployment figures is incorrect and inappropriate.

● (1122)

The only embarrassment problem is the fact that we rely on StatsCan for the figures that we are given. If they are at odds with the local figures which are a misinterpretation of the local situation, then to that extent it is embarrasssing—not personally, but embarrassing in the use of statistics.

Mr. Broadbent: The minister cannot define out of existence real levels of unemployment that are twice as high as he says they are at the official level. I would like to ask him about another aspect of unemployment concerning women. Just four weeks ago his department issued a directive with regard to the Outreach program which included the following directive, "Projects which have been developed to serve women are no longer included as target groups under the current policy guidelines".

Can the minister explain why, at a time when the real level of unemployment of women in Canada is 18.7 per cent—much higher than the unemployment rate for men—he has issued a directive which takes them out of the special target category, precisely at a time when they should be getting more assistance?

Mr. Cullen: Mr. Speaker, the purpose of the Outreach program, as the hon. member should know, will affect not only women in the work force but a whole series of people who have some disadvantage or disability with regard to getting into the work force. We have many other programs in place that can help women. Our affirmative action program—in fact, every program of the 16 or 17 that we have, including the training programs—are all directed toward seeing that women are helped to get back into the work force if they have been out of it for some time, or to get into it in the first instance, as are young men. To that extent, targeting in this one particular group did not seem necessary at this time, because we are looking to target them and others in that particular area.

* * *

[*Translation*]

FISHERIES

REQUEST FOR REINSTITUTION OF SUBSIDY ON GROUNDFISH

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Fisheries.

Given the fact that the Atlantic fishermen have received a subsidy of two cents a pound during the year ending October 1, 1978 and that they have no access to the 200-mile zone, does the minister intend to maintain that assistance to fishermen next year?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, assistance has been discontinued for two reasons. First, American rates would be imposed against subsidized products. That is one of the major reasons the program has been discontinued. Second, catches and the price in particular because of the situation of the Canadian dollar are such that I did not feel necessary to maintain that assistance. But I am prepared to look into regional cases as I understand the hon. member is suggesting.

REQUEST FOR ASSISTANCE TO FISHERMEN TO COMPENSATE FOR LOSSES

Mr. Eudore Allard (Rimouski): Mr. Speaker, I want to ask a supplementary question.

In view of the answer given by the minister—I understand that will benefit exporters mostly but not the fishermen—so, following the answer he just gave, is the minister planning another form of assistance to make up for the fishermen's lost revenues?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the prices being paid for fish, combined with the advantage of the Canadian dollar on our external markets, are very high. There is no doubt the fishermen would stand to gain by organizing to get their share of the benefits paid, and that is one of the reasons I have suggested many times they should do so to protect their interests. Of course there are instances where fishermen get only very low prices, and in those instances I think we will have to examine at the end of the season if there is a need to develop an assistance program.

* * *

• (1127)

[*English*]

THE CANADIAN ECONOMY

INCREASE IN BANK RATE—EFFECT ON SMALL BUSINESS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. In view of the recent hike in the bank rate, making the prime rate in Canada 11 per cent—as indicated by the Prime Minister yesterday, this was done in consequence of rising rates in the United States—would the minister tell us whether any overtures have been made to banking companies in this country with a view to having them take it easy on small business in Canada, bearing in mind that according to Dunn and Bradstreet we now have a bankruptcy rate in Canada, mainly among small businesses, at 75 per cent of the level in the United States and that our bankruptcy rate went up 41 per cent in the first six months of this year compared to last year?

Hon. Jean Chrétien (Minister of Finance): I shall be talking with the governor of the bank, who meets regularly with the presidents of the banks, and I shall ask him to let them know of the problem raised by the hon. member. It is one which preoccupies me. I hope the present interest situation will not last very long, but there was no other choice open to the governor of the bank than to move as he did on Friday.

Mr. Stevens: A second group in Canada which may feel hardship as a result of our high interest rates are the home owners. Would the minister tell us whether any overtures are to be made to the mortgage companies with a view to keeping mortgage interest rates reasonably down, bearing in mind there are already thousands of people in Canada who are unable to buy homes because of the high interest rates on mortgages?

Mr. Chrétien: I would think the market has more or less taken care of that situation. Generally speaking, increases in interest rates on mortgages have been much less than the increase in the bank rate upon which the governor of the bank decided in February. Also, there is a lot of money available for mortgages and competition is keeping interest rates as low as possible in the circumstances.

Mr. Stevens: Mr. Davidson, president of the Mercantile Bank of Canada, a subsidiary of the Citibank in New York, has indicated that the prime rate in the United States might go as high as 12 per cent. He says it might peak at 12 per cent, which would mean a corresponding 13 per cent in Canada. Would the Minister of Finance, as the responsible minister, tell us whether he would be willing to see our prime rate go to such an astronomical height—13 per cent compared to a current 5½ per cent in West Germany?

Mr. Chrétien: I would not wish to speculate on the level of interest rates in the future. There are, of course, some people who think the Americans could increase their rate even higher. On the other hand, a statement was made yesterday by Mr. Miller who was hoping that the interest rate in the United States would go down by the end of this year.

[*Translation*]

MEASURES TO ENCOURAGE PURCHASE OF SAVINGS BONDS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would like to refer to the press release issued yesterday by the minister concerning the sales campaign of Canada savings bonds. Would the minister tell us when he will announce the measures he intends to take to encourage the purchase of these bonds which will be less profitable than before because of the increase in the Bank of Canada interest rate? Will a premium be granted and when will we know about it?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I issued a press release to the effect that I was reviewing the interest rate on the savings bonds actually sold on the Canadian market. I hope to give more details about that today or Thursday at the latest.

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[*English*]

CANADIAN BROADCASTING CORPORATION

COVERAGE OF BY-ELECTIONS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Secretary of State in his capacity as the minister answering for the CBC. I should like the minister to personally compliment the officials of the CBC responsible for the Radio-Canada coverage of the elections last night, coverage which certainly seemed to be competent and complete. This contrasted sharply with coverage over the English

network, which was incomplete, inaccurate and darned deplorable.

● (1132)

Since the CBC is presently applying to the CRTC for a renewal of its licence, could the minister, in all seriousness, check with officials to try to get some explanation of why the English network cut off at 9.20, before returns came in from one of the areas of interest, Toronto?

Hon. John Roberts (Secretary of State): Mr. Speaker, the CBC has received brick-bats from hon. members opposite, so I am sure they would be very happy to have the bouquet presented in the first part of the hon. member's question. I would be happy to transmit that to the authorities of the CBC. At the same time, I will transmit the brick-bat contained in the second part of the hon. member's question and get back to him as soon as I possibly can.

* * *

TRANSPORT

RAIL SERVICE IN NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Transport: it involves the 3,000 jobs in Newfoundland on the Newfoundland railway operated by the CN but owned by the government.

Last year, the minister announced on March 28 that he was setting up a royal commission of inquiry into transportation in Newfoundland, and he said then that there would be no lay-offs by the CN and no changes until the royal commission made its final report.

Has the minister received telegrams from the Newfoundland government and from the railway transportation unions advising him that CN has now cancelled certain trains between St. John's and Corner Brook and is going to lay off 20 men as a result, and will the minister order CN to follow his directions, to put that train back as scheduled, to stop the lay-off of these 20 men and to observe his directions as they were given in March of 1977?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, rather more exactly, the instruction was that there would be no lay-offs during the course of the commission except those which were related to changes in the level and flow of business of the ordinary sort because, of course, there are lay-offs of a seasonal and load-related nature throughout the system.

I have made it clear to Dr. Bandeen that the commission's work will continue until approximately the end of January and that, therefore, we could expect the understanding to be continued through that period of time. I would be glad to investigate whether a specific lay-off is under the exceptional category which may either be permitted or is of such significance that it actually contravenes the understanding.

[Mr. Nowlan.]

Mr. Crosbie: Mr. Speaker, the minister will recall that the Sullivan commission made an interim report and recommended that the Newfoundland railway be done away with over a period of ten years. That was rejected by everyone in Newfoundland. In September, the Secretary of State for External Affairs said that the Canadian government agreed and that it would not accept that recommendation.

Is the government now advising CN that the government will meet its annual losses on the Newfoundland railway branch, and is the minister advising CN that it should try to get the Newfoundland railway back in business to attract freight and business and to put some oomph into it? What position is the government taking? Is the minister going to meet with the Newfoundland government and the railway unions which have been requesting for months now to discuss these issues with the minister?

Mr. Lang: Mr. Speaker, the Sullivan commission recommendation itself indicated that for at least the next five years every effort should be made to cause the railway to run effectively and efficiently—or more so than in the past—in Newfoundland and that the final decision about the future of the railway should be taken at that time. Obviously, the implication of the Sullivan commission recommendation is a matter which will be discussed with the provincial government in relation both to the railway and to the highway as well as many other matters, so that these matters will be given very close attention in the very near future. We, of course, will want a final report from the Sullivan commission in connection with those discussions.

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IMMIGRATION

ADMISSION TO CANADA OF LEBANESE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Employment and Immigration. I would like to raise with him the tragic situation in Lebanon. I refer to many who have lost everything except their lives.

Is the minister in a position to advise the House if there is any extra, special effort being made on behalf of those who would like to join their brothers, sisters and other relatives in Canada?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the hon. member for this question and I thank the hon. member for Saint-Denis for his persistent efforts on this particular subject.

As the hon. member well knows, the special measures we took in 1976 involved the admission of some 10,300 Lebanese. We are prepared to again put those special measures in place. Those who are in Canada as visitors will be allowed to apply for landed-immigrant status from within the country. If they are unable to gain landed-immigrant status, they will be permitted to stay as visitors. Depending on individual circum-

stances, work visas will also be made available to the Lebanese community.

Mr. Muir: Mr. Speaker, I understand that our embassy is in the Moslem area of Beirut and those who are in the Christian area are having great difficulty making contact with our office there. Is there anything that can be done? There is great difficulty in the sense that some are being charged $500 to $1,000 to get through to our embassy, at the risk of losing their lives. Is there any way in which some arrangement can be made so that those who have already made contact with the embassy, but who cannot get back to it, could meet with our officials in the Christian area?

Mr. Cullen: Mr. Speaker, the hon. member is correct: our embassy in Beirut is located in the Moslem area and there are the practical difficulties which the hon. member has indicated. To the credit of Department of External Affairs staff and our own staff, they are still in place endeavouring to do a very difficult job under very difficult circumstances. I think it is to their credit that they have been able to process as many as they have.

If there is to be a move of an embassy office, that would be more within the purview of my colleague, the Secretary of State for External Affairs; but we are aware of practical problems and we are endeavouring to do everything we can to alleviate the difficulties of people in that very tragic situation.

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ENERGY

NORTHERN PIPELINE—FABRICATION OF PIPE

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is to the Deputy Prime Minister. In view of the passage of President Carter's energy bill last week, the closing of tenders for steel pipe some two weeks ago for the northern gas pipeline and the importance of these contracts to the Canadian steel industry, I wonder if the minister can say if Canadian steel companies have been successful in winning these contracts. Can he say how soon the northern pipeline committee will be organized, so that it can get on with its role of monitoring this massive project?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, on the second part of the question, it is my intention to set up a committee as quickly as possible. As I understood it when I checked it last week, we were still waiting for some names to be recommended by parties in the House. Just as soon as all the committee names are in, we will bring forward the necessary reference.

On the matter of the steel pipe, I know that Foothills has asked for tenders and they have been returned. At a certain point after Foothills has made its decision, a procurement plan will be put forward to the minister for approval. It is not possible, until that comes, to know exactly what Foothills has in mind.

WAR VETERANS ALLOWANCE ACT

LEGISLATION TO AMEND—LEVEL OF PENSION FOR WIDOWS OF DISABLED VETERANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Veterans Affairs. During the last session of this parliament, the minister indicated that he and his department were undertaking a thorough review of the War Veterans Allowance Act.

Can the minister say whether legislation to amend the War Veterans Allowance Act will be introduced at this session, or at least that the results of that review will be referred for study to the Standing Committee on Veterans Affairs?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, with reference to the study conducted on the War Veterans Allowance Act, I expect an interim report probably later this month or early next month. At that time I will see what the report says and a determination will be made at that point.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, as a supplementary question may I ask the minister if he and his department are still giving consideration to the introduction of an amendment to the Pension Act to provide for *pro rata* pensions for widows of disabled veterans where the disability pension of the veteran was below 48 per cent?

Mr. MacDonald (Cardigan): Mr. Speaker, as the hon. member realizes, this has been under study. As far as introducing legislation, I do not envisage that at this time.

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FISHERIES

RIGHTS OF INDIAN BANDS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of Fisheries and the Environment. Under the Indian Act, certain bylaws have now been passed which give to Indian bands the right to control fisheries on rivers which go through their reserves. I refer specifically to bylaw No. 10 in British Columbia.

Can the minister tell the House whether that bylaw now supersedes the powers of fisheries officials under the Fisheries Act? Can the minister advise the House whether it is expected that other such bylaws will be presented either for consideration or confirmation by the government, and can he indicate what effect that will have on our capacity to control our fisheries?

● (1142)

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, yes, there is some difference in legal opinions as to which of the acts would supersede the other. The hon. member should know that the band regulations are subject to disallowance by order in council within a period of 40 days if they are technically faulty or if, for some other

reason, cabinet chooses to disallow them. We are looking at this and my colleague, the Minister of Indian Affairs and Northern Development, and I have had lengthy discussions on the matter.

No one wants to see a breakdown in the management of fisheries, and no one challenges the over-all authority of the Department of Fisheries to manage the fisheries, but it is obvious that there is potential for complication if the bylaws of one department are in conflict with those of another, and that is what we are working on.

Mr. Fraser: Can the minister advise the House why, with respect to bylaw No. 10, no objection was raised within the 40-day period by his own department? How is it that it was allowed to go through?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I think this is a matter of public record. My own department was not informed of the fact that this bylaw had been presented. Many of these bylaws are approved as a routine matter. I suspect that someone goofed.

Some hon. Members: Oh, oh!

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CANADIAN BROADCASTING CORPORATION

TELEVISING OF WHA GAMES

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Secretary of State, who is in charge of the CBC. It is four or five months since I asked the minister, on behalf of the worthy people of western Canada and of Edmonton in particular—why the CBC public network has not brought the WHA games into their viewing. Has he any answer for them now?

Hon. John Roberts (Secretary of State): Mr. Speaker, I am not in charge of the CBC; I am responsible for reporting to parliament for the CBC. There is a distinction there which is important and which I hope has not eluded the hon. gentleman. I will follow up to see what has happened in relation to the coverage of WHA games.

Mr. Paproski: Mr. Speaker, I should like the minister to report, if he is in charge of reporting. In view of the statement by the president of the CBC that private companies are not using the Canadian fabric other than for programming of trivia or ESP, when can we expect a definite answer, because the season is just about to start? Will it be in about a week, or two weeks?

Mr. Roberts: Within a week, Mr. Speaker.

[Mr. LeBlanc (Westmorland-Kent).]

[*Translation*]

FINANCE

LOAN REQUESTED BY WILLIS & COMPANY—GOVERNMENT POSITION

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in view of the double theme of bankruptcies in Canada and the unemployment rate, in the absence of the Minister of Regional Economic Expansion, I will direct my question either to the Minister of Finance or the Minister of Industry, Trade and Commerce.

In view of the number of past and potential bankruptcies in Canada, and in view of the impact that massive imports of pianos into Canada from the United States and Japan may have on a well known Canadian piano industry, the Willis & Company of Canada Ltd. of Sainte-Thérèse, is the government now prepared to grant this company the loan guarantee for about a hundred thousand dollars which it has applied for?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in reply to the question dealing with the piano company, let me say that my department has made a number of attempts to assist that company, but we always insist that the companies themselves keep their money in play. It happens that from time to time, when my department assists a company, it thinks that it can withdraw its own funds. We insist that this is not allowed.

[*Translation*]

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, we are talking about a loan guarantee. In any case, before reaching the decision already mentioned, has the government taken into consideration the impact on employment in the Sainte-Thérèse area, the number of employees in the Willis & Company of Canada Ltd. having decreased from 168 to 45 in two years?

[*English*]

Mr. Horner: Mr. Speaker, there are a number of avenues through which they can still apply. They can apply through my colleague, the Minister of Regional Economic Expansion. When they come to my department, however, we insist that the company uses its own money and not withdraw it. That is the point on which the negotiations broke down.

GRANTS IN LIEU OF TAXES

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the Minister of Finance. Is the government considering amendments to the formula for grants in lieu of taxes to the city of Ottawa to compensate for the loss of tax revenue due to vacant office space as a result of moving public servants out of the city?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I had the occasion to discuss this problem with the mayor of Ottawa. We are looking at the problem at this time. Of course,

it is not only a problem of the federal government. I believe that if such taxes as the business tax were not of that nature, if perhaps the provincial system were changed, it would help the municipality. I am looking into that matter.

Of course, at this time it is difficult to make any promise regarding new money because of the cuts in all government departments, but I am looking at some inequities in the act which could be corrected, and I will take this matter to the cabinet.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a supplementary question for the minister. An undertaking was given by the Minister of Finance at a meeting with the regional municipality of Ottawa-Carleton on January 18, 1978, that a meeting would be held shortly with the municipality and with the ministers concerned, particularly the Minister of State for Urban Affairs. It is now October 17 and that meeting has not taken place. Is the minister contemplating convening such a meeting?

Mr. Chrétien: Mr. Speaker, I do not know whether or not there was a decision that such a meeting be held. I have dealt with the problem. I said that in light of government restraint at this time, no new money is available for that purpose, but I will look into the act because the act is quite old.

We could set the pattern by establishing that when the federal government is in better shape, we could perhaps make some improvements. But for the time being, I do not think we can take substantial action in this respect. However, I am willing to look into the act and bring it back to the House.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a supplementary question for the Minister of Finance who has spoken in relation to the question of grants in lieu of taxes, the possible need for changes in the provincial law and, consequently, I gather having discussions with the various provinces. Does his undertaking extend to the situation of the town sites of Banff and Jasper within the national parks and the government of Alberta?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I had the opportunity to study the problem of Banff and Jasper for a very long time. I think that the Minister of Indian Affairs and Northern Development is studying the problem very seriously, and I remember that when I went there people were in general rather happy to live in the national parks of Canada which are certainly the best parks in the world.

* * *

[*English*]

NATIONAL SECURITY

FOREIGN SUBVERSIVE ACTIVITIES—COUNTER-INTELLIGENCE

Mr. Tom Cossitt (Leeds): Mr. Speaker, I have a question for the Solicitor General on the subject of national security. Will the minister tell the House—by way of a straight yes or no answer, rather than by beating about the bush and saying that it is harmful to national security to ask such a question—and will he acknowledge that the government has been aware of the 25-year security operation by French intelligence known as Operation Ascott designed to promote Quebec separatism, and is he or the government also aware of the success of the counter-intelligence operation of our own security services known as Operation Carte Blanche?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the matter being one that touches national security, it has been the tradition in this House, which I hope the hon. member for Leeds will honour, not to discuss such matters in the House.

Mr. Cossitt: Having listened to the usual reply in favour of motherhood, may I ask the Solicitor General a further question? Will he confirm to the House the authenticity of security service telexes dated November 25, 1971, and December 8, 1971, in regard to Operation Carte Blanche and its objectives which are reportedly in the hands of certain Canadian newspapers, and will he in particular confirm to the House that a top secret document is missing from RCMP files containing a list of undercover agents and informers, and what action the government is taking to recover this shocking leak which could endanger severely many loyal citizens?

Mr. Blais: Mr. Speaker, the same reply is advanced in this instance. I only hope that the Leader of the Opposition will now reconsider receiving briefings on national security matters so he can better inform members of his caucus of the sensitivity of these matters.

* * *

• (1152)

[*Translation*]

MANPOWER

CHANGES TO UNEMPLOYMENT INSURANCE PROGRAM—GOVERNMENT INTENTIONS

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is directed to the Minister of Employment and Immigration and it relates to the changes to the unemployment insurance program. Considering that the minister finally recognized the problems pointed out by spokesmen for the Progressive Conservative party six weeks ago, when he announced the changes in the program, can the minister inform the House as to when he will give the details on the changes and whether he obtained the support of his cabinet colleagues having stressed the necessity of such support last week?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, in order to be flexible, I must discuss all the changes with my provincial colleagues and also with the

caucus and my colleagues in cabinet. When I have an opportunity, I shall introduce the bill for discussion in the House.

* * *

[*English*]

FISHERIES

REGULATION OF OFFSHORE LOBSTER FISHERY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries and the Environment. The Northeast Marine Fisheries Board in the United States recently completed a very comprehensive management plan for the lobster fishery along the coast of the United States. Their studies indicate that both inshore and offshore lobsters should be managed as one group.

I therefore ask the minister, since I believe his department initiated a study this summer to determine the relationship between offshore and inshore lobster stock, whether he is now convinced that offshore lobsters annually migrate from the outer continental shelf toward shoal waters, where they spend the summer, and what steps is he prepared to take to regulate the offshore lobster fishery in order to protect and improve the basic inshore lobster fishery which is so important to Atlantic Canada?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I do not think it is a matter of being convinced. I am awaiting the final recommendation of scientists who have been working, in co-operation with the Americans, on this matter. There is an indication that there is a relationship. However, I will await the final debates of scientists who will assemble as a group to make recommendations. Obviously, if there is a direct link, we will manage both as a unit, and, as I have indicated in the past, my bias would be clearly for the inshore fishermen.

* * *

FINANCE

GRANTS IN LIEU OF TAXES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is directed to the Minister of Finance. If the minister is, indeed, looking at legislation regarding grants in lieu of taxes in respect of the national capital region, I would point out to him that many other federal institutions across Canada are freeloading on the backs of local goverments. I refer specifically to the Fraser River harbour commission in Surrey. Is the minister entertaining an investigation of other federal installations across Canada, and does the government plan to pay grants in lieu of taxes in respect of facilities outside the national capital region?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am looking into this question and will be discussing it again with the government. We will look not only at the properties of the government in the national capital region, but also at all properties across Canada. As I have said, let me warn members of parliament that we are in a squeeze in terms of the budget, with everyone claiming we are spending too much. I should like to note that the hon. member is asking the government to spend more.

* * *

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General. Yesterday, the hon. member for Perth-Wilmot asked the Solicitor General about the provisions of sections 41(1) and 41(2) of the Federal Court Act. The hon. member for Greenwood has introduced a private member's bill which would delete that section, leaving the discretion in the federal courts, and not the government allowing the courts to determine which documents may or may not be classified and withheld.

Having regard to the McDonald commission inquiry, will the Solicitor General now give a commitment to the House that he supports in principle the effect of that private member's bill, and that where confrontation exists between the McDonald inquiry and the government he will always give effect to section 41(2); in other words, allow the courts to determine whether a matter is within a national security question and may not be released, or does he still intend to take the position taken yesterday by the government, that this is an inherent jurisdiction which he will not abandon under any circumstances?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have not yet seen the private member's bill of which the hon. member speaks. I will read that bill with a great deal of interest. In terms of section 41 that he refers to, undoubtedly he meant, would I concentrate on section 41(1) and not 41(2). In my view, after looking at the sections of the particular act, they deal with production and discovery. As I indicated previously and as has been made known publicly, there is no question here that the documents have not been produced and are not available to the commission for discovery.

Mr. Leggatt: Mr. Speaker, would the Solicitor General go at least this far with the House? His predecessor gave a commitment to the House very recently, by which he committed the government which he represented at that time, that decisions as to what would be heard in camera would be decisions entirely within the discretion of the McDonald commission. Can the Solicitor General at least give the House the assurance that he will meet that commitment given to this House by the previous solicitor general, or is he still going to abandon that position taken when the House was given some assurance that it would be the McDonald inquiry which determined these matters and it would not be at the discretion of the Prime Minister?

Mr. Blais: Mr. Speaker, I would recall to the hon. member's attention the exchanges that have taken place in this House in the past two or three days.

Mr. Leggatt: That is why I asked the question.

Mr. Blais: I would call his attention, as well, to the Prime Minister's reply and my reply to the effect that it is our intention, as it always has been, to make full light in respect of all these matters that have been referred to the McDonald inquiry.

* * *

TRANSPORT

GRAIN SHIPMENTS THROUGH CHURCHILL, MAN.

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is directed to the Minister of Transport. Even with the historic trip of the m.v. *Arctic* to Churchill on November 15, grain shipments through the port will be down from some seven million to nine million bushels this year, placing the port in a cash loss position. I should like to ask the minister why the four million bushel storage facilities in Churchill will not be utilized this winter for the storage of grain?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am glad the hon. member has noted the kind of attention the government and the Wheat Board have been giving the port of Churchill. The voyage of the m.v. *Arctic* there is historic and again demonstrates that attention. The decision as to how to store grain and where to store it is made by the Canadian Wheat Board, taking account of many things including the transportation needs of the moment. The Wheat Board, of course, recognizes the desirability of having grain in position at Churchill if that does not interfere with other movements. However, if rail cars are needed at a given point in time to move grain to Thunder Bay or Vancouver while those ports are still operating to their full capacity, obviously that has to come first. I am sure, however, that the Wheat Board will give full consideration to the timing of the movement of grain to Churchill.

Mr. Smith (Churchill): Mr. Speaker, it is my understanding that cargoes have already been sold for next year's shipments out of Churchill. In light of that fact, would the minister consider directing the Wheat Board to put at least three million bushels in storage at Churchill, as this would put that port in a cash saving position?

Mr. Lang: Mr. Speaker, I have indicated that the Wheat Board is fully aware of the advantages and the interests of having grain at Churchill. The board is also aware of the other reasons it may not be able to do that at a particular point in time. I leave it to the Wheat Board to make the best judgment for the farmers. I have found over the years that it does that, and that the farmers have confidence in the board. I would not, even at the urging of the hon. member, try to interfere with the day to day operations of the Wheat Board.

• (1202)

ROUTINE PROCEEDINGS

[*Translation*]

FINANCE

TABLING OF STUDY ON PROFIT MARGINS IN FOOD INDUSTRY

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to table, in both official languages, a study of profit margins in the food industry, prepared for me by the Anti-Inflation Board.

* * *

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-7 intituled "An act to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act".

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

* * *

POSTAL SERVICES CONTINUATION ACT

MEASURE PROVIDING FOR RESUMPTION AND CONTINUATION OF POSTAL SERVICES

Hon. André Ouellet (Minister of State for Urban Affairs) moved for leave to introduce Bill C-8 intituled "An act to provide for the resumption and continuation of postal services".

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

[*English*]

Mr. MacEachen: Mr. Speaker, I would like to explain to hon. members that it has not been possible to give any advance copies of the bill even before first reading because the final form of it was decided upon at a meeting just before we came into the House. It would be unreasonable to ask the consent of the House to deal with a bill on second reading without giving members an opportunity to study its contents.

What I am suggesting is that a representative of the government might get an opportunity, say at three o'clock, to rise on motions, after members have had an opportunity to look at the bill, and ask whether we could proceed to second reading at that time. I am not asking for consent to proceed to second reading now because members have not seen the bill. What I want is to have prearranged consent to rise at three o'clock and

ask hon. members whether they are then ready to proceed with second reading of the bill.

Mr. Baker (Grenville-Carleton): Mr. Speaker, we are quite prepared to agree to the proposal by the minister.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the request the minister has now made is in accordance with the request he made to us at 11 o'clock this morning, and we are prepared to agree that at three o'clock we revert to motions so that the question the government House leader just indicated can be considered. Perhaps it could be left to consultation after we have seen the bill as to what precise hour second reading might be commenced.

[*Translation*]

Mr. Laprise: We agree, Mr. Speaker.

[*English*]

Mr. Speaker: Accordingly, the House has agreed that sometime later this afternoon a representative of the government shall have the opportunity to revert to motions at that time, to seek the consent of the House to proceed with the bill. Consent, of course, will be determined at that hour then, instead of at this moment.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, so that all members may see that bill, not just representatives of the parties, could it not be distributed now?

Mr. Speaker: Order, please. With the bill having been filed for first reading at this time, we are already moving to print as many copies as we can and distribute them at the earliest possible moment.

* * *

POINT OF ORDER

MR. PAPROSKI—QUESTIONS ON ORDER PAPER

Mr. Speaker: Questions on the order paper.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I would like the deputy House leader to know that there are questions on the order paper and that we would like a little bit of action on them. I do not think that he should be sitting there in the hope that these proceedings are going to be a continuous practice every day. We have questions on there, and I am sure that he can answer some of them.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, it is regrettable that the hon. member was away or absent-minded last week when I gave explanations to the hon. members for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) and Leeds (Mr. Cossitt). I then proved to them what magnificent work the government had done in the last two sessions in answering questions on the order paper. The average, in the penultimate session was 90 per cent, while in the last it was 88 per cent. The least we can expect of the hon. member is surely that he show elementary patience at the start of the current session when we are doing the necessary research to give the most complete and best possible answers to the questions asked by all hon. members of the House. I do not think I am being disrespectful towards hon. members, and more specifically towards those who are impatient, when I ask them for the minimum of patience and restraint needed to give us a chance to supply them with sensible and complete answers.

[*English*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise on the same point of order. May I ask the parliamentary secretary if it is his intention to place some priority on the 10 per cent of questions emanating from the last session that were not answered, most of which have been placed back on the order paper, and many of them dealing with matters of a statistical nature? For example, there is a question on there relating to the number of jobs created by the FLIP program and the number of jobs created by the employment tax credit program. What is the government trying to hide? If they have nothing to hide, then let them answer these questions.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, the parliamentary secretary in his remarks referred to the question which I posed to him as the last session came to a close. I would like to draw to the parliamentary secretary's attention the fact that I have had a question on the order paper for several months inquiring about a trip made by the former minister of labour to western capitals with regard to the CFL. What I have asked is straightforward. I have asked what the purpose of the trip was, who accompanied the minister, and what his point of destination was. I have asked about a statement that was made by the minister indicating that the Minister of Agriculture (Mr. Whelan) was thinking of providing funds to Ivor Wynne Stadium in Hamilton for additional seats. I would think that over the course of several months it would be possible for even the parliamentary secretary to have gotten some action in answering these questions.

It is simply not acceptable for the parliamentary secretary to quote statistics as to the percentage of questions answered, when it is very clear that questions which could be answered today if the government wanted to have been left for weeks and weeks. Surely something has to be done.

Mr. David Orlikow (Winnipeg North): I would like to remind the parliamentary secretary that I have had a series of questions relating to the senior officers of crown corporations which have been on the order paper for almost two years and that I would appreciate it if he would make good on the promise that he has made to me, month by month that the answers would be forthcoming in the near future.

[*Translation*]

Mr. Pinard: Mr. Speaker, after the remarks of the hon. member for St. John's East (Mr. McGrath), it is difficult for

me to set my priorities for the order in which replies must be given to the questions. I have no idea whether other hon. members will put more intelligent, more important, or easier questions in terms of research than those put by the hon. member for Leeds (Mr. Cossitt), for instance, or by the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty), but I must point out that some questions require less research than others and that some cost the Canadian taxpayers a mint because they require a tremendous amount of work; therefore, under those circumstances, it is not up to me to set priorities as the hon. member for St. John's East would have me do.

In closing, I think I had best reply to those insinuations by pointing out the performance of the government in the last two sessions. When 90 per cent of the questions are answered, I wonder what honest man can claim that the government hides the facts.

• (1212)

Mr. Speaker: I should like to point out to the House, as it has been pointed out to me, and correctly so, that our practice in the past has always been that questions on the order paper are not called during the currency of the throne speech debate, obviously recognizing that a few days ought to elapse at the beginning of the session to collect the questions and attempt to answer them. I have called questions since we resumed, but really I should not have called them until the conclusion of the throne speech debate, obviously recognizing by our own practices over a considerable period that there ought to be a bit of time yet before questions begin to be answered. Perhaps it would be better to revert to the practice we have followed in the past.

Mr. Paproski: On that same point of order, Your Honour, I see that you have realized that some of the questions had not been answered. I am glad you brought that to our attention. We would like to have these questions answered. We appreciate that you have brought this to our attention.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Monday, October 16, consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Clark) (p. 27).

Mr. Leonard Hopkins (Renfrew North-Nipissing East): Mr. Speaker, at ten o'clock last night I was discussing the decline of the timber trade in the Ottawa valley at the turn of the century. I went on to discuss how, at that stage, the federal government started moving in to fill the economic gap and how, in 1907, Camp Petawawa was established.

Forest research started on a 38-square mile area of Camp Petawawa in 1917. This contradicts many reports I have read in the media where the area has been reported as 36 acres or 38 acres; it is exactly 640 times that, being 38 square miles.

In the mid 1940s the Right Hon. C. D. Howe, under the St. Laurent administration started what is today the Atomic Energy of Canada Limited nuclear research laboratories at Chalk River, with Deep River as a major residential community for that Crown corporation. In 1970 the area was designated as a special area for growth incentives by the Department of Regional Economic Expansion. Much of this development program was based on the forest products industry. A general development subagreement was signed for the upper Ottawa Valley by the federal and provincial governments on December 7 last year to provide for infrastructure and special projects for economic development. This has been of major importance to the economic base of the Ottawa Valley.

Additional employment programs were introduced and applied by the Minister of Employment and Immigration (Mr. Cullen), many of which are related to the major developments already mentioned, and have meant a great deal to us.

At the beginning of my speech I mentioned the original three staples on which Canada was founded, fur, timber, and wheat. As a result of the recent public demands for cut-backs, with which I agree, as governments cannot go on spending at the expense of the private sector forever, the Petawawa Forest Experimental Station has been proposed as one of the cuts. I disagreed with this specific cut very strongly from the start, and still do so. Forestry research in Canada is essential if we are to plan responsibly for future generations of Canadians.

It is well known that the Minister of State for the Environment (Mr. Marchand) is a very strong supporter of forestry, and it is unfortunate that his department should suffer so much from the cutbacks in research. It is in the public interest that he be assisted by myself and other members of parliament, by the provincial governments—and the public, in this difficult financial position, and I intend to do everything possible to that end. This must be done in a rational and responsible manner. Part of that rationale must be that the forests of Canada be looked upon as a continuing strong staple product of our country. We cannot afford to lose our expertise and technological know-how in the forest research field, any more than we could afford the cancellation of the Arrow aircraft by the last Conservative government with the resulting loss of experts and technologists to the aviation industry. If the Arrow had been allowed to go ahead this government would not now be in the position of having to spend the $2.34 billion in 1977 that is proposed for the purchase of new fighter aircraft because the Arrow would still be considered a modern aircraft.

The argument can be made very effectively and realistically that the investment, which a federal or provincial government

puts into forestry research and management is returned several times over in revenue dollars, employment, and international trade. If our forest research and development and management research programs are allowed to go ahead unscathed, it will spell a greater future for the forestry industry in Canada and will mean more revenue for the government.

Just what does forestry mean to Canada and its provinces? In this respect many of the letters I have received show that provincial governments that have a large interest in forestry have not gone unscathed either. Before I deal with what the forestry industry really means to Canada I would like to inform the House and the people of Canada that the mail I have received as a spokesman on this issue—

Mr. Peters: How did you get it?

Mr. Hopkins: I can tell the hon. member that I am delighted to have received it. It outnumbers the total amount of the mail I received on the issue of the death penalty by five to one. This is a healthy sign, as it shows the people of this country are still concerned about their forestry, that they want research and development, good forest management, and that they are right on key on this subject.

At a glance, what does the forest industry mean to the economy of Canada? Three hundred thousand people are directly employed in the forest industry in this country, and the total number of people employed directly and indirectly is one million, or 11 per cent of the total labour force in Canada. The value of products from all forestry industries is $4,600 million. The forest industry accounts for 20 per cent of our total exports or international trade. In other words, 20 per cent of all of the exports from this country are from forest based industries.

● (1222)

We produce 40 per cent of the world's newsprint. As far as the balance of trade is concerned, the forest products of Canada provide $4 billion toward our balance of trade in international sales. Revenue Canada receives approximately $1 billion in revenue from the forest industry in Canada. The provincial governments receive approximately $650 million in revenue, and it cannot be forgotten that they control the Crown lands and the timber sales. The federal share of total forest revenue, and this is made up by taxation on corporations and income taxes from employees etc. represents two-thirds of the total revenue from this industry the remainder is taken in by the provinces. The percentage of total revenue for Canada is 4 per cent in that one industry alone.

The budget of the Canadian Forestry Service is approximately $35 million. Herein lies the basis for my argument that with the federal treasury receiving $1 billion in taxation from forest based industries, and the provincial governments receiving $650 million from the forest industry, we have only about $35 million going into the Canadian Forestry Service which makes up the total research programs.

The Petawawa Forest Experimental Station is the oldest forest experiment station in Canada. It has a world-wide reputation in forestry. This is why it is no local matter. It is even becoming a matter of national and international discussion. Indeed it would be a tragic loss to forest science. It is the best documented forest in Canada, and this is quite in keeping with the traditional timber trade and the economically based forestry industry of the valley. If the station is closed there is no way that the upwards of 61 years invested in time and research could be recouped.

In my earlier days as a teacher—I started teaching in an area where the forest was the very basis of the local economy. That took place in some of those beautiful hill-covered townships of Lyndock, Brudenell, Sabastopol, Radcliffe, Raglan, Griffith, etc. in the county of Renfrew. If we are going to renew those forests on the hillsides, and if we renew the forest on low grade land in the traditional forest areas of Canada, we must have timber based on the more rapid growth system. Some of this work and advice has come from the Petawawa Forest Experimental Station. They deal very closely with provincial governments and their natural resource departments. In particular, they have been in close liaison with the Department of Natural Resources of Ontario. The recent general development subagreement announced for the lower part of the Ottawa Valley in Eastern Ontario with regard to rapid growth wood for the pulp and paper industry was developed partly on scientific and technological advice from the Petawawa station in co-operation with the Department of Natural Resources in Ontario.

We get all kinds of mail today about every phase of Canadian life and every issue that arises. So, because I have a very sentimental and in depth feeling for the forest resources of our country and for the people who make their living there, I must say that I appreciate to the nth degree all those many letters I have received from elementary school children who print or write their letters, through to high school students, and university students who have studied at the experimental station and who are interested in the Canadian Forestry Service.

I have received three letters from abroad, also many from people who have visited the station and people who have done experimental work at the station. I have received letters from the professional foresters' groups, as well as from the general public across Canada. This mail has been largely generated by the public awareness program operating at the station. The station can be seen as you drive up the valley. Tours are available. Last year 15,000 students came through the forestry station. I have also had letters from people across Canada who happened to be travelling through and visited the station this year or other years. They read in the press about the cutback and that the station was to be closed. These people are totally in disagreement with this decision.

The Petawawa Forest Experimental Station is concerned with research into management of natural and manmade forests. Forest fire is a very important part of their research work. This is important. What is the use on the one hand of developing very rapid growth of trees, or developing a better quality of tree, if we do not at the same time upgrade our ability to fight forest fires?

There is a strong program in tree genetics. They are known internationally for their tree seed. The Petawawa Forest Experimental Station is concerned with research into interpretation techniques and audience response, and also the use of forests for energy production and conservation, which is another important phase of our modern-day life. They go into interpretation, demonstration, technology transfer, and consultation.

Provision is made for facilities for research, recreation, conferences and education for the following: federal government centres, that is the Insect Pathology Research Institute, the Forest Fire Research Institute, and the E. Forest Products Laboratory; universities and schools; and the local community. This includes swimming, fishing, hunting, skiing, etc. because it is located in one of those lake and woods areas of the valley. Provincial governments deal with them constantly, as I mentioned, as well as the commercial forest industry.

If there is one thing I want to make clear it is this: I do not feel that there has been enough co-ordinated effort in Canada with regard to the forest industry on the part of those interested in the forests of Canada to form a proper lobby. This lobby is not only needed for a big crash campaign or at a time when a crisis arises in the Canadian forest experiment stations, but it is needed on a continuing basis to support and promote the Federal Forestry Service and provincial programs.

● (1232)

I understand the province of Ontario has drastically cut back on its budget for the department of natural resources. We cannot go on this way forever and still expect our forests to remain viable for future generations.

My point is simply this. After this debate is over, we cannot stop there. There must be a strong lobby by professional foresters. Strong corporations must also be involved. Surely their interests are tied up in this as well. Possibly they are going to neglect the forest industry and put their money in some other business.

In addition, there are the small sawmills and veneer plants in designated and depressed areas. In northern Ontario, 82 per cent of the people gain their livelihood from the forest industry. The components of the forest management policy are many and varied in nature. The Reed report entitled "Forest Management in Canada" made the following recommendations:

1. Tree Improvement: The introduction of genetically superior stock is intended.

2. Protection: Fire protection is reasonably well cared for now.

I would add, Mr. Speaker, that it must be continued.

Protection from insects is inadequate to cope with large scale epidemics such as the spruce budworm.

In this day when we are talking about conservation, it bothers me to see elm trees along our rural roads, victims of Dutch elm disease, being left to rot. They should be harvested. This is another reason—masses of dead trees—why forest research programs must be continued. With $35 million going into the Canadian forestry service and $1,650 million going into the federal and provincial treasuries, surely we could do better. It would not take that much more and the return on investment would be many times the original expenditure.

I again quote from the Reed report:

3. Research and Development: Primary research should be stepped up and in some cases redirected. There is an additional need for applied research and large-scale operating trials of various silvicultural treatments.

4. Canadian Forestry Service: This agency requires a status in accordance with the contribution of forestry to the national economy and its budgets should be restored in order to play its legitimate role in an expanded program of forest management.

That is precisely the point I was making a moment ago.

An expanded program of primary research is called for across the board. Stand improvement and tree improvement hold great promise, but related research has not kept pace with regeneration studies. The federal government should re-establish the priorities in this area which were sacrificed in favour of environmental studies.

Reed further calls attention to serious regional problems in five provinces aggravated by the ravages of spruce budworm, by forest area withdrawals resulting from environmental pressures, and by shortfalls in forest management.

In making these recommendations, Reed alludes to many constraints in achieving improvements in forest management intensity. He alludes to the complexity of planning framework, the lack of general expanded commitment in forest management, and the existence of intense rivalry between federal and provincial governments. That is unfortunate. It should not be. There should be a total spirit of co-operation, with the provinces playing their role in co-operation with the federal government.

There is open friction interdepartmentally in Ottawa and in the separate provincial capitals, and even within individual resource ministries at the provincial level. There is a need for a mechanism to co-ordinate forestry programs of private industry and senior governments with identification of management priorities through to implementation and funding.

There is a need for appreciation of the forest sector as one of Canada's most important generators of activity. That is something I alluded to as a long-term program. It has been with this country since day one. Only a rational approach to research and development in forest management, pest control and disease control will continue this growth.

Net imports of the United States, mostly from Canada, are expected to increase from a roundwood equivalent of 1.6 billion cubic feet in 1972 to 2.8 billion cubic feet by the year 2000. Canada is presently the world's largest exporter of forest products, with approximately 10 per cent of the world's productive forest land area, and growing stock reserves. The forest land must be replanted with upgraded timber.

If we can succeed in improving the quality of our timber resource in Canada, the manufacturer will have lower production costs at his mill or plant. This in turn will make him more competitive on the international market. It will help retain that 20 per cent of the international market. Indeed, for the first quarter of 1978, forest products in Canada represented something like 32 per cent of our international trade.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue only with unanimous consent. Does the hon. member have consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the feeling of speaking in the House of Commons was once described by Sir Winston Churchill as that something above everything else that touches the heart and sometimes silences the individual. I am not here on this occasion to speak with regard to some of the recent events.

I am very happy that there are two ministers present. They will be able to convey my thoughts to the Prime Minister (Mr. Trudeau) who, knowing I was going to speak, followed his usual course of disappearing because he always feels that one should never, never criticize him. I was not going to do that. It is the last thing I had in mind.

All I have to say in that connection, without going into the election results, is that the most lonely position anyone can occupy is being the only living former Prime Minister of Canada. I am looking forward, after the events of yesterday, to having company soon.

● (1242)

Some hon. Members: Hear, hear!

Mr. Diefenbaker: That is a hope and an expectation, and I am sure the Prime Minister was not just talking when he said on several occasions that no one should remain Prime Minister of Canada longer than ten years. I won three elections as the leader of this party, and he has won three. His terms were not as short as were mine. I came in in 1957 with a minority. However, last night's results indicate that the Prime Minister had unusual prescience, and I know he will carry out the undertaking he has given over and over again regarding the danger of one remaining Prime Minister longer than the period I mentioned.

From time to time the Prime Minister quotes Scripture. That has developed recently. He needs the kind of help he believes the Scriptures will provide. I am reminded of the words in the fifth chapter of Daniel. Oh, the Minister of Veterans Affairs (Mr. MacDonald) knows what the words are! That was when the handwriting was on the wall. You will recall that, Mr. Speaker.

There was Belshazzar. Suddenly the words *Mene, Mene, Tekel, Upharsin* appeared. I can pronounce them very well. The words, of course, interpret, "God hath numbered thy kingdom, and finished it". The *Tekel* part of it interprets, "Thou art weighed in the balances, and art found wanting". No more applicable words could be applied to the circumstances of today than those which were used in the Holy Scripture of thousands of years ago.

As I rose to speak, I saw the Prime Minister disappearing. He referred to me the other day when I was not here. Naturally, I am honoured to have been referred to by him, and I must pay tribute to him. Being a philosopher, he is always quoting fifteenth century philosophers. He doesn't always give their names, nor the authorities, so that they can be looked up. However, there is one statement he has made over and over again, "Indeed, the universe is unfolding as it should". Those words could not be more applicable to what is happening in this country.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I am not going to speak at length today. I would have, had the Prime Minister been here, because I want to be of assistance. I had wanted to remind him of some of the mistakes he has made.

There was a strange atmosphere in the House of Commons today. As I looked over at the treasury benches today, I saw the shadow of another John. In light of the turn of events it is obvious that the Prime Minister has the same view. I made a prediction a few days ago that when things went bad the Prime Minister would have to resign, or would resign. That was made clear as a result of what hon. members supporting him did the other day when he finished his speech. They stood and applauded. The press reported that they stood for three minutes. In the days of Hitler, Goebbels said that two minutes is long enough. It is strange that hon. members opposite should stand up to applaud. I have only seen that once, and that was in a casual way when the war ended.

Where are we going? What of the future of this nation? I think also of the immortal words of Lincoln. One of the most unusual fakers in history was P. T. Barnum. The fact that the initials are the same has no applicability to what I am about to say. Lincoln said that you can fool some of the people some of the time but that you cannot fool all the people all the time. All across this nation today there is a deep feeling of revulsion against the government of this country because of the stands which have been taken by the right hon. Prime Minister.

I am going to mention one or two of those stands, but not at great length. I was not here the other day when the opening speeches were made. I read what the Leader of the Opposition (Mr. Clark) said. It was a masterly speech.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: It was a speech which deserves commendation. Then there was the speech of the leader of the New Democratic Party (Mr. Broadbent). It was thoughtful and considerate. Then there was the Prime Minister's speech. I did not read it all; I measured it. It was the most unusual speech ever made in this House under similar circumstances. How many votes did he get as a result of that speech? I will not mention many of the constituencies, but I think of Parkdale and Eglinton as examples because of the large ethnic makeup of those constituencies. One could say that the voters in those constitutencies told the Prime Minister what they thought of him in most of the unofficial languages of this country.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: The mills of the gods grind slowly, but they grind exceeding fine. I can understand that the Prime Minister would go astray. I will mention the monarchy a little later because the Prime Minister lost more votes for endeavouring to strip Her Majesty the Queen of her prerogative rights than for any other reason.

I am concerned about my country, and I can understand how the Prime Minister could be led astray. A few moments ago the Minister of Agriculture (Mr. Whelan) was in his seat—he has gone now. He is one of the heavyweights of the government of this country. What did he say when he was in Washington attending the seminar on world hunger? He complained to his hosts that the breakfast they served him was lousy. "Just some old buns," he said. He went on to say the following, which indicates the thinking of this government. He said that Canadians do not have any economic problems and that unemployment is not so high—so high as what—and that Canadians do not know poverty. He said it is the media which are ruining Canada's reputation. Do you realize he said:

● (1252)

—I walk up the driveways and see two cars in the garage, ranch type houses, so much money in the credit union, just come back from a trip to Europe and some other place. How many other people in society are doing that?

I could read on, but it is the view of the government, and apparently it is the view of the Prime Minister, that everything is well. Take that article from Washington—its heading is "Problems Are A Myth".

We have, as well, another minister who illustrates their thinking, that is, the Minister of Employment and Immigration (Mr. Cullen). Why do we not get the facts here? I have never known a government—and I have been here for almost 39 years—that has concealed the truth to the extent that this government has. Anything that is embarrassing is not answered.

A little while ago there was a discussion regarding the several hundred questions that were not answered in the last session. I cannot read them all now but I have them here. So long as they have to do with the Prime Minister and so long as they have to do with appointments he has made connected with anyone respecting whom the question is asked, there is no answer. So along comes this minister and says that there are some facts that cannot be revealed. Now to me a fact means something that is true, but the minister says they are good facts when they behave themselves. So there are good facts, and there are others which lead to misinterpretation. I imagine this is a government which divides facts into those that can be allowed the people and those that cannot. In other words, the minister revealed the fact that the kind of information we are getting is whatever has been disinfected, dry cleaned or, to adopt a new word, "cullenized." That is where we are. Views like that, sir, indicate a government in disarray.

I will not say some of the things I would have said had the Prime Minister been here in order to answer me, because I like that type of assistance, but I will say this: That today is a happy day for Canadians who believe in the maintenance and preservation of freedom in this country.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I do not want to say anything that might in any way be considered as being uncharitable or as knocking down a person who is down and out, but, sir, all the things that for months and years we have been saying, have brought about a change in the thinking of Canadians, and they are beginning to realize exactly what their position is.

At a time when this nation was in great difficulty, the Prime Minister was in Morocco. I had to find out where he was, but I could not do it. I was not going to tell this. The hon. lady opposite was in Edmonton at the time. I was invited to Peking for September 23 and I wanted to find out whether there would be an election at that time. I came into a room in which there was quite a number of people gathered following the official opening ceremonies. Suddenly somebody said to me, "What are you doing here?" It was the Prime Minister of Canada. I satisfied his curiosity and I said I had been endeavouring to communicate with him for 20 days so as to obtain information from him concerning the possibility of an election, because, after all, the date of the election changes with the political atmosphere.

One thing that the Prime Minister wishes for today is that there would be an amendment to the law which would extend the period of five years between elections. He said he had been in Morocco for 20 days. I said that it seemed even longer than that. I had wanted to find out, just between us, privy councillors, if he would tell me whether, if I went over to Peking, there might be an election here. Do you know what he said to me? He said, "As far as I am concerned, you can go to Peking and go to hell". That was the clearest answer that I have ever had from him. For his edification I had to point out to him that in the hereafter I expect to be up there, but I said that we will not be in the same constituency.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I placed before you a few generalities. Now I will deal, not with the economy, because it has been dealt with by my leader with exceptional ability, but I will deal with certain matters that have caused the people of this country—

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Diefenbaker: I said that I was going to deal with the economy, but I am not, because it has been fully dealt with already. However, I do not think that Canadian people fully realize what a spendthrift government there is in existence. The Prime Minister speaks of restraint. Last year the deficit was $13 billion. This year it is expected to go as high as $15 or $16 billion. It will take years for this country to re-establish itself in so far as national finance is concerned. The government has earned the description of "Trudeau squandermania". That is what it has done, and that is why the Prime Minister leaves the House so quickly, because he knows he cannot face a debate. It is easy for him to make general statements, but I would have liked the opportunity to ask him some questions so that he could answer them immediately.

I come now to a question that is of great concern to me, and that is the monarchy. He has endeavoured all through the years to destroy the monarchy and to bring about a republic in Canada. The other day in the House he stated, as reported at page 37 of *Hansard:*

> We are repeating, Mr. Speaker, and we have said it since 1968, that this is the intention. The intention was explained to Her Majesty at Buckingham Palace by the then minister of justice and she saw it that way too.

That statement is false, because the Queen must accept whatever recommendation her prime minister has made. To pretend that she was in favour of this indicates on his part a desire to contravene the basic principles of parliamentary government. Now he says that he does not intend to have the right hon. member for Prince Albert along with the Leader of the Opposition misinterpret his views as to what he intends to do. If that were true I would be the first to admit it.

Let us look at the views of Senator Eugene Forsey, a Liberal and one of the great constitutional experts of Canada. He said, as reported in the Toronto *Globe and Mail* of July 24, 1978:

> —he will fight Prime Minister Pierre Trudeau's proposed constitutional changes to the limit.
>
> Mr. Forsey . . . called the constitutional package such a "weird concoction" . . . Mr. Trudeau's proposals would turn Canada into a republic and make the Queen a sort of deputy to the Governor General—

That is the view I have been expressing and that is the view of the constitutional experts.

The Prime Minister set out to get rid of the Senate because he knows he cannot abolish the monarchy and have both the House of Commons and the Senate. So, he starts this institution which will be neither fish nor fowl but will end the Senate. Where do the senators stand? I quote from an amendment to the motion by the Special Joint Committee on the Constitution:

> That this committee report to the Senate and the House of Commons its concern with the position of the government to the effect that it can proceed unilaterally, that is, by a mere law of parliament, with the provisions of Bill C-60 respecting the Senate of Canada and the position of the Crown, and—
>
> [The Acting Speaker (Mr. Turner).]

Let us see how many of the Liberal senators voted yea: Forsey, Fournier, Bird, Denis, Lang, Langlois, McIlraith and Neiman.

Mr. McIlraith came into the House of Commons at the same time that I did. He is a man for whom I have had intense admiration all through the years. He never deceived or used double language, and I do not mind being associated with people like that at all. All these Liberals said that the plan was wrong.

The Prime Minister has said that he is going to make the Senate an extinct species. Now, however, he says that he loves the monarchy, that, "Why, the very suggestion that he is trying to tear it down shocks his finer sensibilities". I will read what he had to say, because he has not changed from 1940 to 1978. All through the years it has been condemnation of the monarchy. He said on March 5, 1976, while speaking to the provincial congress of the Liberal Party of Canada in Quebec city in effect that as long as he is around all will be well.

He goes on to say that there are three sides to the constitutional question. There is a division of powers that we have not been able to solve, there is the amending formula, but most important of all there is what people call the repatriation. Basically, this means we are going to take away from England, the United Kingdom, this foreign country, although it is a friend—he actually goes that far—the right to make laws for Canadians. They have never made any laws for Canadians; the British North America Act simply provides that the amendments asked for by the Parliament of Canada will be accepted. In the next sentence he says:

> Do you think that the Queen of England will tell Bourassa: admit that Trudeau is right or tell me, admit that Bourassa is right? . . . We must agree to tell the English to stop making laws for us.

That is a dastardly statement and very false.

● (1412)

> I am going to get the constitution back and when I get it back we'll be able to form in this country a new kind of government and I shall be the first to appoint the first President of Canada in the person of Jules Leger, or of Hughes Lapointe.

That is what he said. That is his purpose. The other day he falsified his position, because he can turn somersaults faster than anyone who has ever occupied the position of prime minister.

What does he do? He gets caught and, whenever he gets caught, he follows Machiavelli who is referred to as his patron. Machiavelli says if you have to change your views, people forget. He says today he will get the constitution back, but let me read what he said on May 20, 1964. He and the Minister of State for Federal-Provincial Relations (Mr. Lalonde), he and a group of French Canadian intellectuals, produced a manifesto, translated by Michael Pitfield who is today, among other things, the secretary of the Privy Council.

> The derangement resulting from nationalism is particularly revealed today by the exaggerated importance given by our leading citizens to constitutional problems.
>
> Constitutional problems in Canada are far from being so serious or so important as some would have us believe. The obstacles to economic progress, to

full employment, to an equitable welfare scheme or even to the development of French culture in Canada, are not principally the result of the Canadian Constitution.

The restraints are not judicial but social and economic in nature. It is an exaggerated conception of the power of the written word that believes that these restraints will be wiped away as a result of mere constitutional change, whatever its magnitude.

The so-called building of a new constitutional structure is as futile as a a huge game of blocks and the effort devoted at the present time to debating such a reform takes up a great deal of energy that could be profitably spent in solving much more fundamental problems in our society.

Take your choice; one statement today, another tomorrow.

I am going to make a prediction, Mr. Speaker, and I do not often do that. He is scared out of his wits over the Senate. He is frightened. Those senators—Forsey, almost immortal while yet a mortal—and others who stood with him—I have named some of them and there are more—they have him frightened. I have no doubt whatever that one of these days he will withdraw that portion of the so-called constitutional package connected with the Senate.

What else is he going to do? No longer is there going to be a cabinet. It is not going to be called a cabinet but a council of state. That is the French expression.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the right hon. gentleman but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: No.

Mr. Diefenbaker: Mr. Speaker—

The Acting Speaker (Mr. Ethier): Order, please. The Chair sought unanimous consent but there is not unanimous consent. I therefore recognize the hon. member for Rimouski (Mr. Allard).

An hon. Member: Who said no?

Mr. Clark: Le député de Longueuil.

Mr. Diefenbaker: The Prime Minister runs for cover because the government does not want to hear the rest of it.

Mr. MacDonald (Cardigan): Mr. Speaker, if the right hon. gentleman's time has expired, I should like to raise a question of privilege. With all due respect to the right hon. gentleman whom I have heard speak many times, and whose views I respect, as well as his wisdom, and I want to compliment him on his remarks, some references were made to Her Majesty, the Queen, our sovereign. There are many on this side, a lot of us on this side, who have a very deep love for Her Majesty, and the things said today by the right hon. gentleman—

Mr. Diefenbaker: —are true. I quoted the Prime Minister exactly.

Mr. MacDonald (Cardigan): One second please. I want to say to the right hon. gentleman that when quotations are taken from speeches—

Mr. Diefenbaker: I took it from the Prime Minister's own statement in Quebec—

Mr. MacDonald (Cardigan): I understand that the right hon. gentleman did that. With your permission, Mr. Speaker, may I therefore also quote from the Prime Minister's speech?

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): The hon. minister seeks the floor on a question of privilege but I have doubts as to the validity of the question. I do not think the hon. minister was attacked in any way. If he has something to bring forward at a later time to clarify a point with which he is in disagreement with the previous speaker, we may consider that, but right now I do not regard this as a question of privilege.

Mr. Diefenbaker: Mr. Speaker, may I—

Some hon. Members: Order, order!

Mr. Diefenbaker: What are you so frightened of over there?

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Rimouski.

Mrs. Sauvé: May I ask a question, Mr. Speaker?

The Acting Speaker (Mr. Ethier): The hon. President of the Treasury Board (Mr. Andras).

Mrs. Sauvé: Will you allow a question, Mr. Speaker?

An hon. Member: No questions.

The Acting Speaker (Mr. Ethier): Order, please. I just recognized the President of the Treasury Board.

Mr. Andras: Mr. Speaker, I want to start by congratulating—

Some hon. Members: Order!

The Acting Speaker (Mr. Ethier): Order, please. I thought the hon. member was seeking the floor on a point of order. I had already recognized the hon. member for Rimouski.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I am grateful for this opportunity to take part in the throne speech debate. Like the previous speakers, I would like first of all to congratulate the co-movers of the Address in Reply to the Speech from the Throne, the hon. members for York South (Mrs. Appolloni) and for Verdun (Mr. Savard). I also wish to express my admiration for His Excellency the Governor General and Madame Léger who performed their duties with a selflessness and a simplicity that warmed the hearts of all Canadians. I also want to congratulate the new generation of House of Commons pages. I hope that every one of us will give them the attention they deserve.

Mr. Speaker, I would like to make a few comments about the rhetoric and the criticisms aimed by the right hon. Prime Minister (Mr. Trudeau) at the Leader of the Opposition. While we were beginning to see the right hon. Prime Minister as a financial wizard going into battle, as he has said so often in English, with his three weapons, the three Rs, that is Restraint, Reallocation and Renewal, we now discover a philosopher who tells us about the three Fs, that is the three faculties of the brain: memory, imagination and intelligence. He generously granted the first two to the Leader of the Opposition but kept the third for himself. As the saying goes, "Charity begins at home".

Mr. Speaker, the opposition may well have a lot of imagination, but it would perhaps be wise and not such a bad thing if the government also had some. As for memory, since I have been in this House, we have not stopped telling the government what its duty should be in view of the present economic situation. To go on in the same spirit, I would like to speak about what I myself call the three Fs, that is the three failures of the government—unemployment, inflation and the endless federal-provincial conflicts with the federal government imposing its will on everyone without ever trying to obtain a consensus. What is there in this Speech from the Throne that deserves our confidence? After reading it several times, I still wonder where we are going. As concerns the most serious current problem, unemployment, even though we may try reading between the lines, we can foresee little hope of improvement. The government says that it will help the private sector, even though it is badly weakened, to give a new impetus to the economy. We are told that at the summit meeting held in Bonn, Canada committed itself to give work to all Canadians. We are told that the objective of the government employment strategy is to encourage job creation in the private sector. The employment strategy, Mr. Speaker, is something new. At last the government has an employment strategy. We do not know much about the way it works, but there is actually an employment strategy, and that is reassuring, Mr. Speaker. There are 946,000 unemployed in Canada, including 301,000 in Quebec. Given the fact that out of that number 263,000 are going to be withdrawn from unemployment rolls and increase the number of people on welfare, Mr. Speaker, if the Minister of Employment and Immigration (Mr. Cullen) still intends to go ahead with his project of cutting expenses, the government of Quebec might find itself, after these cuts, with a substantial additional burden in the area of social assistance. But which type of industries are going to be granted these additional funds that the government is going to invest in job creation? That is the big question. Heavy industry, oil industry and major industrial centres. What will happen to economically underprivileged areas like mine, and the whole Gaspé area? I would like to quote the Quebec minister of labour who said on September 7 last:

• (1422)

The funds intended for those programs could be directed toward the areas most likely to attact them, namely Ontario, Alberta and British Columbia.

The dilemma would be that the benefits of 90,000 unemployed Quebeckers would remain in Ottawa and end up in the richer provinces. We had a small example recently in the Ford Company which located in Ontario with a subsidy of $68 million. So, Mr. Speaker, we should ask the provinces, the 946,000 unemployed, the civil servants or the have-not regions what they think of the government's employment strategy. I think that yesterday about 10 per cent of the people answered flatly what they thought of the government's strategy and the present situation. Of course, the Prime Minister keeps repeating that everything is fine, thank you. Inflation is less severe here than in other countries. We are creating more jobs than any other country. We have a high standard of living. And he throws a bunch of figures our way, as he did in Winnipeg on September 18, and as he did once again in the House last week, telling us that 91 per cent of households in Canada have hot water, 90 per cent have showers, and 29 per cent have home freezers. And then he tells us that he has figures on flush toilets and sewers.

Mr. Speaker, I think that we have to be more serious than that. It is not a matter of knowing whether Canadians have outhouses or flush toilets but of knowing whether there will be jobs for our 946,000 unemployed. That unemployment is the very consequence of the economic slump we have been in for the past ten years. There will always be politicians like the Prime Minister to tell us that in spite of staggering unemployment, runaway inflation, a weak private sector, bankruptcies, endless labour conflicts, like at the Post Office, government quarrels like that sales tax business which made us lose two months in sterile debates, to tell us that in spite of all that, everything is fine.

I would like to take this opportunity to point out once again the growing gap between have and have-not regions. Last Friday the hon. member for Matane (Mr. de Bané), depicted a gloomy picture of the real situation in the Gaspé Peninsula. It is a sad reality, Mr. Speaker. What the hon. member from Matane tried to tell people in the area is that because they have been blindly loyal to an old party, particularly the Liberal party during the last 30 years, they should stop voting Liberal and change their political philosophy if they want to see better days. Indeed all the difficulties they are now facing, including unemployment and inflation, are the prize they get for their faithful loyalty to the old party, particularly to the Liberal party.

It is altogether inconceivable that budget cutbacks concerning government offices and unemployment benefits shold not be used to launch some make-work program. According to a Statistics Canada report, eastern Quebec had a 15 per cent unemployment rate. If we want to be more realistic, we should talk about an actual and permanent unemployment rate of 25

per cent. In some municipalities 50 per cent of the labour force is idle. That is because of lack of economic planning, investments, basic equipment, closing of plants, seasonal activities and so on. Those are some of the reasons for our difficulties.

For instance, in eastern Quebec we have mining, forest and marine resources that can we develop only if we have a share of foreign markets. The few industries and mines we have either reduced their production or ceased their operations because of that lack of opportunities. Many sawmills have closed down. As concerns fisheries, Gaspé does not benefit from the 200-mile limit as its industry is still based on inshore fishing. This is why this morning I put a question to the minister and proposed a motion asking him to maintain the 2 cents a pound subsidy to the Atlantic coast fishermen.

The tourism industry has a period of operation of no more than two months which tends to discourage potential investors. What hopes have we left if the government does not offer a tax incentive policy to industries that might be tempted to open plants in those areas? Not only is our unemployment rate the highest in the province of Quebec but it is also the highest in Canada according to the latest figures published by Statistics Canada. We are the champions of unemployment, a title we share without any pride with another Quebec region, Abitibi-Témiscamingue. This situation has many serious economic and human effects. Lives are ruined, opportunities are lost, there is bitterness, shame and we even had suicides. The economic consequences are very serious too: the loss of a countless number of man-years, a heavier welfare and unemployment insurance burden. It is the same on the social aspect: exodus of young people, the aging of the population and poverty.

Mr. Speaker, I have dealt almost exclusively with unemployment as I consider this problem crucial and urgent if we want to ensure the economic future of our country which is looking ever less promising. Unemployment reaching alarming proportions, inflation, the fall of our dollar, the highest interest rates in our history, those are many reasons for concern. And the right hon. Prime Minister tries to convince us that nevertheless everything is fine. I know that the Prime Minister has made several trips to the eastern Quebec region and admired all the natural beauties of Gaspé. I strongly suggest he should go back to our area and discover that other Gaspé peninsula he does not seem to know. Hopefully he will come back with other figures than those concerning flush toilets. We have good people, people with a lot of memory, a sincere memory, creative imagination and fruitful and honest intelligence, people still haunted by promises of a just society.

● (1432)

Mr. Marcel Roy (Laval): Mr. Speaker, first I would like to commend the hon. member for York South (Mrs. Appolloni) who moved concurrence in the throne speech. Thousands of Canadians heard that speech filled with sincere hope and dignity. That speech, made by the hon. member from York South in the name of millions of citizens who also chose to emigrate to Canada, where they could have a full measure of human dignity and civil liberties, reminded us we need real strength rather than dead wood, Canada needs enthusiasm and belief rather than apathy to keep on developing its potential. I am so much prouder of that contribution that as a member I also repesent a constituency with a number of ethnic groups. They chose Canada for the same reasons. Some wanted to escape the tyranny of certain dictatures, others came because their home had been threatened or destroyed by wars, or to flee racism. Whatever the reason or reasons for leaving their country of origin and coming to a new country, there is unanimity that Canada offers them the opportunity of full development.

This is why on October 8, 1971, Prime Minister Trudeau tabled in the House a document on the main programs related to maintaining and developing multiculturalism across Canada. This document contained the decisions taken by the Liberal government following the recommendations in the report of the Royal Commission of Inquiry on Bilingualism and Biculturalism. By creating a department to implement the recommendations made by the commission, the Liberal party proves that multiculturalism in a bilingual framework seems the best way to preserve the cultural freedom of Canadians. Thanks to this type of policy, discrimination and jealousy between different cultures should be eliminated. If national unity is to have a deep personal impact, it has to be based on each individual's feelings about his own identity. This might pave the way for mutual respect and views sharing among Canadians. A dynamic policy on multiculturalism will help us acquire this self confidence which could be the linchpin of a society which would guarantee equality and respect to all its people.

Consequently, I would like to point out that the Liberal government considers that multiculturalism in a bilingual society contributes to ensure the individual his freedom of choice.

[*English*]

I would like to point out a statement made by the Leader of the Opposition (Mr. Clark) relating to this important matter. I quote from a Canadian Press news report on the front page of the December 30, 1977, edition of the Toronto *Star*, under the headline "Joe Clark: Here's what I would do if I were PM" The following paragraph will be of concern to all Canadians on non-English, non-French origin:

> Clark vowed to reorganize and trim the federal bureaucracy. He said he would take a hard look at abolishing the departments of fitness and amateur sport, multiculturalism and urban affairs.

That is the official statement by the Leader of the Opposition concerning the importance of multiculturalism.

[*Translation*]

We are free to be ourselves but we cannot rely on chance, we must protect and seek that freedom. If it is jeopardized

among some ethnic groups, it can be jeopardized everywhere. In Canada and in the world, liberalism rests on the protection of the rights of the individual. Individuals will be able to attain maximum fulfillment only if they are allowed to fully exercise their rights in a climate of freedom and equality, the very idea of liberalism. Personal freedom, political freedom, equality and economic justice are all conditions favouring and garanteeing those rights. They are at the core of the concern of the supporters of liberalism and the main subject of attention on the part of the Liberal Party of Canada.

The government, in creating the position of a minister responsible for multiculturalism, wish to encourage the development of our various ethnic groups, recognizing their contribution to the fabric of the Canadian nation. It is obvious that success in the development of such a program depends on the co-operation of the provinces as well. In my opinion, a legislation such as Bill 101 in Quebec does nothing to support the objectives pursued by the Canadian government. I seriously wonder about that and it seems that unfortunately this legislation tends to polarize French-speaking Canadians against English-speaking Canadians, not only in Quebec, Mr. Speaker, but across Canada. We just have to listen to comments, to read editorials and to study our financial pages to realize the importance of this situation.

Canada is now at the crossroads. It is regrettable to think that the future of this extraordinary country, a country where freedom is part of our heritage owing to various people who settled here, can be jeopardized by a possible separation of Quebec, a possibility which I hope will be rejected by the majority of Quebeckers who are looking for security, for the protection of their democratic freedoms, for social stability and for economic progress and by all those who intend to live from coast to coast in their own way, and as fully as possible, sharing Canadian wealth together.

● (1442)

The hon. member for Verdun (Mr. Savard) who has had the privilege to second the Address in Reply to Speech from the Throne has made us aware of the matters which concern his voters, of the particular interest he has for the elderly and of the importance of a continued improvement by joint efforts with the provinces, in the services to which they are entitled in the field of housing, transportation and medical care.

Mr. Speaker, I have listened to the Leader of the Opposition (Mr. Clark) and some of his colleagues and I have been disappointed by the rather gray image they cast throughout Canada. They project the image of a country plagued with unemployment by not mentioning the fact that 240,000 new jobs have been created in Canada every year over the past five years. Members of the opposition are much quieter and even mute when it comes to explaining the causes and suggesting remedies.

[Mr. Roy (Laval).]

This situation must be clearly straightened out. Let us quote figures, absolute figures. One must consider that the labour force has grown by 308,000 in 1977 and 248,000 in 1976, which represents an increase of 3 per cent for 1977 and of 2.5 per cent for 1976.

Between 1965 and 1970, while the overall Canadian population increased by 1.6 per cent, the labour force expanded by 3.3 per cent. Between 1970 and 1975, the total population went up by 1.4 per cent while the labour force, people coming onto the labour market for the first time, grew by 3.5 per cent.

What are the projections for the period from 1981 to 1986? The total population is expected to go up by 1.3 per cent and the labour force by 1.7 per cent. In other words, a decline of more than 50 per cent in the labour force over the previous years. Statistics reveal that by 1985 we will probably experience a labour shortage.

Three quarters of this increase can be traced to the growing number of people old enough to work, the rest can be explained by the higher participation rate. Adult women in 1977 were the most important group in the 131,000 increase in the labour force; these women joined for most legitimate reasons, but they nevertheless increased its size. In other words, the labour force expands faster in Canada than in any other country in the world.

In a particularly difficult world situation we can proudly say that this country—every Canadian not only governments—has done as much, if not more, to create jobs and personal revenues, growth, development and investment as others in most countries of the world. But that has not been enough. Canada's performance has been remarkable compared with those of all OECD countries, the Organization for Economic Co-operation and Development, which includes North America, Western Europe and Japan, and that was done in spite of the days lost through strikes in 1976, when we registered a loss of some 11,609,890 work days. We were one of the most affected countries in the world at that time and if we look at the situation in 1977, this figure was down to 3,829,750 days lost, which represents a rather significant improvement for 1978. Therefore we hope Canadians and unions will co-operate so we can continue to improve this situation.

On October 12, the right hon. Prime Minister quoted a series of statistics to establish a comparison with the United States and other OECD countries as regards job creation, social policies, real available net income per person living in Canada as compared with our American neighbour while the real disposable income per inhabitant increased from 100 to 151.9 per cent taking 1968 as the base year. In the United States that real net income increased from 100 to 124 per cent. Therefore, it means that we are ahead of our American friends. I do not intend to tell you that everything is for the best and that the government is not conscious of concerns in Canada.

The eight-point plan announced by the Prime Minister on August 1 last on his return from the Bonn summit conference and the contents of the Speech from the Throne make up an emergency plan for action combining several aspects of the government policy. It advocates speeding up action rather than taking a leap in the dark. It finally shows that the government is strongly determined to take imaginative measures recognizing that the priorities should be shifted, advocating restraint in government expenditures, the reallocation of funds in our social schemes and the renewal of funds used to urge private enterprise to create permanent jobs.

As for restraint, the government of Canada has always been blamed for the expansion of its budget. I have myself discussed during a review in committee the reasons warranting such and such an expenditure or questioned departmental officials about increased staff. I even asked for the establishment of productivity standards through an annual assessment of the staff, which is made today. You were right in making such a criticism. I was also right when I asked questions to the officials of various departments. We decided to reduce public expenditures by $500 million this year already and by $2 billion next year. For some people, it is not enough but it is an enormous amount for those who are affected. It was not easy if you consider the distribution of those funds.

For your information, let me point out that in the years 1961-1976 the distribution of the increases at the various levels of government as a percentage of the gross national product was as follows. In 1961, all the expenditures of the federal, provincial and municipal governments amounted to 30.8 per cent of the GNP whereas in 1976, they represented 40.3 per cent, an increase of 9 per cent. Now, let us have a look at federal expenditures including transfer payments to the provinces. That proportion was around 18 per cent in 1961 and became 20.2 per cent in 1976—an increase of only 2 per cent. Let us have a look now, if you want, at the increase in spendings at provincial and municipal government levels, excluding transfers. In 1961, these spendings represented 12.7 per cent of the gross national product whereas in 1976 they represented 20.1 per cent, that is an increase of 7.4 per cent. These figures may seem too high, but I think that public expenditures are also high. Here again, let us be careful before charging Ottawa for that situation, before thinking that all these finds are going to public servants who have nothing to do, or that it is just wasted money. Let us give back to Caesar what belongs to Caesar, especially when Caesar has slowed down that alarming trend.

One sometimes hears certain people make comparisons with the situation in the United States, be it about taxation or other fields where Americans show a much more glossy picture than ours in the area of public expenses. Let us not forget that the main difference between Canadian and U.S. public service figures lies in the fact that health care in Canada rests with the public sector whereas in the United States it rests mostly with the private sector, which accounts in the United States for a difference of 5 per cent to 6 per cent of their gross national product.

So I revert to this fact: for fiscal year 1975-76, federal payments to individuals amounted to $7.7 billion, of which almost 90 per cent paid as old age pensions, guaranteed income supplement, family allowances or unemployment insurance benefits—in fact, payments to individuals, to all Canadians, represent 22.8 per cent of the total federal budget.

We therefore had to cut back expenses without raising all sorts of objections, and we have redistributed funds among the lower income earners. This amendment allowed us to increase the garanteed income supplement by $20 a month per family, and some 3.3 million people will benefit from this measure. As the time allotted me is limited, I will not be able to complete the outline concerning family allowances, which have also been reviewed with a view to redistributing funds. I would recommend reading the leaflet that the Minister of National Health and Welfare (Miss Bégin) will send and in which she gives all the advantages and changes that have been brought to the family allowance program. Changes were also required in unemployment insurance. There are some people out of work who are really looking for a job, we are aware of that. However, upon further examination of the situation of unemployed people in Quebec, we have found that over 75 per cent of households affected by unemployment earn wages, that is to say, they have two sources of income, unemployment insurance benefits and wages which were not declared.

In fact, the latest data published by Statistics Canada on unemployment indicate that out of the 243,000 families, or 270,000 people, affected by unemployment in Quebec in the month of August, 184,000 had one or more sources of income and in 165,000 families, the breadwinner had work. This means that 59,000 families had no income at all, including 16,000 childless families. So we brought changes in the unemployment insurance scheme precisely to stimulate the development of Canada a little more.

Now, Mr. Speaker, I would like to deal with industry. I more particularly wish to thank the Minister of Finance (Mr. Chrétien) for the initiative he took when he was minister of industry, trade and commerce by talking the cabinet into signing the agreement with Canadair, an initiative that allowed hundreds of people of Laval and Montreal to work in the aeronautical industry and to participate in the development of the well known Challenger jet aircraft now being built by Canadair. That was a very important initiative for the metropolitan Montreal area, since 70 per cent of the total number of manufacturing jobs in the province of Quebec are concentrated in Montreal and since the economic health of the city has a considerable influence on the over-all economy of the province.

In the manufacturing industry, the jobless rate in Quebec has increased by 50,000, 41,000 of whom in the Montreal

area. This proposal is particularly worthy of attention because in the transport and aeronautics industries the Montreal area already has the basic facilities for further development of aircraft production. It will hopefully become a major centre for the transportation of all kinds of goods throughout North America.

Mr. Speaker, I will strongly support the proposal of the hon. member for Terrebonne (Mr. Comtois), providing for further expansion in the northern area of Montreal in particular in Ste-Thérèse or the opening of a new Quebec General Motors plant in North Montreal. Considering that the bus plant will be built in Deux-Montagnes and that General Motors has already set up a car factory in Ste-Thérèse on the North shore, I will strongly support that move and call upon the municipal governments to back this very good proposal which will contribute to developing this sector of the motor industry in the northern part of Montreal.

Mr. Speaker, I also want to thank the Minister of Regional Economic Expansion (Mr. Lessard) who has agreed to designate the city of Laval, and include it in the special Montreal area which is eligible for industrial development grants of up to 25 per cent of the capitalization rate to set up new businesses and 20 per cent more to expand industries already existing, provided these businesses contribute $100,000. Already, Mr. Speaker, five new industries have received offers for a total amount of over one million dollars from the Department of Regional Economic Expansion, for a total investment of approximately $10 million for the city of Laval.

I see my time is running out, and in conclusion, Mr. Speaker, I remain optimistic for the future because the government has taken economic measures to meet the present needs, and with the determination of all Canadians, whether they work for private industry or the government or labour unions, we all have a part to play in meeting this challenge, in order to foster a real economic growth which will reflect the aspirations of all Canadians.

● (1452)

[*English*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my first pleasant duty this afternoon, a matter of tradition in this House, is to congratulate the mover and seconder in this throne speech debate, but although they made excellent speeches they did not seem to influence the by-elections of yesterday.

Mr. Knowles (Winnipeg North Centre): Maybe they did.

Mr. Woolliams: My good friend from Winnipeg says that maybe they did.

I am always very happy to follow the right hon. member for Prince Albert (Mr. Diefenbaker), whom I have known for many years. He is a master in this chamber and one of the top orators who has entered this chamber in my time and, I am sure, in the experience of all others as well as in the experience

[Mr. Roy (Laval).]

of those who were here before me. Having listened today to his witty good humour and noting his penetrating method in debate, there is no doubt that hon. members opposite listened very carefully. However, I must say that I was disappointed in the Minister of State for Federal-Provincial Relations (Mr. Lalonde) and other backbench members of the Liberal party. When the right hon. gentleman asked for an extension of time, those hon. members said no to a former prime minister of this country. The right hon. member for Prince Albert is the only living former prime minister in this country, and the action of those hon. members was inexcusable.

Yesterday was quite a day. It was the day for by-elections. I suppose this might be a time for some elation and some celebration for our party, but above all it is a time to appreciate the democratic process of government. Many people in Canada, both inside and outside this House, believed that there would be an election last spring or this fall, but for one reason or another the Prime Minister (Mr. Trudeau) lacked the courage necessary to call one. No doubt the people spoke with a loud, clear voice yesterday.

There is one thing about by-elections I like. They can be differentiated from Gallup polls. When voters speak in by-elections, the result is accurate, assertive, and assessing. Therein lies the difference between the Gallup poll, which is often used in this nation, and a mini federal election of 15 by-elections. In the by-elections yesterday the people elected ten Progressive Conservatives, two New Democrats, two Liberals, and one Social Credit.

Thousands of words will be spoken and written about yesterday's by-elections, but for the Progressive Conservative party this is a time for sober thought. It is a time to appreciate that as a national party and the party of confederation we are on the verge of forming a new government for Canada. It is a time for us to accept the fact that governing this country will be very difficult. As described by our leader and also by the right hon. member for Prince Albert, at this time Canada is in an economic mess. The whole country seems unsettled, and disunity seems to be found everywhere.

I felt that the Ottawa *Journal* put it very accurately and adequately as follows:

● (1502)

On the basis of yesterday's returns, that challenge is simply beyond the reach of the Liberals under Mr. Trudeau. He could hardly have been more emphatically rejected than in the decisive loss of all five Liberal seats the party held in Ontario or in the sharp loss of popular vote strength shown across the board. The brave face Mr. Trudeau put on the matter of his personal acceptability as a leader was to be expected. But whether he takes the opportunity to reassess his own position, his party can hardly avoid facing the leadership question, and with urgency—

The result in Ottawa Centre, a smashing victory for the Conservatives, typifies their best hope in the months to come; to attract more high calibre candidates such as Robert de Cotret, and David Crombie who won so well in Rosedale, to leave the voters with no doubt that this is a party getting ready to govern. Finding such candidates will be a great deal easier starting today.

Therefore, I say at the outset, this is the time for this party to assess itself, it is the time to be most responsible and, above all, it is the time to continue—and I use the word advisedly—

to be credible, which we are. The proof that we are credible is the voters' confidence which was given to our national leader and to our party yesterday.

This is the time to appreciate our victory, but also the time to be humble—

Mr. Leggatt: That is hard now, come on.

Mr. Woolliams: —because we will have thrust on to us the responsibility for cleaning up the mess of the last ten years.

Mr. Alexander: Yes, and there is a lot of it, and it is deep.

Mr. Woolliams: I am proud to say that much credit must be given to our national leader, a young man with great ability and lots of experience, a young man who has served at least two national leaders, the right hon. gentleman from Prince Albert, our former national leader, and a premier, as well as serving his constituency here in the House of Commons. However, I was most disappointed when I heard here the other day the Minister of Industry, Trade and Commerce (Mr. Horner), a former member of this party, a man whom I know very well, a man whose first nomination was held in Hanna in the constituency of Acadia, where I was guest speaker, now Crowfoot, who, I thought, sank to a new depth when he attacked personally the national leader of our party and referred in particular to his educational qualifications.

If you check very carefully you will see that our national leader has a Bachelor of Arts degree and a Master's degree in Arts. This seems to top the qualifications of the critic from Crowfoot. We do not know what grades he had in high school, but I do know he enjoyed a six weeks' extension course in the school of agriculture at one of the universities. At any rate, I suppose that when we come to discussing education, whether university or other, perhaps the Minister of Industry, Trade and Commerce can take some comfort from the fact that the late Sir Winston Churchill was not a university graduate, in spite of which he was probably one of the greatest leaders the world ever saw at a time of great crisis for the western world.

Now I would like to turn my attention and make some remarks with reference to the administration of justice. I was most disappointed to see that both in the Speech from the Throne and in the recent answers of the Minister of Justice (Mr. Lang) it is evident that the question of law reform is now a forgotten chapter with this government. I should like to review with you, Mr. Speaker, for a few minutes the whole subject of crime and its causes.

When crime is on the increase, the notion that it can be described in a single category is erroneous. Violent crimes create a climate of fear in the streets of our growing cities. White collar crime, in economic terms, is much less visible than violent crime. The material cost of crime such as petty theft, consumer fraud, violations of the Combines Investigation Act, or embezzlement, dwarfs all crimes of violence.

Proper laws and proper law enforcement cannot be underestimated in the control of crime, but I have believed for years, not only as a member of parliament, but as a lawyer, that we must launch an attack on the breeding grounds of crime. Crime breeds in the cesspools of injustice and poverty in the urban slums of our fast growing cities. The law must be just to be respected and obeyed. Urban poverty makes people who dwell in these cities the victims, not the masters, of their environment. Bad environment becomes the inheritance of the next generation. In order to launch a major assault on crime, we must attack conditions of despair and the denial of opportunity to people, which result in a growth in the incidence of crime. Today we have one million unemployed in Canada. That is a condition of despair. However, crime still thrives under conditions of affluence, and it is the white collar economic crime which erodes the capitalist system and which promotes more controls and less freedom, as can be observed day by day. In brief, the police, courts and prisons alone cannot control crime. We must also deal with the underlying cause of crime. The immense and stubborn forces pervading our environment determine the quality of our lives and are a challenge to us.

Through long range efforts in a new land of bountiful resources we can conquer poverty, ignorance, disease, discrimination, family breakdown, injustice, social tension, and despair. But while we must strive to approach the causes of crime, we must put our mind to work in a practical way to amend the various sections of the Criminal Code to guarantee that the law is respected and is not shaped and planned so as to protect the rich only and be unjust toward the poor. Crime is a national problem under our constitution, while law enforcement is the provincial and local responsibility. This parliament must direct its processes so as to ensure justice through the Criminal Code. It is for us to bring excellence to every aspect of the administration of justice—to corrections, the courts, and to law enactment in every jurisdiction in Canada.

Let me turn my attention now to the administration of justice. I was disappointed to see that two bills, Bill C-51 and Bill C-52, which were brought forward by the former minister of justice, died on the order paper. Bill C-52 contained the new definition of rape and indecent assault or aggravated indecent assault. Although I cannot say I agree with all the clauses of the bill, I think that the purpose of the bill was good. The purpose of the bill was to correct the procedures of the courts which sometimes allow the victim to suffer more than the accused, and cross-examination procedures which allow the victims to be cross-examined on their past sexual behaviour.

The Council on the Status of Women for Canada met with our committee and with the caucus of our party and discussed that very problem. One of the things they asked was that this parliament take steps to assist victims of rape, a crime which is on the increase in this nation, particularly in the highrises, on parking lots, and in the streets and alleys.

● (1512)

Bill C-51 was a large, omnibus bill. Our all-party committee on justice and legal affairs met to study the question of pornography, and for once members from all parties agreed to a report, because as pornography is defined in the Criminal

Code under section 159(1) at the present time there have been few convictions. The problem was the meaning of the definition on obscene written matter and whether it met community standards, because the standards of one community can differ from that of another. I could deal with facts in some of those cases in which there were commitals. There are pictures showing the greatest kind of perversion of mankind, but I do not want to get into that.

The point I wish to emphasize is that the definition of pornography under the Criminal Code as it exists is inadequate and does not serve society. If there is a problem I get more letters on, it is the problem of pornography across this nation. It arises in part in the local corner store where young children can go in, sit down and read or see the weirdest kind of pornography dealing with both mature adults and children as young as two and three years of age. One distributor admitted that he made over $1 million in the maritime provinces alone in selling and peddling pornography. He could not tell us what amount was made across Canada because he did not have the figures.

Under that bill we were able to convince the Minister of Justice to change the definition of pornography. Under that bill section 159(8) in the Code was to be repealed. It was defined as follows:

A dominant characteristic of the matter or thing is the undue exploitation of sex, violence, crime, horror, cruelty or the undue degradation of the human person; or

(b) the matter or thing unduly depicts a totally or partially nude child

(i) engaged or participating in an act or a simulated act of masturbation, sexual intercourse, gross indecency, buggery or bestiality, or

(ii) unduly displaying any portion of his or her body in a sexually suggestive manner.

That bill died on the order paper. It would seem that this government has now forgotten its mandate, which it thought it had, on reform.

In dealing with the Criminal Code we have referred to the expertise of the Law Commission. It has been sitting for a number of years, and I was very pleased to see Mr. Francis C. Muldoon, QC, a member of the Manitoba Bar, take over the chairmanship. He came before the Standing Committee on Justice and Legal Affairs and I spoke to him. I said that for a number of years the Law Reform Commission has done an excellent job but they have been philosophizing. Every report they put out is philosophical and I felt that it was time they, in spending the $2.5 million of the taxpayers' money they receive for this year, came to grips with some of the amendments in the Criminal Code.

One of the matters which should be looked at is the definition of insanity which determines whether a person is insane or not. This law was written over 100 years ago and is known as the M'Naghten rules. A person is said to be insane if he or she does not know (a) the nature and quality of their act, or (b), if the act is wrong. Surely that should be reviewed in light of new knowledge in psychology and psychiatry.

Section 41(2) of the Federal Court Act should be repealed and a new subsection enacted to empower a judge of the Federal Court or other superior court to decide whether documents should be admitted as evidence in a court of law rather than leaving the matter to be determined by a minister of the Crown. This section has been used in reference to the McDonald inquiry. However, now the government has decided that it will determine what documents this national inquiry will see, that it will make the decisions and keep the facts from this inquiry. How can the inquiry come out with a report that is looking into wrongdoing? We do not know today, particularly when we talk about Section 41(2), what instructions were given by the many solicitors general that have come and gone. In fact they come and go as often as I wear out overcoats.

Laws must be examined, and enacted if necessary, to preserve always the jury trial system in Canada. There is a suggestion from the Law Reform Commission that we do away with juries. In all important cases I believe that every Canadian should have the right to be tried by his peers, and I would not want any other system to develop in this country in our jurisprudence. There has been some recommendation also in reference to the abolition of preliminary hearings in criminal offences. Preliminary hearings must always be preserved in reference to charges under the Criminal Code dealing with serious crimes such as murder, rape or robbery, because it gives the accused's counsel a chance to determine what the Crown has in evidence so that he or she may properly prepare their defence. This eliminates the risk of mistakes, and there are mistakes made.

Divorces are far too costly. The law regarding grounds should be extended and therefore amended to streamline the procedure which will cut the cost to the average person.

All writs of assistance must be renewed every six months by a judge's order, not issued by some bureaucrat or official, to carry any legal force and effect.

I would like now to turn my attention to something which amounts to a complete abuse of law and the fundamental principles of jurisprudence. Parliament in its wisdom—some would question that—enacted legislation to abolish capital punishment. I am not here to discuss the question of capital punishment, I am here to tell the government and the Department of Justice that what they did when they changed the definition of murder and the procedure in dealing with this crime usurps the civil rights of those people charged with the offence under the old definition.

In bringing forth this legislation they changed the definition for the crime of murder. Formerly, murder was described as capital murder and non-capital murder, and it was changed to first degree and second degree murder. In comparing capital murder and first degree murder there is no difference in definition, and the same is true for non-capital murder and second degree murder. The legislation that was approved by this House was described as transitional and came into effect on July 16, 1976, and was to apply to deeds previously committed. Putting it simply, if a person committed an act on Monday and the new law is enacted in reference to the same crime on Friday, how can that person be asked to be a law-abiding citizen?

With this new section a person could be committed for trial under the old act, tried and convicted before July 16, 1976, then appeal his case and take it to the court of appeal where it is heard after the new legislation has been enacted. There are three cases that I am aware of like this, two of which I will name, the Pineault case of Ontario and the Budic case of Alberta. The third one is presently before the courts, and I will not mention it because I do not wish to deal with something now before the courts in reference to this question. All three individuals received new trials.

● (1522)

The trap was sprung. Section 27(2) of the Criminal Code which was approved by this House—I was a member at the time but I do not think anyone thought it would be used this way—reads as follows:

Where proceedings in respect of any offence of treason, piracy or murder, whether punishable by death or not, were commenced before the coming into force of this act, and a new trial of a person for the offence has been ordered and the new trial is commenced after the coming into force of this act, the new trial shall be commenced by the preferring of a new indictment—

What does that mean, Mr. Speaker? When a person committed an offence before the law was enacted by parliament, he was tried under the old law and found guilty under the old law. The court of appeal directed that the conviction be quashed and a new trial ordered. Then the Crown comes along—when the person has been charged with non-capital murder and is successful in the appeal—and prefers an indictment of first degree murder. This is retroactive legislation of the worst kind and is against all the principles for which jurisprudence ever stood.

I have already referred to *Regina vs. Pineault* (1977) 32 CCR, page 391, Court of Appeal of Ontario. I will skip the next one because I know something about it, and it is before the courts. The next one is *Regina vs. Budic*. The Court of Appeal of Ontario split two to one on the interpretation. It does not say an indictment under the old act or under the new act, and that has never been settled by the Supreme Court of Canada. If you do a deed, no matter how evil, and it is on Monday, surely this parliament in its wisdom should not pass an act on Friday and make it retroactive to what you did on Monday. If that is the law of the land, God help the citizens of this country. This is legislation drafted by this government, brought in by this government, rammed through by this government which is now running slip-shod over people who get new trials in the court of appeal.

The following statement by Mr. Justice Brooks, a dissenting judge in the Pineault case, is the most serious I have read in the administration of justice for many years. He said:

Having regard to the whole of s. 27 of the act, it seems clear that parliament set a cut-off date. It said that after the coming into force of the act all charges of murder would proceed as murder in the first degree or murder in the second degree and an accused not yet tried and one for whom a new trial had been ordered by an appellate court would accordingly be similarly treated. To this extent parliament has declared what is fair and just. However, the important distinction (and really it is a safeguard) is that where a new trial has been ordered the appellate court was under a duty when directing the new trial to make any order that Justice requires. It is the presence of this obligation that is perhaps an answer to Mr. Greenspan's submission that his man's successful exercise of his right of appeal from his conviction for non-capital murder is no more than a sham.

In other words, if a person appeals to the court of appeal on a serious charge of non-capital murder and obtains a new trial, he is in worse shape than had he never appealed at all, even if there is a mistake in law or a mistake in evidence. That is what we call retroactive law. This has not reached the Supreme Court of Canada. There may not be many cases on the point.

Another change in the Criminal Code is that you can only appeal from a conviction or acquittal, so that means you cannot go to the Supreme Court of Canada on a motion. Mr. Justice Brooks also said:

Having regard to what has happened in this case and for the reasons which I have stated, I think the court should act and direct that the new trial be upon an indictment which charges the appellant with second degree murder and I would so order.

However, the other two judges decided the other way. So I say that for a person who committed an evil act before this legislation became law, if he is successful in appeal, the retroactive legislation means he finds himself charged on an indictment of first degree murder, rather than second degree murder as punishment for winning his appeal. If that is the law of Canada, I do not even want to be an honorary pallbearer at its funeral.

Mr. Driedger, the director of legislation for the federal government, has said:

A retroactive statute is one that operates as of a time prior to its enactment. A retrospective statute is one that operates for the future only. It is prospective but it imposes new results in respect of a past event.

He goes on to say that retroactive legislation should never apply to criminal matters. If there is any ambiguity, it should lean toward the citizen rather than the state.

Finally, this new law, in the guise of abolishing capital punishment, appears to have changed the whole process of the fundamental principle of justice, that a person must know the law as he sits, as he walks, as he runs, and as he acts, not some law that comes into force after the fact. I ask the House to take a hard look at that.

I want to deal with one more thought, if I have time, Mr. Speaker.

Mr. Speaker: Order, please. I regret to interrupt the hon. member but his time expired at 3.28 p.m.

Some hon. Members: Carry on.

Mr. Speaker: The hon. Parliamentary Secretary to the President of Privy Council (Mr. Pinard).

* * *

BUSINESS OF THE HOUSE

Mr. Pinard: Mr. Speaker, after consultation with the House leaders of every party, it has been agreed that at four o'clock this afternoon we will interrupt the current debate and proceed with second reading of Bill C-8, an act to provide for the

resumption and continuation of postal services and that the motion include a provision stating that the bill be referred to a committee of the whole House. That is the unanimous consent we have reached so far.

Mr. Baker (Grenville-Carleton): That is correct, Mr. Speaker. We are ready to begin debate now, if that be the case, but I understand it is necessary we begin at four o'clock. That is agreeable to us. The matter of moving into committee of the whole is also agreeable to us.

I should point out, and perhaps the parliamentary secretary could indicate it to the government House leader, that if we reach the stage during the course of the day we are prepared to consent to move immediately into third reading of the bill. If that is disposed of tonight we are prepared to agree now to extend the time of the House this evening in order that this parliament get on with the job of restoring postal service to this country.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the statement made by the Parliamentary Secretary to the President of Privy Council is correct, namely, that there is agreement among all of us to commence the debate on second reading of Bill C-8 at four o'clock and that the bill be referred to a committee of the whole House.

I suggest that any consent or agreement that might be needed for other stages should wait until we reach those stages. There could also be the question of what would happen to the vote on the Conservative motion that was scheduled for tonight. At this point we are prepared to commence the second reading debate at four o'clock as stated by the parliamentary secretary.

[*Translation*]

Mr. Gauthier (Roberval): Mr. Speaker, we have agreed to hold a debate at four o'clock. I do not know whether we want to start the discussion earlier than that, however we were ready for four o'clock in order to refer the bill to the House committee and at least try to put the question tonight.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, while we are on the point I think I should inform you that there have been some informal discussions between the government House leader and myself as to the appropriate time and method by which we should settle the time to deal with the vote on our amendment in the throne speech debate. That matter is under active discussion.

Mr. Speaker: At the moment the House has been asked for, and I take it has given, its consent for second reading of Bill C-8 to commence consideration at four o'clock. That point is now settled by consent, and so ordered.

[Mr. Pinard.]

• (1532)

It is also agreed that the motion which will be taken under consideration is a motion that the bill be read a second time and referred to a committee of the whole House. Insofar as other consents which may be required to deal with the matter are concerned, those consents will arise at the time when those stages are reached. The subject of the vote which is set for 9.45 is under discussion, and presumably the House can be informed as early as possible as to what arrangements will be made with respect to that vote.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, that is correct. I just rise to express the hope that any discussions about the timing of the other vote should be among all four House leaders and not just between two of them.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Clark) (p. 27).

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I believe it is appropriate to say, if at first you do not succeed try, try, try again. First of all I would like to congratulate the hon. member for York South (Mrs. Appolloni) as mover, and the hon. member for Verdun (Mr. Savard) as seconder of the motion, both of whom spoke with compassion and clarity. I was very proud to have them as members of the House and members of my party.

The events of last night and the clear knowledge that we are facing an election within the next few months are very evident to all of us. I would like to say at the beginning of my comments that, be that as it may, this parliament must work in the meantime. I want to speak this afternoon with what I feel will be considerable candour. As my colleague, the Minister of Finance (Mr. Chrétien), stated we will be having a budget in November. Today I would like to place before the House some facts on the fiscal position of the government so that we may all, in our responsibilities as parliamentarians representing whatever party, have that knowledge when we consider what might or might not be done three or four weeks from now, and indeed from now until the spring, in meeting our responsibilities collectively for the Canadians we represent.

I was tempted to divert from those comments, but I will not go too far, by the incident that took place when I tried to speak previously, when the right hon. member for Prince Albert (Mr. Diefenbaker) made some comments before the end of his remarks.

I would like to say that there was some outrage felt here about the personal comments concerning the Prime Minister (Mr. Trudeau), which I think were taken out of context and which were registered by my colleague, the Minister of Veterans Affairs (Mr. MacDonald). I will deal with another comment which the right hon. member made and which I do not feel is personally outrageous, but incorrect, when he stated that the borrowings of the government last year were $13 billion, I believe he said, when in fact they were $7 billion. As well he forecast $15 to $16 billion in borrowings this year. Instead they will be $11.8 billion. I suggest to you that that inaccuracy is equal to the inaccuracy of his comments about the Prime Minister's views on the constitution, which the Prime Minister clearly set forth when he spoke so eloquently here the other day.

Some hon. Members: Hear, hear!

Mr. Andras: I will resist the temptation of further diversion because in the time that is available I want to set forth some views and some facts that I have. The economic problems we face are international in scope. Governments all over the world are grappling with inflation, with unemployment, with trade problems, and with currency difficulties.

No industrial nation that I know of is isolated from the other industrial nations, and indeed nor is Canada. Objectively we are doing better than most, but Canadians are concerned and we are concerned. We are concerned as a government, and as members of parliament, about the persistent and pervasive nature of continuing inflation, unemployment, growth below our potential, and currency devaluation; we know the litany.

These days it seems economic theories that were well accepted are being challenged, be they Keynes or even our old friend Adam Smith, Freidman, Samuelson or whoever. It is my experience that if there are ten economists in the room, eleven different ideas of what should be done will be voiced. Governments in Canada of all stripes and at all levels since the 1960s have been intervening increasingly in the private sector. We see more spending, and more regulations. The growth of government in many people's view has begun to encroach, psychologically if not substantively, and it has begun to stifle the initiative of the private sector. The curious thing is that even with this growth in spending of governments, hon. members should know from their analysis and research that tax revenues have not kept pace with spending. This government is not alone in that case. Government spending at all levels in Canada, federal, provincial and municipal, is on the same scale.

In 1961, about 15 or 16 years ago, collectively in our various administrations we took about 31 per cent and spent about 31 per cent of the gross national product. By 1976 in Canada that figure had reached 40.3 per cent, an increase of 9.5 per cent, of the economy going through government hands, federal, provincial and municipal. The federal government, including the transfer payments to the provinces, accounted for 2.1 per cent of that 9.5 per cent. And the other levels of government, even before the effect of transfers to them, actually spent the money and accounted for 7.4 per cent.

If you exclude the transfer payments to the provincial governments, that money we collected through the federal tax revenue system and sent by way of cheques to the provincial governments, our share of that 9.5 per cent increase in the GNP was 0.5 per cent their's was 9 per cent. I do not say that as a criticism of the provincial and municipal governments. Indeed, let us be honest about it. Some of these programs for which we transferred funds were initiated at the federal level, medical and that kind of thing. Nevertheless we have to put the facts before us, and hopefully before Canadians as they judge this question of taxation and spending. It is important to know where that distribution is. It is also interesting in terms of the arguments of centralization and decentralization in this country.

That is where the spending increase took place in the main, at the provincial and municipal levels. And incidentally those seem like small percentages, that 0.5. I often hear that our expenditures have gone from $16 billion to $50 billion—"Isn't that shocking"? and "Indeed that is startling." But nobody adds to that that next year the gross national product of this country will be $250 billion. It has to have a form of relativity, one to the other. It is the standard, internationally speaking, by which government expenditures are judged. That is the relative position vis-à-vis the national economy. It is not the only criteria by which spending should be judged, by any stroke of the imagination. Efficiency, effectiveness and value for money are very good things. But in the macroeconomic effect of it that is the standard by which internationally, governments are judged in terms of their spending.

• (1542)

Even with that increase to which I have referred, which in my view was too much and too rapid, we are still in the low quarter of western industrialized countries as to the degree of public spending. I am talking about governments collectively. At any rate we have certainly contributed, as a federal government and in this House too, in my view and that of many others, to too rapid a growth.

It took place in the main in the period 1972 to 1975, a very responsive and quite expensive period of minority government. We were increasing our spending year by year at a rate which was clearly unsustainable. However, in 1976, and the facts are there, we changed course. We made a public commitment to reduce the growth of our spending to something below the growth in our economy, the gross national product.

I am talking about spending including transfer payments to the provinces, to people, budgetary, non-budgetary, capital, non-capital spending, the total over-all cash flow of the government. We met that commitment in 1976, 1977 and 1978, and we will meet it in 1979.

Some hon. Members: Hear, hear!

Mr. Hogan: What about unemployment?

Mr. Andras: I will come to that. It is a legitimate question.

Spending by governments and taxation by governments is of concern to the populace. Proposition 13 in California is not as alien or foreign as it may be considered by virtue of not being in this country.

More recently, spending in Canada by governments received more attention by virtue of the fact that in August we announced certain steps to cut our expenditures more significantly than we had up until then. I am quite aware of the cynicism as to, first of all, is it the right policy. I know that the New Democratic Party, I think in sincerity, might challenge as to whether it is or is not. Others challenge it through general cynicism.

I know there is cynicism as to whether the cuts are real or not. In the few minutes left to me I would like to establish why I and my colleagues believe it is the right policy and is necessary. I hope we will not have to waste a lot more time as to whether the cuts are real or not. I do not think the people in Ottawa have much doubt about that.

That was not a recent conversion on the road to Damascus. It began as a policy stated, followed through, committed and met in 1976. Granted, on August 1 it escalated and took on considerably more significance. About two or three years ago in a white paper called "The Way Ahead" we said that we had come to the conclusion that it was time the government backed off a little from the private sector, stopped stifling them and began giving them more room.

We had a series of ex-budgets and cuts, three or four which I, as President of the Treasury Board during my regime, had to administer, and a couple that my predecessor, the Minister of Finance, had to administer. I grant you that in those times and at those stages we were trying to make those reductions and that restraint as painless as possible. It is not a natural instinctive desire on the part of governments to cut back. None of us came to parliament simply to balance books. We all came to try and do something.

In our wisdom in those days, we put programs together which we thought were right. Collectively, I am afraid, they added up to an overkill and so we had to cut back. We were doing it as painlessly as possible.

On April 1 of this year, the April problem I call it, my people did a tally for me about the inexorable and inevitable growth of spending for next year. As I said publicly, my hair went white. It was far too high. It would have broken through the commitment to stay within the GNP trend line. Something significant had to be done.

We began right away, with full concurrence of my cabinet colleagues, to begin the cutbacks. They were larger than in the past. We had achieved a fair amount of that by the time the August 1 date came along. However, it was slow, painful, and somewhat tenuous as to whether we were going to get that last few hundred million we figured we needed to get to certain ceilings we had agreed to at that stage, ceilings which I felt at that time were still too high.

The Prime Minister returned from Bonn, having had the opportunity to talk with leaders of other countries, probably in private, commiserating on similar problems, saying what in the devil do we do about this? They talked frankly with each other away from the glare of the television spotlight, away from newspaper reporters and everybody else. There were discussions.

When the Prime Minister returned, he called me and said that we had to go further than we had planned. I subscribed to that position. He made it public that we were going to fulfil our commitment, that we were going to get our spending levels in line as we publicly committed in August. Indeed, our objective at that time was to go even further, because to get to lower spending ceilings was not enough. It did not give us one dime to reroute, reorder and put into new and more required initiatives of the current needs of this country, funding for new programs that we thought were necessary. Therefore we went further and rerouted another billion or so dollars back into the system in certain ways.

We took $500 million off this year to cut our ceiling to $48,300 million. We have taken $2 billion off for next year to get from $54,600 million to $52,600 million.

I have talked about inexorable growth, the inevitable spending levels that would have hit us. People say we are setting up a straw figure of $54,600 million simply to knock down, so that we can say we cut it. Not so. We have built into federal spending some inevitable growth pressures by law and federal-provincial contract.

Let me describe spending in four main areas. We have hundreds of programs. We cut or modified 189. I refer to transfer payments, transfers to persons, UIC, old age security, family allowance and the like, as well as transfers to the provinces, established program financing, equalization payments, post-secondary education, medical care and that kind of thing.

Those are the programs that are growing. Those are the programs that have absolutely the highest degree of commitment that parliament can give. As we know, our social programs, transfers to persons, are by law indexed to the cost of living. That is the least of the escalation formulas.

Many of our contractual obligations to the provinces are contractually committed to growth escalation formulae, the nominal growth of the gross national product which includes real growth and inflation. Socially, that may be right or that may be wrong. However, it is very, very expensive, and it is there as a commitment.

Let me give a sense of the degree in terms of the $52,600 million ceiling next year. Half of it, $26 billion, will be in transfer payments. The over-all annual growth rate of the transfer payment portion of our expenditures, where we collect taxes and send cheques, is around 10 per cent. It varies from about 9.8 per cent to 11 per cent on some of them. That huge portion of our expenditures carries with it legislative or contractual commitment to escalation formulas.

You cannot cut those back unilaterally. They take legislative amendment and we are going to propose some of those, or they take negotiations with the provinces and we have indicated to

the provinces that we must sit down together and jointly try to get this thing in line, not vindictively I hope but practically for this country. We hope they will see, as we see, that it is time to make some of these adjustments.

I now come to the servicing of the public debt. Anybody who blithely says today, "Spend more", or "Consider tax cuts", had better clearly understand thay every dime of that will be borrowed money. I regret the statements by the right hon. member for Prince Albert and his leader over the last little while about the $16 billion deficit. It is not true and, in my view, is damaging. Nevertheless, $11.7 billion is not peanuts, and interest on that has to be paid. We are going to have a $9.7 billion cash requirement next year even with the lower ceilings.

● (1552)

In 1973 we indexed taxation downwards; revenue is indexed downwards and expenditures are indexed upwards. Thus we were accumulating deficits over the past few years in a Keynesian application which, in my view, is no longer working. So when we talk next year, or when we get to budget time, about stimulating the economy, let us together as parliamentarians face this one fact, and make our decisions with this one fact before us, that we are borrowing money at interest rates which, as we know, are currently high, and that more of that borrowing is in the 20-year markets. So it is our children and grandchildren we are talking about, and that public debt service cost is accounting for more and more of our gross expenditures. So we are being squeezed. Hon. members should bear this in mind when we, as parliamentarians of any party, consider what should be done in the area of stimulation by the federal government one way or another.

I also want to say that the end-effectiveness is probably unsustainable at some stage in the kind of expenditure cuts we are making. I have had the painful and difficult task of assuming some responsibility for the $2 billion cuts scheduled for next year and the $500 million for this year, in addition to other cuts we have made. I tell you frankly, Mr. Speaker, that because of the nature of the commitments under transfer payments and because of the inevitability of debt repayment, unless we are to go bankrupt these cuts can only be made at the expense of the direct operations of the federal government in the field of transportation and so on which come clearly under federal jurisdiction.

Next year, out of the $4.3 billion increase in spending, something like $2.5 billion will be in the transfer payments and around $1.5 billion in the interest charges. I invite hon. members to do a little arithmetic and see how much room there is left for an increase in the operations of the federal government itself, or even for the maintenance of direct federal programs. Only 0.8 per cent of the increase in our spending next year will be spent in the direct operations of the federal government itself. If we go on for three or four or five years—and I believe in the maintenance of reasonable ceilings—we cannot continue to take it out of our own hide or we shall end up as a cheque-writing institution just sending cheques to the social programs, which are fine in principle, and to the provinces.

These observations should be taken into account by all of us, I say so candidly, as in the remaining days of this parliament we try to come to grips, apart from our adversary roles, with what can be done. Is adherence to some kind of ceiling sound, or should we go on and on? Well, Mr. Speaker, we cannot go spending or cutting taxes in that sense and borrowing money because we are mortgaging the future of a lot of people, not just ourselves but those who come after us.

Mr. Hogan: What about the private sector?

Mr. Andras: Well, I know it is said, often sincerely, that we should increase public spending. I am not worried about the ideological label attached to it but I do not think it would work. I do not think governments are that good at doing things. There is no question the private sector has got to get off its butt and start doing things. But we have to give it the necessary encouragement and the stimulation.

Some hon. Members: Hear, hear!

Mr. Andras: I have a quotation here, if I can find it, which I thought was pretty apt. The retiring managing director of the International Monetary Fund—his name is Witteveen—summed up my feelings on the matter. He said:

> I do not think that I have had to change my economic views in any major way. Perhaps I have seen more clearly, as have a number of economists and politicians, that in many situations it may no longer be possible to increase employment by more government spending. To get a more healthy growth it may even be necessary to reduce government spending and to give more room to the private sector.
>
> That is, I think, a feature that we have seen in a number of member countries, and at first sight it might seem to be a contradiction of Keynesian prescriptions. In reality, I think it is not. In the mixed economy, the private sector needs sufficient room to live, and to breathe, and to grow. That is a lesson that I have seen clearly.

That statement comes from a man who was in an excellent position to judge. I do not think this is an ideological argument. I think it is a practical argument. So I place these views before hon. members. There is going to be an $11.7 billion cash borrowing this year and, subject only to the possible fluctuation of revenue, $9.7 billion next year—not the larger requirements or deficits which have been touted about, but still sizeable. So, as we deliberate about what the economic stance of the federal government should or should not be in terms of stimulation, let us be very sure we know the consequences of that stimulation in the long term.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order. It being four o'clock, pursuant to the order made earlier this day the House will now proceed to consideration of government order No. 8, second reading and reference to the committee of the whole of Bill C-8, to provide for the resumption and continuation of postal services.

Postal Services

GOVERNMENT ORDERS

[*English*]

POSTAL SERVICES CONTINUATION ACT

MEASURE PROVIDING FOR RESUMPTION AND CONTINUATION OF POSTAL SERVICES

Hon. André Ouellet (Acting Minister of Labour) moved that Bill C-8, to provide for the resumption and continuation of postal services, be read the second time and referred to the committee of the whole.

He said: Mr. Speaker, my first words must be to place on record how regrettable I find it to take the time of this House to request that parliament bring an end to a labour-management dispute. It should not be necessary for me to reiterate the faith both this government and my predecessors in the Labour portfolio have in the free collective bargaining process. Canada's industrial relations system reflects our heritage which rests on fundamental western values and on our belief that the workers' well-being can best be promoted through free collective bargaining and the constructive settlement of disputes in a spirit of compromise.

The state has assumed the task of establishing a framework of rights and responsibilities in which management and organized labour are to conduct their relations. That framework places the responsibility for resolving labour-management disputes clearly on the parties to collective bargaining. Hon. members will recall recent examples where this responsibility has been fulfilled by parties to labour-management disputes involving the public interest. I have in mind the three separate disputes between Air Canada and representatives of its ground personnel, its pilots, and its flight attendants. I also have very much in mind the recent negotiated settlement, with mediation assistance, between the Letter Carriers Union of Canada and the Treasury Board.

● (1602)

Unfortunately, however, there are times and situations when the spirit of compromise and the demonstration of good faith, so necessary on the part of all concerned, are found wanting. In such circumstances the federal government, as custodian of the economy and protector of the public interest, must assume its responsibility. This is the case at the present time in the dispute between the Post Office and the Canadian Union of Postal Workers. Parliament must, unfortunately, be resorted to today if we are to bring to an end a situation which the public finds intolerable. Parliament must legislate an end to this dispute if we are to take seriously into account the public interest and the extent to which the citizens of this country will continue to be affected by a prolonged stoppage of postal services.

It might be useful if I were to review the sequence of events which has led to this stage, and to remind hon. members of the extended efforts employed over many months to resolve the dispute.

[The Acting Speaker (Mr. Ethier).]

It is clear from a review of developments leading up to the present impasse between the inside postal workers and management that there has been a complete lack of meaningful communication and dialogue between the parties and almost no real bargaining; that is, the necessary compromises and counter-proposals on which a viable collective agreement and bargaining relationship can be based have been completely absent.

Without attempting to cast blame on one party or the other, it would be useful to set out some of the important events in the present dispute.

The previous collective agreement between CUPW and the Treasury Board expired on June 30, 1977.

In the early months of 1977 several pre-negotiation meetings took place between the parties, without any progress being made.

On May 4, 1977, the union served formal notice to bargain, with Treasury Board replying on May 6, 1977.

The first formal meeting, which took place on May 19, 1977, lasted one hour and was the only one for several months.

Negotiations were finally held again in October and November. However, little progress was made.

On November 30, 1977, the employer filed an application with the Public Service Staff Relations Board for the appointment of a conciliation board. Mr. Roy Heenan, on behalf of management, and Mr. Irving Gaul, on behalf of the union, were named to the conciliation board on December 17, 1977. Mr. Louis Courtemanche was appointed chairman of the board on February 2, 1978.

There were many public conciliation hearings from April through to July, 1978. Closed conciliation sessions involving both parties began in the early part of July and continued through to the end of the month. During these extensive conciliation board proceedings, the parties were able to agree to only a few minor clauses.

On August 16, 1978, the union gave notice that it wished the conciliation process to terminate and asked the board to prepare its report.

The conciliation board handed down three separate reports, which were released to the parties on October 6, 1978. The lack of agreement among the three members of the conciliation board is an indication of the intense feelings of the parties and the wide differences between them on a very large number of complex contract items. Notwithstanding the very exhaustive efforts of the conciliation board from April to August 1978, little was achieved in bringing the parties closer to agreement, and since the handing down of the three separate board reports it is apparent that very wide gaps between the parties still exist.

Hon. members will have learned that yesterday I and senior officials of the Department of Labour made what is called a last ditch effort to resolve this dispute in a spirit of conciliation and compromise when we met twice yesterday with representatives of the union, along with a representative of the Canadian

Labour Congress, in order to explore all possible avenues leading to a settlement.

Following intense exploratory talks I proposed two possible means of resolving the dispute, which were given to the parties for their consideration. The first proposal called for the application of the mediation-arbitration process, "med-arb" as it is called in labour jargon, in the resolution of this dispute.

This process has been used successfully in other cases, not too long ago with the longshoremen at the port of Montreal, and also not too long ago on three different occasions with grain handlers in western Canada. This process involves agreement by the parties to refer their dispute to a mediator-arbitrator who would seek to mediate all outstanding issues originally referred by the Public Service Staff Relations Board to the conciliation board chaired by Mr. Courtemanche. This process would also require the parties to agree further that the mediator, should he not be successful in mediating the whole of the collective agreement, would then make an arbitration finding on all remaining unresolved issues. The parties would agree to be bound by the arbitration awards rendered. In this process the mediator would be appointed by the Minister of Labour and would submit his report to the parties not later than 90 days following the date of his appointment.

The second proposal put forward by myself for consideration by the parties would require that the employer and CUPW return to the bargaining table with full authority to settle all issues in dispute, under the auspices of a special commissioner appointed by myself to mediate the dispute.

The issues to be dealt with would be those that were referred by the Public Service Staff Relations Board to the conciliation board chaired by Mr. Courtemanche. The commissioner would be required to attempt a resolution of all such issues within two weeks of his appointment. If, at the end of the two-week period, any issues remained unresolved, the commissioner would then report to myself stating, in his opinion, what further steps or procedures would be required to finalize an agreement.

Both of these proposals which were presented to the parties yesterday evening included the stipulation that during either of the processes, if accepted by the parties, the government would put aside its intention to bring in legislation, and the union would agree to withhold any strike authorization and to direct its members to return to work. Such conditions are necessary to allow mediation to take place in a spirit of good faith and without threat on either side. I must say that it is regrettable that the union felt its objective would be best accomplished under the duress of a strike.

Unfortunately, the national executive board for the union rejected both of our proposals for the resolution of this dispute and called a national strike last night. Needless to say, I am very disappointed in the national executive board's reaction, as we have made every possible effort to resolve this dispute through a negotiated settlement in the spirit of conciliation and compromise.

• (1612)

There appear now to be only two courses left open to the government: either to allow the strike to continue with no hope of settlement available to the parties in the foreseeable future, or to legislate an end to the work stoppage and bring about a resumption of postal operations while providing for a resolution of the dispute.

We have opted for the second resolution because we have exhausted, over a protracted period of time, all statutory procedures under the Public Service Staff Relations Board, together with all good offices, including those of the Department of Labour, to resolve the dispute, and because we have failed to convince the union to accept either of the proposals for the resolution of the dispute which I presented to them yesterday evening.

It is the fundamental belief of this government that when an individual right becomes a public wrong, parliament should terminate the dispute. It is in keeping with this philosophy that this urgent matter is now before you.

This act, to provide for the resumption and continuation of the postal service, orders, therefore, the immediate resumption of the postal services, and provides for a determination of a collective agreement between the Canadian Union of Postal Workers and the Treasury Board of Canada relative to the Canada Post Office.

The bill calls for the appointment by the Minister of Labour of a person who will deploy every effort to mediate the outstanding issues originally referred by the Public Service Staff Relations Board to the conciliation board chaired by Mr. Courtemanche. Should there be items that cannot be mutually agreed to in this mediation process, the bill provides that this mediator will then make an arbitration finding on all remaining unresolved issues. His award on these items will be binding on both parties concerned, and will be rendered not later than 90 days following the date of his appointment.

In its final report to parliament, the Special Joint Committee on Employer-Employee Relations in the Public Service stated the following in respect of prosecutions under the Public Service Staff Relations Act:

> The present two-stage process with its substantial costs, delays, fragmented administration, absence of precedents, and inconsistent penalties has led all parties to agree that the present system for dealing with unlawful activity is not working well and is inappropriate.

The government has indicated on previous occasions that it will be bringing forward comprehensive amendments to the Public Service Staff Relations Act which will include a response to the recommendations of the joint committee concerning prosecutions and penalties for unlawful activity.

It is important, however, that the bill with which we are dealing now be not frustrated in its application by the enforcement deficiencies of the Public Service Staff Relations Act which were recognized by the joint committee. The government, therefore, proposes that the intent of the joint committee's proposals on prosecution for unlawful activity be incorporated into this act.

In particular, clause 10 of the bill includes penalties which directly follow those recommended by the joint committee. The joint committee also envisaged a single stage process whereby prosecutions would be brought before the Public Service Staff Relations Board. Since it would not be feasible to set up exactly this process in the short time required, the government is proposing that a single stage process be provided by eliminating the necessity for consent to prosecute offences under this act.

Hon. members will note that the bill provides for a term extending to 1979. The main reason for that is to prevent an early occurrence of the present situation and to ensure an uninterrupted postal service during the transition period of the planned conversion of the Post Office to a Crown corporation. We believe that is necessary in order to effect a good transition without impairing the efficiency of the Crown corporation.

[*Translation*]

Mr. Speaker, the government faces two alternatives: it can let this strike go on without any hope that the parties will come to an agreement in the near future, or it can legislate to end this work stoppage, thereby ensuring the resumption of postal services and a settlement of the dispute.

We have, of course, chosen the second alternative, after having exhausted during a lengthy period of negotiations all procedures provided for by the Public Service Staff Relations Board as well as all other means, including the intervention of the Department of Labour, and also because we have been unable to convince the union to accept either one of the two offers I submitted to them yesterday in an attempt to arrive at a negotiated settlement of this dispute. The government staunchly believes that public interest must override personal interest and that it is up to parliament to implement this philosophy. That is why this vital question is before the House today.

[*English*]

In closing I would like to say that I sincerely hope that the parties will take advantage of this interim period to re-establish a climate of confidence conducive to improving labour-management relations and leading to the restoration of the high calibre of postal service of which this country has been rightly proud in the past.

With these explanations, Mr. Speaker, and in full realization of the seriousness of the situation which confronts us all, I trust the House will give full and speedy approval to this legislation.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, in rising on behalf of my party to respond to the words of the minister, I want to make several things clear at the outset. The first is that while we too regret the necessity for the legislation which is put before us, we will support it and we will not delay the passage of this law unduly, because it is our opinion that at this time the country cannot afford, not just the inconvenience, but the gravest damage which it will suffer in the case of a prolonged cessation of postal services.

[Mr. Ouellet.]

[*Translation*]

The Canadian economy, shaky as it is, cannot sustain an extended postal strike. Financial losses would be enormous and totally unacceptable. It would impose great and undue hardships on those people whose monthly cheque, sent to them by mail, is the only means they have of making both ends meet.

Mr. Speaker, our position is quite clear; this legislation must be passed immediately.

● (1622)

[*English*]

It is also important to point out that, while our position is clear, the position of the government is hard to comprehend. We had a postal strike just a few years ago, and this government, through the minister responsible for maintaining postal service, allowed service to end for a period of 43 days. During that time the then postmaster general said that he did not mind if it went on until Christmas, and the Prime Minister (Mr. Trudeau) indicated that he did not mind if it went on until Easter. I point this out because something—and it is not for me to say what it is—has certainly brought about an amazing difference in view on the part of the government as to the value of postal service in this vast land of ours.

Through you, Mr. Speaker, I would remind the minister—and I know that he would not mind being reminded—that my leader on October 6, 1978, called for the government to act swiftly and indicated then our full co-operation, provided of course the bill was essentially a fair bill, even though we would prefer to have the matter solved in some other way. Again on Friday, October 13, the House leader of my party reiterated our determination to co-operate and to move swiftly in the public interest, and that of course is what we are doing.

Parliament has been called to end strikes twice in 1972, 1973, 1974, 1975, 1976, and a special bill was passed in 1977. In some instances it was not a long or difficult debate, but each time that this has happened the government has said that this does not mean that we do not agree with the right of free collective bargaining and that it has always deplored the necessity to do this. The response of our party has been that there must be a better way.

It will be of interest to all hon. members to note that on August 31, 1973, when there was the long debate in this chamber as a consequence of the rail strike, my colleague, the hon. member for St. John's East (Mr. McGrath), said, as reported at page 6175 of *Hansard*:

> Mr. Speaker, I merely want to say on behalf of our party that we hope this is the last time we are called upon to pass this type of legislation, because we feel there is a better way.

There is a better way, and it has been advocated by our party since the submission of the Woods Royal Commission on Canadian Industrial Relations, that there should be established a public interest disputes commission in order to reduce as much as possible the necessity of parliament interfering in these matters. There should be no doubt in anybody's mind that this has been our position, and I say this, in the hope of

solving the problem, to my friend the hon. minister, that we have maintained this position consistently for a number of years. In fact there has been favourable comment recently in labour circles that perhaps this recommendation by the Woods commission should be looked at further.

In closing, I would like to remind the House of what my colleague and friend, the hon. member for St. John's East, said on August 30, 1973, in this regard, as reported at page 6074 of *Hansard:*

Our party has put forward a proposal based on many of the recommendations contained in the Woods report. We have said we would establish an essential services disputes commission which would define essential services and prescribe the procedure for settling disputes within these essential services. Accordingly, our party endorsed the recommendations made to the government back in December, 1968, in the Woods committee report for the establishment of a public interest disputes commission. This commission would advise whether particular services are essential, set out procedures for resolving differences where the public interest is threatened and, where it is unsuccessful, would report to the government for possible parliamentary action to end a strike or lockout. That is the kind of leadership this country needs.

It has been my responsibility to speak on behalf of this party on a number of occasions when we have resorted to parliamentary measures to end strikes, and I am sure that hon. members will remember I have repeatedly stated that there must be a better way and that it is time, after these ten years and after the experiences which are there before us, to consider alternatives. I see the Postmaster General (Mr. Lamontagne) and the Minister of Labour (Mr. Ouellet) sitting together. I am sure that they will agree that our experiences can lead us to only one conclusion, and that is that it is time to find, along the lines of the Woods commission, a better way.

Mr. David Orlikow (Winnipeg North): Some years ago, Mr. Speaker, parliament passed the Public Service Staff Relations Act. If I remember correctly, it was passed almost unanimously. That act gave the public service employees working for the federal government the right to collective bargaining through unions of their choice, and it gave those unions two choices to settle their differences if they could not settle them through meetings with the employers and they were either through the process of arbitration or of taking strike action.

The Prime Minister (Mr. Trudeau) mentioned earlier today that in more than 95 per cent of the cases the employees used the arbitration method to settle their differences with the government peaceably. The postal workers' union chose, as they had the right to do under the legislation, to avail themselves if necessary of the right to strike. I find it strange that this parliament and this government, having given workers in the public service the right to strike, is now asking parliament on the first day of the strike to take that right away from them.

There have been other occasions, both federally and provincially, where after a strike has gone on for some days or weeks the government, as represented at various times by all the political parties in Canada, has brought in legislation ordering the workers back to work because of the adverse effect of their strike on the public.

• (1632)

To my knowledge, this is the first time that legislation has been brought in to stop a strike on the day it began. If this government believes that this group of workers, or any other, is involved in operations so vital to the public of Canada that it ought not to have the right to strike, it seems to me it should have the courage to bring in that kind of legislation. We believe that in a democratic society all workers should have the right to strike. We would propose such legislation, but to give workers the right to strike and then take it away the first day they go on strike seems to us hypocritical to say the least.

If one did not live in Canada, one would have believed, listening to the minister, that this was an isolated case and that we had got along fine until now. One would think that we have a group of unreasonable people who, despite everything this generous government has done, and despite its human approach to its employees, are so unreasonable that they have gone on strike and the legislation is necessary. This is not an isolated case, Mr. Speaker. The difficulties in the Post Office have existed at least since 1965. I would remind the acting minister that after the 1965 strike the government established a royal commission of inquiry into working conditions in the Post Office. It was headed by Mr. Justice Montpetit, who made 262 recommendations dealing with all aspects of employment in the Post Office. Many of those recommendations still have not been implemented, Mr. Speaker.

I should like to read a couple of paragraphs from that report dealing with the attitude, not of the postal workers, but the attitude and approach of the management of the Post Office. The report reads:

A large number of the post office employees' grievances are first and foremost, human relations problems.

—The attitude of some supervisors and postmasters towards their employees leaves much to be desired. These people have only a vague notion of the importance of maintaining good relations with their staff.

The action of those in authority has and always will have a tremendous influence on the reactions of employees and on their productivity. Complaints arising from their behaviour can be sometimes difficult to explain.

Nothing much has changed since Mr. Justice Montpetit made that report in 1966. He pointed out that the Post Office Department did not have the authority to deal satisfactorily with its employees' requests because of the divided authority it had with the Civil Service Commission and the Treasury Board and certain other organizations. He certainly implied, if he did not say directly, that what we needed was probably a Crown corporation.

In 1968 a report was commissioned by the then postmaster general. It was entitled "A Blueprint for Change." I should like to put on the record part of what it said, as follows;

We believe that the Crown corporation status is the organizational form best suited to the attainment of these objectives.

These are the objectives of a good operation. The report went on to say:

As a Crown corporation, the Post Office should have full authority to bargain with the unions representing its employees. It should not be required to seek the approval of any government agency before concluding an agreement with unions.

With such freedom, a strong effective staff relations function would be required to guide management in its relationships with the unions.

That was ten years ago, Mr. Speaker, and the government did not act until a few weeks ago when it proposed to set up a Crown corporation.

I know that the minister will not deny that the Post Office and its senior officials have not been able to conduct negotiations with postal employees and that in effect the shots have been called by the Treasury Board which has been worried about the effect of a settlement achieved by postal workers on other employees.

For ten years this government has ignored the recommendations contained in a study made for it by a committee which it set up. Now it wonders why it is in trouble.

In 1969, in a dispute between postal workers and the Post Office Department, an adjudication decision was made by Mr. W. S. Martin, a well-known and competent person in that field. He said:

As assessment of employer attitudes in this matter shows that the employer position is characterized by arrogance and high-handedness. There is lacking a genuine desire to work in the atmosphere of mutual respect and understanding. Hostility, vindictiveness, and possibly distrust, appear to frustrate any opportunity for effective inter-relationships. It would appear that the senior officials in the Post Office Department have not as yet reconciled themselves to operating the postal facilities within a progressive collective bargaining atmosphere.

Nine years later the government has not learned anything.

A few years ago the union filed a grievance—they have filed between 30,000 and 60,000 grievances in all. This particular grievance was on behalf of a member, Alan O'Toole. It went through the grievance procedure provided in the collective agreement, and the union lost. Then they went to the adjudicator under the Public Service Staff Relations Act, and won. The employer did not accept that, and appealed to the Federal Court, where the union won. The Post Office did not accept that decision either, and filed an application to appeal to the Supreme Court. The Supreme Court rejected the application and refused to hear the case.

Mr. Speaker, that is not the way to conduct labour-management relations; it is not the spirit of trying to settle matters. That is the way to conduct things if you want to break the union by getting them involved in legal expenses they cannot afford.

In the dispute which took place in 1972 a conciliation board was involved. Mr. Justice Owen Shime was chairman. He said:

In these negotiations one felt that each time the employer was required to reach a decision that it was looking over its shoulder at the remaining government employees. That was an impediment to sound negotiations with respect to the needs and problems of the Post Office and its employees.

In 1975 the assistant deputy postmaster general, J. E. Uberig, submitted a report to the then postmaster general, Mr. Mackasey, in which he stated:

—although the Post Office Act states that the Postmaster General shall administer, superintend and manage the Post Office, the constraints imposed by other pieces of legislation acted to severely limit the ability of the Postmaster General to deal with problems. As a department of government, the Post Office has to conform to standards which, while applicable to other departments, serve only to restrict the ability of Post Office management to deal with problems particular to postal operations.

He went on to be critical of the way the Public Staff Relations Act applied to the Post Office. Similarly, in a 1975 report prepared by the joint Post Office and Treasury Board committee, known as *Canada Post '75*, it was stated:

● (1642)

It was clear by 1975 that the program of regionalization begun in 1970 had been a dismal failure both financially and in respect to its impact on labour relations. Echoing a complaint of postal workers that regionalization had resulted in a destruction of a uniform criteria upon which disciplinary decisions were based, *Canada Post '75* traced this unfortunate situation to the refusal of the government to implement the recommendations of *A Blueprint For Change* in their entirety.

A similar position was taken by the 1975 Conciliation Board headed by Judge Moisan.

The minister talked about what he had proposed to the postal union and suggested that they were not being very realistic and not considering his offer fairly. What the minister has failed to tell the House today is that for 18 months negotiations went on between CUPW and the government with no offer at all, no meaningful offer at all from the government. There was no offer on wages, nor on working conditions, technological change, staffing, or discipline, in fact, on nothing. It was the exact reverse, Mr. Speaker.

The government was proposing to take away from the workers the very important clause dealing with technological change which was negotiated in 1975. I think the minister knows, although he may not want to admit it, that the clause in the 1975 agreement dealing with technological change was imposed on the government and on the Treasury Board by the then postmaster general, Mr. Mackasey. As soon as Mr. Mackasey left that post the Treasury Board set out on a deliberate policy to sabotage and kill that provision of the contract. It is because of the insistence of the Treasury Board not to live up to clauses, such as the one concerning technological change, that thousands of grievances have been filed.

The whole question of technological change is not something which arose suddenly in the report. In 1966 Mr. Justice Montpetit made the following prophetic statement:

We should admit we were surprised that little mention was made of mechanization and automation by the postal clerks who will evidently be the first ones affected. Possibly they see this problem only far in the future. We believe this is a problem of prime importance which should be looked into immediately by all interested parties, since its effect will be very serious not only on job security but also on job classification, seniority, etc.

That was 1966, 12 years ago, and the government still has not faced up to the problem which Mr. Justice Monpetit said was so important. The government still has not accepted the basic principle that when an employer, government, or private enterprise, brings in technological change, it will mean that fewer workers will be needed, on that it should be done in such a way that workers at the time the technological change is brought into effect will not lose their jobs. It should be done on the basis of attrition.

In 1969 Mr. W. S. Martin in his adjudication said:

> It is quite clear that this conduct has resulted in creating unrest, the undermining of morale, and the development of hostility between the parties. Fairness and good faith must be in evidence to have a genuine willingness to consult. The autocratic issuance of directives and the unilateral determination of dates of implementation, do not provide requisites for the attainment of these results.

Let us take a simple illustration of how the Post Office management sees this whole question of technological change and classification. I am not a time study expert, and neither is the acting minister. I think he will agree with me that there is a vast difference between sorting mail by hand, as it was done for many years, and sorting mail through one of the new computerized operations in which thousands of letters flow through the machine every minute. There is no doubt in my mind that the highly automated operation is much harder physically and mentally on the worker than sorting mail by hand. And yet when the Post Office set the rate for the workers sorting mail automatically they set the rate at 75 cents less an hour than for those who were sorting by hand. Does the minister wonder why the workers in the Post Office are unhappy? Does he wonder why they do not have much faith in the Post Office or why they stopped work? They are completely frustrated.

In 1975 the agreement reached at that time spelled out the rights of employees with respect to the introduction of technological change. Clause 29, as I said earlier, was negotiated by the then minister, Mr. Mackasey. It has been constantly sabotaged by the government at the insistence of Treasury Board. The union filed a complaint which was heard by the vice chairman of the Public Service Staff Relations Board, Mr. Jolliffe, who found for the union.

There has been real bargaining in good faith by the government. On the problems of technological change, of discipline, of staffing, of the use of casual employees, the government has failed to make any real offers or offers of significance in the months in which the negotiations were supposedly taking place. It was not until the workers had exhausted all their legal avenues, and had decided to set a strike date because they could not get anywhere without that weapon, that the minister entered the picture.

We are very unhappy that the negotiations conducted by the minister did not succeed. But I find it strange that there were more real negotiations in the last two or three days the minister entered the picture than in the 18 months before that.

Some hon. Members: Hear, hear!

Mr. Orlikow: Where was the former postmaster general? Where was the present Postmaster General (Mr. Lamontagne)?

An hon. Member: Hiding.

Mr. Orlikow: Why did they not meet with the employees and the union? Why did they not do what they should have done ten years ago and get rid of most of the senior officials of the Post Office Department who do not have the foggiest notion of what real, sensible, honest collective bargaining means? That is what they should have done.

Because we believe there have been no real negotiations and because we believe the government has failed over a period of more than ten years to think through what is needed in order to improve the relationship between employee and the management of the post office, and that workers should have the right to strike—in which case they should not be legislated back to work on the first day or they do not have the right to strike in which case the legislation should say they do not—we cannot and will not vote for this bill.

I might say in conclusion that a brilliant job of public relations has been done by the senior officials of the Post Office so that the public has come to believe that the reason for the bad service and the delays is because the workers in the Post Office are not interested, because they are not working, because they are malingerers.

There may be a few workers in the Post Office, as I am sure there are a few workers in any organization, not putting out 100 per cent. However, I want to put on record my belief, based on the facts, I am certain, that the real difficulties in the Post Office, and the poor service people believe they are getting, are not the fault of the workers but of management. Let me put, in a very few papagraphs, what I mean.

● (1652)

Some ten years ago the senior people in the Post Office Department looked at the annual sharp increase in the amount of mail that was being handled. They decided that if they did not find some automated electronic way of handling mail to meet the increase, the number of people working for the Post Office would grow at a fantastic rate. A few of them travelled around the world looking at systems in other countries. When they returned, they persuaded this government that we needed the best system in the world.

The best system in the world is expensive. Therefore, we spent a billion dollars on new electronic equipment. That system is in operation, or should be in operation because it is in place, in Toronto. Through it moves 70 per cent of all the mail in Canada.

The computerized automated system is not working because all of its parts are not working. Some of those parts, including the computer system which costs between $150 million and $200 million, are still not working. The facilities in Toronto and Montreal are not functioning properly. The Montreal facility will not be finished until next year.

There are three plants in Toronto, the east plant in Scarborough, the south central plant, and the Gateway plant. Gateway has two plants, the west letter processing plant and the entry bulk mail facility. The second plant, the bulk mail facility at Gateway, is not working. This means that all mail arriving from Air Canada, from trains, from other cities in cartons and boxes and so on, is in trouble.

For example, all mail should go through Gateway, then on to other plants, but at Gateway's bulk mail facility section, the

mail handling computer does not work and the receiving pans did not line up mechanically properly. They are working on this second problem with some success, but there is no solution yet on the electronic computer problem. Its cost rose from $2½ million to $7 million, yet the Post Office is not suing the company but absorbing the extra cost as developmental costs. I wish it would treat its employees as generously as it treats that company.

They had to vacate the old Terminal A. Now they are using the old arsenal building, and some other mail is being sorted in the letter processing plants which were not designed for this purpose. The result of these mistakes in planning is that all mail is moving slower than should be. Staff is inflated to handle the 50 per cent to 60 per cent of mail being sorted manually. Some mail is being semi-processed mechanically.

A lot of street letter mail does not have the code, or the code is not in the right place, not typed, or wrong letters and numbers have been used. This screws up the automatic system. The amount of mail being machine processed is lower than it is supposed to be or than the Post Office admits. The Post Office says it always expected to sort 27 per cent of the mail manually. The real amount being done that way is much higher. Therefore, they need extra help, I suppose the casual help about which there has been so much dispute.

Supposedly first class letters were to be processed mechanically, but this will not happen until the whole system is operating. Why did the Post Office let development time take so long? It will not be ready till next year at the earliest. Originally it was programmed to be ready last year.

Of these mistakes, let me say one thing. I hope the Postmaster General will correct me if I am wrong. I am told the system is operating so badly that mail which should be sorted in Toronto is being shipped to Cornwall where it is sorted and brought back to Toronto. That may not be true now, but I am told it has happened. If it is happening, those who should be in trouble are not the postal employees who belong to CUPW, but the postal management.

We were told in the Speech from the Throne that we are going to get a Crown corporation and this will solve all the problems. If it is run by the same people who have been running the Post Office for the past ten years, we will have more trouble with the Crown corporation than we have had up until now.

Let me conclude by saying that it is sad we have to discuss this kind of legislation. However, we have to discuss it because the government, postmasters general and presidents of the treasury board have been remiss in getting their act together. They have not worked out a policy for collective bargaining which is workable and acceptable to the employees, one which would have obviated the difficulties we have had. Had they done so, we would not require the kind of legislation we are debating today. For those reasons, we intend to vote against this bill.

[Mr. Orlikow.]

• (1702)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I wish to make a few remarks on the bill introduced this afternoon by the Minister of State for Urban Affairs (Mr. Ouellet) to provide for the resumption and continuation of postal services. Mr. Speaker, the House of Commons is faced this afternoon with quite a delicate problem, as we must choose between two priorities: on the one hand, the public's right to postal services, and on the other hand, the union's right to call a strike. On the one hand, we have 23 million persons entitled to postal services, and on the other, 23,000 workers to whom the government has granted the right to strike and is asking us today to take it away from them through Bill C-8.

Mr. Speaker, I have always believed that the rights of the majority should prevail over those of the minority, which does not prevent us to pass special legislation to protect minority rights.

In the public service we constantly see strikes which are brought to an end by special legislation. Often those special pieces of legislation entail large expenses. Fortunately we are in Ottawa today, but if we were in our constituencies we would have to leave and come to parliament to vote such a legislation to order Post Office strikers back to work. Moreover, I find it rather strange that the government has waited so long before telling us how serious this problem is.

I was listening a moment ago to the Acting Minister of Labour (Mr. Ouellet) who outlined to the House all the meetings he had with union leaders. In the course of those discussions, he told us that he had appointed conciliation boards, mediators, arbitrators and what have you. According to him, he did his utmost to try and arrange a reasonable solution, implying that the unions are the ones which are not reasonable. As for the spokesman for the official opposition party, all he said was: We have no other choice than vote for such a legislation since we are faced with a *fait accompli*, and he wished that legislation be brought in the House to avoid all those conflicts.

As usual, the New Democratic Party is in favour of upholding the right to strike and of giving unions everything they want in an attempt to calm them down. Well, it is the same old story and we find ourselves today in the same dilemma once again.

Mr. Speaker, if we pass this bill, is it going to solve the problem? If we were at least sure of it, it would not be a waste of time, but I am rather sure that the passage of this bill will not solve anything in the Post Office, as it has never solved anything in the public service in general. It is precisely that sector, of all public and extragovernmental sectors, Mr. Speaker, that has been the most troublesome in recent years and that has most affected our Canadian economy and hurt the Canadian people.

I wonder, Mr. Speaker, whether parliamentarians will finally understand that it is impossible for a government which will be the judge to settle honestly a labour dispute while being both the employer and the accused. It is impossible, because too many interests are at stake. That is why we have always advocated and still do a non political organization beyond the control of the government which would settle those collective agreements. I have just found a newspaper report dated September 2, 1973, and there is nothing new, Mr. Speaker. Our demands are similar to those made by Réal Caouette at that time, according to that article signed by Claude Lavergne and entitled: "The Prevention of Conflicts" in which reads, and I quote:

Anyhow, every time parliament is forced to step in and pass special legislation, the dispute is suddenly referred to an arbitration board whose award is binding and without appeal.

To be practical, one has to set the facts in their true light: either an agreement is reached through negotiation or arbitration and, then, the right to strike is of no use whatsoever, or a strike is called and then this right is withdrawn by a special legislation, which again makes it inoperative.

Why not take the easy way and set up regular and on going mechanisms in order to prevent a recurrence of the same problems?

The present policy is aimed at patching things up. The solution suggested by Réal Caouette seeks a social and orderly peace through the prevention of conflicts.

That is why, Mr. Speaker, I say again—and with this I know the unions will agree, for let no one think that I blame them alone—I say again that in any quarrel both sides are often wrong in some regards and right in others. It is up to the arbitrator to decide who of the two is right. I am all for protecting the right of the worker to his job. That is why I say that in the case of a civil servant, there can be no justice when the employer is the state which is both the accused and the judge at the same time. It cannot be both. That is why a court is an absolute necessity.

We demand the creation of a permanent court of arbitration whose decision would be binding and could not be appealed, a tribunal composed of three judges, one appointed by Parliement and not a political party, another by the unions and the third to come from the public at large. That tribunal should be completely apolitical. In its actions, it could not be influenced by any political or union wave. It seems to me that would be the ideal tribunal for ensuring that justice is done in such cases by both the worker and the employer. And so the rights of the 23 million inhabitants of this country would be protected while those of the 23,000 postal employees would be respected.

Mr. Speaker, to my mind, that is the only way we can avoid coming back constantly to the House to pass back to work legislation for civil servants. That is the only way, there is no other. But which government will dare introduce such a bill? I wonder. We have been asking the Liberals for one for ten years now. Will another government finally give it to us, so that we can have both peace and justice in Canada at the same time? That is what I hope for as I ask the government if the time has not come to act, to act now, and create such a tribunal?

Mr. René Matte (Champlain): Mr. Speaker, I will say just a few words during the presentation of this legislation. I just want to remind hon. members that when we are considering such a proposal, we should stop and think and ask why, for instance, in 1978, in a civilized country as advanced as ours, in a civilization which has some claims to progress and to development in every respect, how it happens that we have again to resolve through coercion such a simple problem as the services to be provided to a population. We should wonder why we have not yet found a means to prevent so many workers from relying on blackmail, which is what all those strikes are, as well as to prevent the government from resorting to more or less honest procedures which are very often childish, to say the least.

● (1712)

Mr. Speaker, we should certainly have found by now the means to prevent this situation from occurring. We should not try to find someone to blame. We should not try to find out precisely who is responsible for the situation, but rather, Mr. Speaker, we should find the means to settle this once and for all. This kind of blackmail should not exist in 1978. Such childishness should not occur in negotiations in 1978. Both parties should understand that there are strict rules that must be obeyed concerning ethics, respect and basic good manners. It is possible to assert your rights and even request certain privileges without annoying millions of people who need their mail. It is very well to request all that you desire, whether it be salary increases or better working conditions, but there is no need to do so by causing all sorts of disastrous problems for your neighbours.

Mr. Speaker, we must be sufficiently civilized to discover finally a basic formula which can eliminate all strikes in this country, to develop formulas, laws and regulations which can command respect. We now have a problem because our legislation and the principles behind it are inadequate and because no one wants to respect them. If only we really wanted to solve not only this problem and the present postal conflict, but all other similar problems because of which our population could not care less about problems! It is terrible, but this is what we have come to. How many times in the past have we seen people prepare themselves in anticipation of a future strike? For instance, the present strike does not bother at all those who have enough money to use special paid messenger services. Yes, we are so used to this situation that we have finally provided all sorts of alternatives in our own system. And while this goes on, we, the legislators duly mandated by the people, discuss another band-aid solution. Once again we discuss the means to solve a problem in the short term without thinking about the need to find a permanent solution.

Mr. Speaker, I believe that all this had to be said in this House during the debate on this bill. Of course, I agree that this problem must be solved. I agree completely as to the need to do so. However, what I want most is for us to insist from now on on finding the means to eliminate this situation so that we shall have fulfilled in this House our true responsibility towards the people we represent.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question!

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Ouellet), which was agreed to on the following division:

● (1722)

(*Division No. 2*)

YEAS

Messrs.

Abbott	Boulanger	Corbin
Alexander	Breau	Corriveau
Allard	Brisco	Côté
Anderson	Buchanan	Crosbie
Andras (Port Arthur)	Bussières	Crouse
Andre (Calgary Centre)	Caccia	Cullen
Appolloni (Mrs.)	Cafik	Danson
Baker (Gander-Twillingate)	Campagnolo (Mrs.)	Darling
Baker (Grenville-Carleton)	Campbell (Miss) (South Western Nova)	Daudlin
Bawden	Caouette (Témiscamingue)	Dawson
Beatty	Caron	De Bané
Béchard	Clark (Rocky Mountain)	Demers
Bégin (Miss)	Clarke (Vancouver Quadra)	Dick
Blais	Clermont	Dinsdale
Blaker	Comtois	Douglas (Bruce-Grey)
Blouin	Condon	Duclos
		Duquet
		Ellis
		Epp

[Mr. Matte.]

Messrs.

Ethier	Lang	Parent
Fleming	Langlois	Patterson
Forrestall	Laniel	Pearsall
Foster	Lapointe	Pelletier
Fox	Lavoie	Pigott (Mrs.)
Francis	Lawrence	Pinard
Fraser	LeBlanc (Westmorland-Kent)	Prud'homme
Friesen	Lee	Raines
Gauthier (Roberval)	Lefebvre	Reid
Gauthier (Ottawa-Vanier)	Lumley	Ritchie
Gillespie	MacDonald (Cardigan)	Roberts
Goodale	MacDonald (Egmont)	Roche
Goyer	MacEachen	Rompkey
Grafftey	MacFarlane	Rooney
Gray	MacGuigan	Roy (Timmins)
Guilbault	MacKay	Roy (Laval)
Halliday	Maine	Rynard
Hamilton (Swift Current-Maple Creek)	Malone	Scott
Hargrave	Marceau	Skoreyko
Hees	Masniuk	Smith (Saint-Jean)
Herbert	Matte	Stanfield
Hnatyshyn	McGrath	Stevens
Holt (Mrs.)	McIsaac	Stewart (Cochrane)
Hopkins	McKenzie	Tessier
Horner	McKinnon	Towers
Huntington	McRae	Trudeau
Isabelle	Milne	Trudel
Jarvis	Mitges	Turner
Jelinek	Muir	Watson
Kempling	Munro (Esquimalt-Saanich)	Whelan
Knowles (Norfolk-Haldimand)	Murta	Whiteway
Lachance	Neil	Whittaker
Lalonde	Nicholson (Miss)	Wise
Lambert (Edmonton West)	Nowlan	Wood
Lamontagne	O'Connell	Woolliams
Landers	Olivier	Yanakis
	Ouellet	Young—162.
	Paproski	

(*Division No. 2*)

NAYS

Messrs.

Brewin	Firth	Leggatt
Broadbent	Hogan	Orlikow
Douglas (Nanaimo-Cowichan-The Islands)	Knowles (Winnipeg North Centre)	Peters
		Symes—10.

● (1742)

[*English*]

Mr. Speaker: I therefore declare the motion carried.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

The Chairman: Order. House in committee of the whole on Bill C-8, an act to provide for the resumption and continuation of postal services.

● (1752)

Clause 2 to 4 inclusive agreed to.

On clause 5—*Term of collective agreement extended*

Mr. Peters: Mr. Chairman, I would like an explanation as to why the terms of this contract apply from July 1, 1977, to December 31, 1979. Obviously we are considerably past the commencement date. I gather it has a relationship to the position that will be taken by the AIB in relation to that period which came under the ambit of that board. I would like

explained why it goes back to that date when we are putting into effect not a collective agreement but a back to work order in lieu of a contract.

Contract discussions will take place subsequently. There will then be a decision by both parties on a collective agreement or the arbitrator will decide on the terms of the contract. We are in effect writing in a term of a collective agreement which, at least, is misnamed. In my opinion, there is no merit for putting in either the commencement or termination date. If we wish to say that the contract will run until December 31, 1979, that is one thing. Normally we do not set the term of the contract in back to work legislation. In this case we are doing that.

If we are taking away the right of this union to strike up until December 31, 1979, fair enough. However, we are either negotiating a contract to establish a collective agreement on behalf of the workers by legislation, or putting into the act the provision that no strike will take place before the termination date of December 31, 1979. That is considerably different from negotiating the beginning and ending of a collective agreement.

Mr. Ouellet: Mr. Chairman, as I indicated in my speech earlier today the main reason for this is to prevent an early recurrence of the present situation and to ensure, if possible, uninterrupted postal service during the transition period of the planned conversion of the post office to a Crown corporation.

The current collective agreement that we are discussing is one that will normally end at the end of the current year. We are dealing with this legislation today, in the middle of October. In order for the mediator-arbitrator to at least try to have genuine mediation take place, we feel we should give him a certain period of time to bring the parties together and try to mediate, if possible, particular clauses of the settlement.

This legislation states that if for certain reasons the mediation is not successful, this person will no longer act as a mediator but as an arbitrator in order to deal with the unresolved questions. In order for this mediator-arbitrator to do a fair job, we are giving him three months. That takes us into the early part of 1979.

We believe that extending the agreement to the end of 1979 will, as I said earlier, create a good climate for 1979 while parliament during the course of that year passes legislation to turn the post office into a Crown corporation. Another good reason for this extension is to allow the mediator-arbitrator some time to carry out his assignment and allow some time for the resulting collective agreement terms to take effect.

I appreciate that it is an unusual measure, an extraordinary measure in certain respects. However, I do not think it would be correct to ask parliament to pass such a provision at this time for an agreement that would be terminated in just a few weeks. This is why we recommend that the current collective agreement be extended to December 31, 1979.

I want it to be clearly understood that the mediator-arbitrator will not be subject to the anti-inflation clause for the year 1979. He will obviously be assisting the parties in a mediation role, trying to bring about a mutual agreement. If he cannot succeed, then he will assume his latter role of an arbitrator and recommend clauses that will be binding on both parties.

Mr. Peters: Mr. Chairman, I can only guess because I have not been involved in any of the negotiations, but it is my understanding that the parties were negotiating a one-year contract back in July, 1977. One of the parties, either the union or the post office, may have wanted a two-year contract, but that is part of the negotiations. If we throw in another 15-month period, or it will be a period of 30 months, much of which is retroactive, we will then be making proposals for a three-year rather than a one and a half-year contract.

This seems to be related to clause 8 which applies to the AIB. We were assured by the Minister of Finance that none of this would apply after the end of this year. However, it is obviously going to apply if we negotiate a three-year contract instead of a one-year contract.

I am not familiar with what the two parties were negotiating. However, by this clause we are setting the terms of the contract, what the length of it will be and so on.

May I call it six o'clock?

The Chairman: Order, please. It being six o'clock, I do now leave the chair until eight o'clock tonight.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Peters: Mr. Chairman, before the dinner hour we were discussing clause 5 which appears in the bill under the heading "Collective agreement" and carries the description "Term of collective agreement extended".

It is not unusual for the terms of a contract to be extended for a short period. This particular agreement ran out in July of 1977, I am told, and negotiations have been going on to the present time, the fall of 1978. Thus, a year and several months have gone by. In some cases when a contract has been extended we have specified that an agreement had to be reached within a certain period. The bill before us does say there has to be an agreement or at least a report on the terms of an agreement within 90 days. That would normally be within the terms of the contract agreed to under this type of legislation; anything beyond it would have to be worked out by the parties themselves, possibly with respect to a longer period. In this case though, we are in effect writing in the termination date of the contract.

There are those who would argue that the terms of the contract under this collective agreement should go beyond 1979 and that it might be possible to get a contract which would last considerably longer. I am told there is a willingness on the part of the workers to see it to run for a longer period, especially if they are able to get protection under that contract, something they have not enjoyed up to the present.

I am concerned that we should be negotiating the length of the contract. The minister intimated that we as politicians and legislators are looking to the establishment of a different form of administration for the post office, probably some type of Crown corporation. Most of us would agree there is likely to be great difficulty in the way of establishing a satisfactory Crown corporation given the present atmosphere and the present attitudes of both management and workers. If there is to be a Crown corporation we must be in the position to guarantee peace in the post office over a period of time and it might be as well to extend the contract beyond 1979.

Normally when a conciliation board or a mediator deals with a labour-management problem involving collective bargaining they do not go beyond the terms which were established before they were asked to intervene. In other words, the collective bargaining unit is not allowed to add new demands and the company is not allowed to reduce the value of what it had offered.

We are talking now about a contract which the bargaining agent probably drew up early in 1977. It is usual to begin negotiations two months before the contract expires, so I presume these demands by the union were made in March, April or May. I take it also that the union was negotiating a year's contract, a contract which would have expired in July of 1978. Even if it had been a two-year contract it would have been due to expire in July of 1979. We are asked to extend it for a further three months but the union has not been allowed to put in any submissions to cover a three-year contract. For this reason I am reluctant to see established by law a continuation of the contract on the basis of proposals put forward under the assumptions the agreement would end on July 1, 1978.

You, Mr. Chairman, as an old trade unionist bargaining on behalf of your fellow workers are well aware that in some cases disputes make it impossible to sign a contract; sometimes the year for which the contract is being negotiated goes by without an agreement being signed. In one case in which I was involved I remember giving the company a bargain, though I did not wish to become known for that. I said: What will you give me for a contract today? They offered considerably less than they had done a short while earlier, but to their surprise I accepted their proposals. What they did not realize was that I was already in the process of preparing our demands for a second contract and the proposals we were making in that contract sure made up for the first.

● (2012)

If the negotiations cover the one-year period of the contract, they will not really cover the proposals which might be put in. We are obviously talking about other proposals.

I would not be opposed to this clause if the minister were to withdraw the words "collective agreement" and put in something else, because I do not disagree with the proposition that we must try to obtain peace for at least the period of transition to a Crown corporation. The date does not seem to me to be unreasonable, but it seems to me that we are using legislation to make people negotiate a two and a half-year contract instead of a one-year contract, the proposals being the same as if it were a one-year contract. I think my friend, who has also had some experience in the labour movement, is aware that there will be a hardship unless we make some change either now or in the clause which will allow those things to go before the arbitrator or the mediator. It seems to me that we are imposing an undue penalty on the union because of the use of this termination date, and I would like the minister to indicate whether he would consider changing the wording in order to remove what seems to me to be a hardship.

We are adding an additional year and a half, and it seems to me that that is unfair. Let us look at it from a trade union's point of view. It is predicted that this year the cost of living will go up 10.5 per cent. If the union negotiator is negotiating a contract, he will ask for an increase of at least 10.5 per cent. Last year the increase was perhaps only 9 per cent, but negotiators put these amounts in because those are the predictions the government itself makes. If unions do not want to lose, they must at least get an increase which corresponds with the cost of living. We are talking about a period in which there will be a considerable increase in the cost of living, but that is not being considered because through legislation we are extending the life of the contract.

Mr. Ouellet: Mr. Chairman, earlier today I explained to the hon. member the reason we are suggesting the extension to include the year 1979. The hon. member is obviously right when he says that the original collective agreement would have covered the period from July 1, 1977, to December 1, 1978, and I explained why it was felt that it would be better to extend the period to December 31, 1979. There is a desire to create the best climate possible during the period in which the post office becomes a Crown corporation. I am glad to see that the hon. member agrees with this objective.

There is another element which must be taken into consideration. In a very few days the union will be in a position to serve notice of new demands for the current collective agreement not yet agreed to. Therefore, the union could be in the hypothetical position of being able to serve notice of its new demands for the next collective agreement while the current one has not finally been dealt with and while the mediator-arbitrator will still be subject to his mandate under this legislation. That is why it was felt that it was better to have this extension to December 31, 1979.

Mr. Peters: Mr. Chairman, the minister probably said it better than I did. If we look at another clause of this bill, we find that it would appoint a mediator-arbitrator. The minister's advisers have had more experience than perhaps the minister and I put together, but I cannot see how it would be possible to put in a new set of proposals in the middle. I can foresee that causing an impossible situation for the arbitrator. Because of this legislation and because of there being an arbitrator one might have a chance to ask for the kitchen sink and have the arbitrator at least look at the request.

I just warn the minister that it would be much better to change the wording from "collective agreement" so that there will be a period during which this union will be prohibited from taking any strike action, without playing around with the terms of the agreement itself. There probably are lots of them, but I know of no case in which, after a labour dispute was on, management has ever allowed a union to include proposals for another year's negotiations while still negotiating the first contract. I think that would create chaos in negotiations. The arbitrator would be worried about whether he was handling the first set of proposals or the second set; to all intents and purposes he would have to handle two sets of proposals. But I am sure that is not what we want to do here. I think we want to settle this dispute on a reasonable, legislative basis, but we also want to make it impossible, for the purposes of the transitional period, for this union to have the right to strike.

I should think that the date could be December 31, 1979, but as long as we refer to a collective agreement, I fear that other proposals not yet considered might have to be considered in trying to settle this dispute. It is hard to say what those proposals might be, but I think we have enough difficulty without creating more.

Mr. Ouellet: Mr. Chairman, I think the hon. member and I both see the difficulties, but the advice of experts who know much more than I do is that the only way to obtain peace is to extend the collective agreement and to establish a fixed date. That is the course that it is suggested we follow.

Mr. Peters: But they will also agree that we are not talking about the original one-year contract. We are talking about a considerably extended contract. The proposition put forward by the minister about having a second set of proposals would have to be dealt with in the legislation and made possible by the legislation.

Mr. Rodriguez: Mr. Chairman, there are just a couple of points I want to make on this clause.

Mr. Fraser: We have worked all day. You just got here.

Mr. Rodriguez: If you have worked all day, I am surprised that you have not seen some very obvious things. I want to point out to the minister that the collective agreement will end on December 31, 1979. If the employees and the employer continue negotiations on a new contract, not on the one being imposed by the arbitrator as set up in this bill, then in effect they should be covered by some collective agreement. In other words, the rights and privileges they enjoy under the collective agreement should not end on December 31, 1979. If they try to establish a contract after that date, they should be covered under the provisions of the previous contract or agreement.

● (2022)

With that in mind I would like to move an amendment to clause 5 as follows:

That clause 5 of Bill C-8 be amended by adding at the end thereof the following words:

"It shall then continue to be in full force and effect until the signing of a new collective agreement or until seven days have elapsed after receipt of a report from a conciliation board for the renewal of the collective agreement."

The Assistant Deputy Chairman: The committee has heard the amendment of the hon. member for Nickel Belt. Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Rodriguez) negatived: Yeas, 8; nays, 42.

The Assistant Deputy Chairman: I declare the amendment lost. Shall clause 5 carry?

Mr. Rodriguez: Mr. Chairman, it seems reasonable to me to have expected the minister, if he thought the amendment out of place or if he had a reason for thinking the amendment did not hold water, to rise and give some response to my proposal. Surely one has reason to expect, when workers are negotiating a new contract, for it to be spelled out very clearly that they are covered under some sort of agreement. What we were trying to do was to write in a logical and obvious provision that workers should be covered under the previous collective agreement until such time as they sign a new agreement. It seems to me to be a reasonable suggestion and I wonder whether what has just happened is not another display of the kind of haughty attitude taken by the Post Office Department; I noticed that the minister did not even rise to reply to what I think is a reasonable proposal. Surely when workers enter into negotiations for a contract, in that hiatus period they should be covered by the provisions of the previous contract.

This attitude does not surprise me because we saw the same kind of attitude displayed when this parliament was asked to decide on Bill C-45, a piece of legislation which took away the right to strike from the inside postal workers during an election period. Lo and behold a bill was thrown together hastily and rushed into the House. It was only after we, on this side of the House, had read the bill that we recognized immediately that the workers were left without the coverage of any collective agreement. While that may be fine and dandy for management, it certainly did not provide any sense of security for those who have to live under the provisions of a collective agreement.

It seems to me that I have spotted the same sort of gap in this bill as existed in Bill C-45 at that time. I think the minister owes this House and owes the post office workers an explanation. After all, we are forcing them into compulsory arbitration which they will have to abide by until December 31, 1979. I think the minister owes an explanation to the workers and to the public because, as I have said often enough, you can take a horse to drink, but you cannot make it water.

Some hon. Members: Oh, oh!

Mr. Rodriguez: I like it the way I said it! That is the way they run the Post Office. It would appear to me that this sort of attitude needs an explanation from the minister. We want to know why the Liberals and the Tories react like trained seals.

The same old gang stood up and voted against what appeared to be a reasonable proposition. I hope the minister will explain.

Mr. Ouellet: The proposal put forward by the hon. member was a hasty amendment. He came to see me at the start of the proceedings and showed me his amendment. I indicated to him that such an amendment was unnecessary because the legislation was already quite clear on this. It is probably true that I should have risen and, immediately following the reading of the amendment, given a reply. Unfortunately, I was looking at some documents and the proceedings went by quickly when the vote took place. I apologize to the hon. member for not having risen in my seat and explained to the House that section 51 of the Public Service Staff Relations Act covers the intent of the hon. member's amendment. The hon. member has no reason to fear that after that period elaspses the employees are left with nothing. The matter is totally covered in the act; he can find it at page 29 of the act.

● (2032)

Mr. Peters: Mr. Chairman, I should like to have this clause stood. The minister has agreed that what we are doing is in fact changing the length of the contract. He has indicated there would obviously be a period during which new contract proposals under normal circumstances could be presented and referred to the mediator-arbitrator or whatever. After reading the clause over I do not think that is possible. What will be referred to arbitration are those matters in dispute that were referred to the conciliation board. It refers to issues remaining in dispute between the employees and the employer at the date of the appointment.

This really touches upon one of the problems unions have in that they are of the opinion that all the important matters were not referred to arbitration in the first place, and they would like to have these matters referred. This part does not indicate that those things or issues are to be thrown in as matters of dispute. We are now talking about the change in time of the one-year contract. As I see it, unless we amend clause 6 this will not happen and those important matters in dispute will not be referred. I would not like to lose the opportunity of curtailing the length of the contract, but not the length of the peace. If we are going to attempt the Crown corporation idea I would like to see the length of peace extended until that time, and then let the parties fight it out in the normal way. I would not like to see an extension of the time of the contract because that is not what we are considering.

If the minister's suggestion could be written into the bill so that new proposals could be added, that would cover the situation; but I think this must be done in respect of clause 6. I would like to have clause 5 stood because it hinges on what we describe or indicate as the matters to be referred to the board for an extended length of time. If additional matters can be referred, then I guess it will be okay; but if they cannot I would like to be in a position to oppose this. Therefore, I would ask that clause 5 be stood.

[Mr. Rodriguez.]

The Deputy Chairman: Is it agreed that clause 5 shall stand?

Some hon. Members: No.

Mr. Rodriguez: Mr. Chairman, there is something in respect of clause 5 I would like clarified. The minister said that the provision for the extension of the collective agreement is covered under section 51 of the Public Service Staff Relations Act.

Mr. Peters: Mr. Chairman, it is my opinion that clause 5 was stood.

The Deputy Chairman: There was not unanimous consent to stand clause 5.

Mr. Rodriguez: Mr. Chairman, I was just trying to get some clarification. The minister said the provision for extending the collective agreement while the employer and employees were negotiating a new agreement was covered in Section 51 of the Public Service Staff Relations Act. This is also covered in 40.02 of the collective agreement between the post office and CUPW. This whole question is in dispute. In fact, that is one of the issues on which the arbitrator will have to make some sort of decision. If he is to make some sort of decision in respect of 40.02, this may very well affect the extension of the collective agreement while the workers are trying to negotiate a new contract or new agreement. This is why we felt the amendment we proposed would spell out very clearly what was intended, so there would be no opportunity whatsoever for misunderstanding in respect of the coverage of the collective agreement while the new contract was being negotiated.

The Deputy Chairman: Shall clause 5 carry?

Some hon. Members: Carried.

Clause agreed to.

On clause 6—*Appointment of mediator-arbitrator*

Mr. Gauthier (Ottawa-Vanier): Mr. Chairman, it appears to me that in clause 6 we are introducing a new concept, the meaning of which I perhaps fail to grasp. I refer to the concept of mediator-arbitrator. Since I have not seen this provision in any other legislation—and perhaps I am not thoroughly informed in this regard—I wonder if the minister could explain it to me. It may well appear in other legislation, but how does he reconcile the two hats this party must wear, the one of the mediator and the one of the arbitrator? Could the minister explain what exactly are the parameters of this position?

Mr. Ouellet: Mr. Chairman, the mediator-arbitrator concept is not brand new but has been in existence for many years, perhaps six, seven or eight. It has been used more often in the United States than in Canada. This approach has been used recently in Canada in relation to the longshoremen's settlement in the port of Montreal. It has also been used on three occasions in western Canada in respect of the grain handlers. It is called mediation-arbitration, and it is a proce-

dure whereby the parties arm a very skilled mediator with the power of an arbitrator, to be used if necessary.

The most important factor of this concept is that labour and management, while parties to an arbitration proceeding, still have the opportunity to carry on with the negotiation process. It seems to me there is great potential for this technique in situations where the parties realize that a strike will result in severe adverse effects on a country or on a community, and will in fact inflict more punishment on the public than on a party to the dispute. I must say that this dispute would come within that category.

This is obviously a relatively new concept and is not something that is used normally. However, it is a concept that allows parties having difficulty in arriving at negotiated settlements to receive the help of a third party who acts as mediator. He is a person who tries to obtain the co-operation of the parties to the dispute in arriving at a collective agreement. This third party is armed with clout in the sense that the third party is a person active in the course of the mediation taking place between the parties.

• (2042)

The parties must always remember in discussing aspects of the collective agreement that if they do not agree or do not furnish substantial evidence or do not argue successfully their case on why they advocate a clause or reject a demand the mediator will act later on in the process as an arbitrator, keeping in mind the positions advanced by both parties and rendering a decision which will be binding on both parties.

It is a new technique in Canada, but it is a technique that has been very helpful and useful in many respects in disputes in the United States. It is a technique which has become more and more useful in Canada, and we think that it will serve very well in the circumstances we are facing now.

Mr. Gauthier (Ottawa-Vanier): Mr. Chairman, I appreciate the minister's answers. Will this mediator-arbitrator which according to clause 6(1) will be appointed by the minister, be one who will be acceptable to both parties? In other words, will you be naming or appointing this person subject to consultation with the other parties?

Mr. Ouellet: Yes. Before appointing such a person, there will be consultations with the two parties.

Mr. Fraser: Clause 6(1) of the bill says:

> The Minister of Labour shall, forthwith after the coming into force of this act, appoint a mediator-arbitrator—

It seems to me there is an inconsistency here. The minister has said that there will be consultation. I am wondering what he means by forthwith, and I am wondering if the minister can assure the House that the government already has someone in mind. I would be very surprised if we had reached this stage without some thought as to who might be doing the job. I would also like to know if the minister could tell us how long we would have to wait before the mediator-arbitrator is actually appointed.

Mr. Ouellet: The government does have in mind certain persons, but I would not like to volunteer a specific time for the nomination. I will be acting as quickly as possible to proceed with consultations tonight if this bill is passed, or at the latest tomorrow morning, but I am in the hands of the person that will accept this job. Indeed, hon. members can understand the task that is ahead for the chosen mediator-arbitrator, and I cannot assure the House that I will be in a position to appoint someone immediately in the minutes following the passing of this bill; but I will undertake the appointment of someone in the hours following the passing of this bill.

Mr. Hogan: I would like to introduce an amendment to clause 6 of this bill:

> That clause 6 of Bill C-8 be amended by deleting lines 40 to 44 on page 2 and lines 1 to 5 on page 3, and by substituting therefor the following words,
> "are in dispute between the employee association and the employer."

If such an amendment were introduced it would improve the possibility of getting better mediation.

Mr. Alexander: I would like to be advised, Mr. Chairman, as to what the hon. member is really talking about, which is the usual practice in this House. I hope that he will have the courtesy to pass over copies of his proposed amendment so that we may give it the attention which I know that he thinks it deserves. I do not mean to be facetious, but we should have a look at it so that we will know what the hon. member is attempting to do.

The Deputy Chairman: I would like to suggest to the hon. member that that is not a point of order but a point of debate.

Mr. Ouellet: I think that I understand the proposal made by the hon. member, Mr. Chairman. I appreciate that he is repeating what has been echoed earlier by the hon. member for Timiskaming, that some aspects of the discussions between the employer and the employees have not been referred to the conciliation board chairman. Indeed, this is quite true. It is the union's contention that there are a number of issues which they would like to see dealt with that have not been referred to the conciliation board by the public service staff relations board.

The reason the PSSRB has not referred these issues to Mr. Courtemanche is that they are items which are outside the jurisdiction of the board. They may be items which are very legitimate for unions under the Canadian Labour Code and which could eventually be considered after parliament has approved a bill turning the Post Office Department into a Crown corporation, but until the employees of the post office are working under a Crown corporation, they cannot entertain some of the items they would like to see referred to Mr. Courtemanche for the conciliation board findings. We are no more in a position to deal with this issue today than the PSSRB was when they referred it to the chairman of the conciliation board.

Mr. Symes: Mr. Chairman, just to be perfectly clear, the minister has used the word "some" of the items fall outside the purview of the bill. Is he saying that none of these contentious issues that the union has raised can be dealt with by the mediator-arbitrator as set forth in this bill, or is he saying that some of them cannot be? I would like a precise answer to that.

Mr. Ouellet: Mr. Chairman, I am sure that someone will correct me in this statement if I am wrong. It is my understanding that all the issues that could be entertained by the Public Service Staff Relations Act that apply to the current collective agreement and that the union wants dealt with, were referred to the conciliation board chairman. Those issues that were not referred were those that in the mind of Mr. Brown, the chairman, of the PSSRB, were outside the jurisdiction of the board and therefore not referred to Mr. Courtemanche.

● (2052)

Mr. Symes: Mr. Chairman, in the debate this afternoon we heard about the findings of the many royal commissions and inquiries into the difficulties in the post office, about the number of grievances and outstanding disputes that have not been resolved. The minister is arguing for this bill on the grounds that it will bring peace or some stability to negotiations in the post office until December 31, 1979, yet I heard him admit tonight that there are serious and contentious issues that this arbitrator will not be able to deal with.

I have difficulty with his argument that this legislation will bring some stability to management-worker relations considering the fact that some of these long outstanding and contentious issues will not be examined by the arbitrator. I see a contradiction here and I worry that even with this legislation the bad feelings, grievances and frustrations will remain and so will our problems. That is why my colleague, the hon. member for Cape Breton-East Richmond, was trying to broaden the scope of the bill. We do not have a list of the grievances or a precise definition of the act. I cannot see that the arbitrator would not have the scope to deal with them. Could the minister give us some more details and explain what I see as a contradiction?

Mr. Ouellet: Mr. Chairman, the hon. member is right in indicating that there are a number of non-bargainable items that the union would have liked to bargain at this time. They are non-bargainable because under the PSSRB they are considered like this. This is one of the reasons it has been said that the post office should become a Crown corporation and that the employees would rather be under the Canada Labour Code and no longer subject to the more restrictive labour relations provisions of the Public Service Staff Relations Act.

We indicated that the bill that would create a Crown corporation will be presented in parliament as soon as possible, perhaps in the early months of the current session. That would mean that by the middle of next year we would have a Crown corporation.

If we do not extend the terms of the current collective agreement before a Crown corporation is established we could be faced with two labour disputes in the post office—the one we are facing now and a potential dispute similar to this some time next year, perhaps coinciding with the passage of a bill to create a Crown corporation or perhaps just before the establishment of this Crown corporation. It was felt that in the best interests of everybody, particularly in the best interests of the public, we should take measures in this parliament to make sure there would not be another postal dispute in the days preceding or coinciding with the creation of a Crown corporation.

I think it is extremely important that we recognize that some of the items important to the union ought to be dealt with, unfortunately for them not at this time but when they will be negotiating their new collective agreement with a Crown corporation. At that time the union would be in a position to negotiate all of those items that they consider important. I accept their judgment on this. They will then be in a position to negotiate them. At the present time they are non-bargainable but would become bargainable in the next collective agreement after the creation of a Crown corporation.

Mr. Jones: Mr. Chairman, I fail to see the minister's argument. What he is really doing is proposing not the resolution of one dispute but looking forward to another when the post office Crown corporation act is brought in. It seems to be that the purpose of any legislation of this kind should be to resolve the dispute between the employees and the employer. This is so narrowed down to certain specific rules that it makes it difficult for any arbitrator, mediator or employee association to get their teeth into what has to be resolved. Surely they cannot act in good faith if they are hampered by certain rules. Certainly this parliament must be over that board to which the minister referred. We make legislation here and we should make legislation which is able to resolve or help resolve situations between an employer and employee for all times.

I think the proposal made by the hon. member for Cape Breton-East Richmond makes sense. If we are acting in good faith as parliamentarians, surely we want to resolve this matter. We cannot go in with our hands dirty, realizing we are not giving the mediator the full powers he should have. I suggest the amendment is a proper one if we are to act in good faith as parliamentarians.

Mr. Fraser: Mr. Chairman, I think all hon. members should keep something in mind: this legislation is before us because there is a very difficult situation which has existed for a long time. I am not going to take the time of the House to throw brickbats tonight about why that legislation is so bad.

In response to the hon. member for Moncton, I must say that there is noway in the world that this emergency type of legislation, imperfect as it is, will solve all the problems of the post office. This legislation is only in front of us because we have an awful mess. I am anxious that it be passed so that there can be a resumption of service for the Canadian public. The question of how we solve all the difficulties in the post office is too complex for us to tackle tonight.

I say this in fairness to the acting minister of labour and his colleague, the Postmaster General. This bill has not been brought in front of us tonight in order to solve the problems of the Post Office. What the minister has said is that in view of the length of time this collective agreement will last, this legislation might help to achieve some of the things the government has in mind and which have been urged upon it by this party.

● (2102)

I urge all hon. members not to lose sight of the fact that tonight we are dealing with a situation which is almost out of control. The purpose of the legislation in front of us is to resume postal service to the public at the same time as arriving at a fair settlement of the dispute between the inside workers and the employer. It is not intended to be legislation designed to solve all the problems in the Post Office. I ask all hon. members to keep this in mind.

Mr. Hogan: The hon. member for Vancouver South is a good friend of most of us in the House. He should not let this matter go to his head. We are as interested as he in restoring the postal service and solving the problems. But these problems cannot be solved by a band-aid. We must remember the associated problems. It is our duty to attempt to receive explanations from the minister. In the process of doing that, perhaps we will take an extra hour. But is that not part of the democratic process? Should we push everything through and then find out later on that we made a bigger mess? It is our duty to do more than solve the difficulties in the short run.

Mr. Rodriguez: Mr. Chairman, the point made by the hon. member for Cape Breton-East Richmond is an important one. I found it somewhat difficult to comprehend the comments of the hon. member for Vancouver South, that we should run legislation which will somehow or other result in peace in the Post Office through the mill tonight.

Mr. Alexander: He did not say that.

Mr. Rodriguez: I do not think hon. members realize the importance of this legislation. We are dealing with 23,000 law abiding employees of the Crown. Surely it is the responsibility of hon. members not to precipitate the situation where law abiding citizens find themselves in the position of breaking the law of the land. It is not just a matter of passing legislation and ordering CUPW back to work tomorrow. I do not have to remind the House of the comments made in the press, which comments recommended that workers disobey the law of the land. Therefore it behooves us to take as much time as is necessary to include clauses which will ameliorate much of the dissatisfaction workers would face upon returning to work because of compulsory arbitration.

The amendment of the hon. member for Cape Breton-East Richmond is a wise one. There were some issues which PSSRB did not refer to the conciliation board because they were outside the ambit of the negotiations. Can the minister table a list of the particular items which were not passed on to the conciliation board? Was the renegotiation of the technological change clause one of those items? Was overtime one of the items? What about the employment of casuals? If those are some of the items, then we are back to the very crux of the problem. Telling Canadians that what we pass tonight will solve the problems is a pipe dream which Conservatives and Liberals would like to propagate. That only compounds the problem rather than solve it. I am prepared to stay here until six o'clock in the morning. Will he table the list for the benefit of all members? Since we are being asked to legislate compulsory arbitration, will the minister table the list for our benefit?

Mr. Ouellet: Mr. Chairman, indeed the hon. member has a very keen interest in this dispute. Perhaps he should have a look at the report which was published at the time of the reference by the chairman of the public service staff relations board, which reference gave the mandate to the chairman of the conciliation board and which made reference to a number of issues. I asked one of my officials to underline the items in the 85-page document which were not referred because they did not fall under the Public Service Staff Relations Act. That document could be tabled tonight. It is a public document. I doubt the hon. member will have the time to read the entire document. I should like to refer to a few examples of items which were not negotiable under the act, for example, the classifications, the pensions, the staffing and lay-off benefits. These are some examples. That document can be tabled for the benefit of all hon. members.

Mr. Rodriguez: Mr. Chairman, I am aware of the particular issues which could not be negotiated under the Public Service Staff Relations Act. One problem was the question of technological change and its effect on members of CUPW. As the minister has stated, lay-off and classification of employees were excluded from the negotiations. Because of the technological change clause in the contract, the view of the employees is that the area is opened up. We should have the right to examine and make a decision on this issue. That is what the hon. member for Cape Breton-East Richmond was driving at in his particular amendment.

The minister is very optimistic if he thinks passing this piece of legislation will solve the problem. It does not, because the festering will continue within the Post Office and we have until December 31, 1979, under the agreement brought down by the arbitrator in this legislation. I ask the minister to reconsider his position and to have these matters referred. Let us have peace in the Post Office until such time as we deal with the Crown corporation legislation for the Post Office.

● (2112)

Mr. Ouellet: I am sorry, Mr. Chairman, for not being in a position to acquiesce to the suggestion made by the hon. member. I appreciate on some of these points if the employees were under the Canada Labour Code, they could negotiate. However, at the present time Post Office employees are not under the Canada Labour Code.

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When the chairman of the Public Service Staff Relations Board, Mr. Brown, prepared the terms of reference of the conciliation board and referred items to the attention of the chairman, Mr. Courtemanche, and the other members of the conciliation board, he precisely indicated those issues which could be referred and those which could not. He indicated the reasons why they could not be heard. We cannot do contrary at the present time.

When this parliament passes legislation to create a Crown corporation, the union will rightfully negotiate a collective agreement in due course under the schemes that apply to Crown corporations and then these items can be the subject for bargaining.

Mr. Orlikow: Mr. Chairman, I do not want to fight the battle of the inadequacies of the Public Service Staff Relations Act; there will be a time for that. Some of us predicted at the time the bill was passed that excluding subjects such as classification from the union's right to bargain would create problems. I do not want to debate that whole question.

I am concerned about one very important clause in the 1975 agreement. It was probably the most important reason for the strike in 1975. That clause dealt with technological change and the right of the union to discuss that question.

The question I want to ask the minister is very simple; I think he can answer it very easily. When the mediator-arbitrator sits down to deal with the employer and the union, will he have authority to take out of the present agreement the section dealing with technological change? I ask that question because it is no secret that the government representatives, at least those from Treasury Board, were very much opposed to the inclusion of that clause in the agreement. Before I agree to this, I would like to know whether the mediator-arbitrator, if the employer proposes that that section be eliminated or changed in content and if members have less rights, would have that authority.

Mr. Ouellet: My answer is yes, Mr. Chairman. The mediator-arbitrator will have the right to look at this. This subject in fact was referred to the Courtemanche board. It was the subject of some discussion by the conciliation board. Some comment was made by the three members of that board. Indeed, this question can be dealt with by the mediator-arbitrator with full latitude.

Mr. Orlikow: Mr. Chairman, I want to give the minister notice that if that is the case, I intend to move an amendment a little later which will make it very clear that the mediator not have that right. I say this to the minister in all sincerity. The union carried on a long and difficult strike to get that clause. They got it through collective bargaining and a legal strike.

I cannot believe the government would be so insane as to bring in legislation with provisions by which the government appoints an arbitrator and gives him the power to do what the governments wants done unilaterally. Nothing could be more contrary to the most fundamental principles of collective bargaining in good faith. Therefore, I give the minister notice that in a few moments I will move an amendment which will deal with that question.

Mr. Ouellet: If I may be permitted, I would like to move a very minor amendment to clause 6 at the top of page 3. It is an error that arose through talking about employee associations rather than employee organizations.

Mr. Alexander: What line?

Mr. Ouellet: The first line.

Mr. Rodriguez: Mr. Chairman, I rise on a point of order. I do not want it to get confused. I thought there was an amendment by the hon. member for Cape Breton-East Richmond before the committee. Maybe we should deal with that before the one by the minister.

The Chairman: Order, please. On the point raised by the hon. member for Nickel Belt, the hon. member for Cape Breton-East Richmond gave notice to the committee of an amendment but he never formally put the amendment to the committee. In any case, the Chairman has not put the question on his amendment to the committee. If it is the wish of the hon. member for Cape Breton-East Richmond, I could at this time put the amendment to the committee so that we could dispose of it in one way or another and then consider the amendment of the minister.

Mr. Hogan: I am sorry for that mistake, Mr. Chairman.

Mr. Ouellet: Mr. Chairman, possibly we could dispose of this very minor technical amendment and then continue with the other one. I move:

That clause 6 of Bill C-8 be amended by striking out line 1 on page 3 in the English version and substituting the following:

"employee organization and the employer"

If hon. members refer to the interpretation section on the first page of the bill, they will see that in the definitions, we talk about "employee organizations". On page 3 we should not be talking about employee associations but employee organizations.

The Chairman: I am ready to accept the suggestion of the minister. I want to make sure I have the consent of the hon. member for Cape Breton-East Richmond. I will put the amendment to the committee. Mr. Ouellet moves:

That clause 6 of Bill C-8 be amended by striking out line 1 on page 3 in the English version and substituting the following:

"employee organization and the employer"

Shall the amendment carry?

Some hon. Members: Carried.

Amendment (Mr. Ouellet) agreed to.

Mr. Hogan: Mr. Chairman, I move:

That clause 6 of Bill C-8 be amended by deleting lines 40 to 44 on page 2 and lines 1 to 5 on page 3, and by substituting therefor the following words:

"are in dispute between the employee association and the employer"

• (2122)

Mr. Peters: This matter has now been raised for the second time. I believe the minister agrees that certain factors ought to be considered. If that is so, attention ought to be given to this clause. It is the government which will be appointing the members of the Public Service Staff Relations Board, so it is the government which will be negotiating, in effect, if this dispute is to be referred in the end to compulsory arbitration. Most hon. members are familiar with the dispute which took place in 1975 having to do with industrial change; it would be most unfair in my view if all the rewards gained by the workers following that dispute were to be taken away.

A few minutes ago, the hon. member for Vancouver South urged us to get on with this item of business because all we were doing was getting the post office workers back to work. Mr. Chairman, the Post Office has not worked for a long time. It takes seven or eight days to put a letter through the Toronto post office with all the machinery there. I see a number of officials in the gallery. They are on holiday, too, laughing and having a great time. They have been on holiday for five or six years in my opinion. We all know that mail service has deteriorated sharply.

It is reasonable, I think, for the public to know that the settlement we are imposing tonight is costing the workers a great deal. They made their proposal for a year's contract ending on July 1, 1978, and now we are extending it for another year and a half on the basis of the same proposals. It is all very well to say the workers should go back to work. We have to ask ourselves at what price, and if the minister is not willing to offer some of the concessions which are being requested and if we as members of parliament are unable to add to these clauses to allow other matters to be discussed in the interest of the employees, we are being very unfair.

I do not always agree with my hon. friend from Nickel Belt—

An hon. Member: Thank God!

Mr. Peters: Thank God on both sides. But in this instance I think he is right. Our objective should be not only to put people back to work in the post office and try to develop a spirit of harmony there; we must also make an effort to be fair and reasonable. We are not doing this.

No concession whatever is being made to the workers. After all, they have gone through the process of deciding whether they will take the strike route or the route of mediation or arbitration. They have made a legal choice. The union has done all the things it is asked to do and its members are now in a legal position to strike. Yet everything in this legislation is weighted on the other side. We are not taking into account the unfairness of the bargaining position. The minister is in a position, if he wishes, to provide a reasonable settlement as far as the workers are concerned, a contract covering three years. Maybe common sense does not prevail here either. It seems to me there are clauses in this bill which should be amended if it is really our wish to arrive at a settlement which would place the post office in a position to carry on delivering the mail. Let us not make it inevitable that other action should take place in the post office which would be to the detriment of the public.

• (2132)

We could be exceedingly unfair to one side by way of legislation. By legislating high wages, as we have done once or twice in the past, the Post Office might have to double the price of a postage stamp. I remember that we legislated an increase of 30 cents in order to settle a strike on the seaway a number of years ago, and we started the whole inflation mess. If we are going to be unfair, we can expect those who are unfairly treated to react, and that would not be conducive to peace in the postal structure.

In fairness to the people concerned can we not give some consideration to allowing additional items to be added, as recommended in my colleague's motion? If that is not possible, can we not take away something which will be detrimental and costly to the employees of the post office? We are in a position to do that. As legislators we are in a position to be unfair as well, but it seems to me that it would be better for us to err on the side of fairness and justice than to err on the side of satisfying some civil servants who feel that some of the gains made by way of a previous strike should not have been allowed and who are now in a position to arbitrate them away.

Mr. Jones: Mr. Chairman, in all fairness, particularly in view of some of the remarks made by the minister and others in this House previously about the government's intention to introduce legislation to make the post office and its facilities a Crown corporation very shortly, and in order to permit a proper continuity and a proper transitional period for postal services in this country, through the present system and when incorporated as a Crown corporation, I ask the minister why the Canada Labour Code could not be considered to apply to the employees and to the mediation and arbitration process, just for the purposes of this act. Parliament is supreme. Surely we are still supreme, and surely this legislation should be considered transitional legislation for the purposes of continuity in changing the Post Office Department into a Crown agency.

I think there would be legitimate and good reason for doing that and for covering the whole thing in one batch. There should be one dispute, and it should be resolved once and for all. That seems like a fair question to me, and I hope that the minister will answer it positively and in the affirmative.

Mr. Ouellet: Mr. Chairman, I see the obvious good intention of the hon. member, and if it was possible to bring everything under this legislation and once and for all to settle the dispute and the difficulties in the post office, I would obviously go along with him. If we could through one piece of legislation settle everything, that would be ideal, but the consequences could be numerous in the sense that we are dealing with a collective agreement which has its origins in 1977. We are almost at the end of 1978, and we expect to create, through legislation in parliament, a Crown corporation with will

change the status of those who will be working in that Crown corporation.

However, there is no certainty that either the hon. member or I could give to the public of Canada, to other employees who are employed under the provisions of the Public Service Staff Relations Act and to our colleagues in the House of Commons that this Crown corporation will indeed be created. We are all going in that direction, and that is why I say that in the first collective agreement which will take place after the creation of the Crown corporation some of these items could then be considered. I appreciate the good will of the hon. member for Moncton, who does not want to see some clauses or items which were turned down by the chairman of the public service staff relations board brought in at this time.

I can understand the good will of the hon. member, but I must say that his good will is premature.

Mr. Pinard: Mr. Chairman, I move, seconded by the hon. member for Assiniboia:

That the committee rise, report progress and ask leave to sit again later this day.

Motion agreed to.

Progress reported.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, pursuant to Standing Order 6(5)(a) I move, seconded by the hon. member for Assiniboia (Mr. Goodale):

That the House continue to sit this day until all stages of Bill C-8, to provide for the resumption and continuation of postal services, have been disposed of.

Mr. Deputy Speaker: Do I understand from the motion of the hon. parliamentary secretary that he wishes the House and the committee to proceed to all stages of the bill?

Mr. Pinard: Yes, Mr. Speaker.

Mr. Deputy Speaker: At first glance I would have difficulty accepting the motion of the hon. parliamentary secretary. Standing Order 6(5)(a) provides that a motion could be put to permit the House to sit beyond the ordinary hours of daily adjournment for the purpose of considering a special item of business or stages thereof, subject to certain conditions. However, I do not think this Standing Order allows me to accept a motion which goes against Standing Order 72. The House has already agreed, by unanimous consent, to proceed to two stages of Bill C-8 today. Standing Order 72 provides that every bill shall receive three separate readings, on different days, previously to being passed. My interpretation of that is that Standing Order 72 forbids acceptance by the Chair of such a motion.

To my mind, the only way the motion proposed by the hon. parliamentary secretary could be acceptable would be if unanimous consent were given to allow third reading. However, as far as the committee stage is concerned, that is acceptable.

[Mr. Ouellet.]

• (2142)

[*Translation*]

Mr. Pinard: Mr. Speaker, may I draw your attention to Standing Order 75(14) which refers I suppose to the general principle as laid out in Standing Order 72 which stipulates that a bill shall not be read more than once on the same day and provides that when a bill is reported from a committee of the whole as it is now the case a motion can be made that the bill be now read a third time and passed. So that Standing Order 75(14) be logical, Mr. Speaker, it is essential for a bill reported from a committee of the whole, with or without amendment, that we accept that third reading be made the same day. In my opinion, it would be an exception to Standing Order 72.

If you agree with this interpretation which seems to be the proper one to be used on such occasion, the main motion would be receivable. If not, I have no objection to your asking for the unanimous consent of the House so that we could proceed with all the stages of the bill and should anyone dare oppose it, we will know who.

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I do not think we need to get into a procedural hassle over all of this. It is perfectly obvious that we in this party are doing our best to make improvements in this bill, but it is not our intention to put any procedural blocks in the way of the House dealing with the bill tonight if it wishes to do so. If the government were to ask for unanimous consent to complete the bill tonight, giving us a chance to move amendments to other clauses in committee of the whole, I believe the government would find that so far as we are concerned there would be that unanimous consent and this procedural battle could end.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pinard: Mr. Speaker, following this wonderful surprise, I think that the problem is solved and that there is unanimous consent to dispose tonight of all stages of the bill.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on behalf of our party I would like to say that I join in the expression of unanimous consent to all stages of the bill being considered today, as we have agreed earlier in the day.

There is one small item before we move on into the hours beyond ten o'clock, and that is the question of the vote which was scheduled—and which is indeed on the order paper—on the motion moved by the Leader of the Opposition (Mr. Clark) and seconded by myself with respect to the throne speech debate. There have been some discussions on the matter. We do not want to demand that the vote be taken now because we recognize the necessity of dealing with the post office bill. I hope there will be consent in the House to putting that vote over until just before orders of the day are called

tomorrow afternoon so that we could deal with it at that time. Then if there are any further discussions to take place regarding the arrangement of the debate on the Speech from the Throne, we could deal with that at that time.

Mr. Pinard: Mr. Speaker, in fact I have spoken about this matter to all the House leaders and there seems to be an agreement to postponing the vote until tomorrow afternoon after question period. And unless we are otherwise advised, we will deal with the fifth day of the debate on the Speech from the Throne tomorrow.

Mr. Deputy Speaker: Let us dispose of the last matter first. Is there agreement that the vote, which was to be taken tonight, be postponed until tomorrow?

Some hon. Members: Agreed.

[*Translation*]

Mr. Deputy Speaker: Is there unanimous consent to the suggestion by the hon. member for Winnipeg North Centre (Mr. Knowles) that the House agrees to sit beyond the regular hours in order to complete all stages in the consideration of Bill C-8?

Some hon. Members: Agreed.

Mr. Pinard: Mr. Speaker, you mentioned inadvertently that this was the suggestion made by the hon. member for Winnipeg North Centre. However the motion stands in my name, and I understand that the hon. member for Winnipeg North Centre is agreeable to it.

Mr. Deputy Speaker: I did not put a motion to the House, I have merely put a suggestion made by the hon. member for Winnipeg North Centre who proposed to proceed by unanimous consent so that the Chair will not to have to make such an important decision tonight.

Having said that, the House must now resume consideration of Bill C-8, an act to provide for the resumption and continuation of postal services, in committee of the whole.

[*English*]

The House resumed consideration in committee of the whole of Bill C-8, an act to provide for the resumption and continuation of postal services—Mr. Ouellet—Mr. Laniel in the chair.

The Chairman: When the committee rose, clause 6 was under consideration. There was an amendment to that clause. Shall the amendment carry?

Amendment (Mr. Hogan) negatived: Yeas, 11; nays, 73.

[*Translation*]

Mr. Ouellet: Mr. Chairman, I should like to move the following amendment to clause 6:

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That clause 6(3) of Bill C-8 be amended by deleting line 26 on page 3 and substituting therefor the following:

"(3) Sections 68, 69, subsections 70(2), 70(3), 71(3) and sec-"

The rest must be read as it now stands in the bill before us.

[*English*]

The reason for these changes is that when we were drafting the bill—and I hope hon. members will be indulgent—it was prepared in great haste and unfortunately there has been some error in indicating the appropriate clauses. I would like to have them corrected, with the consent of the committee.

● (2152)

Mr. Alexander: I have just a couple of points for clarification, Mr. Chairman. The bill when first drafted had only two subclauses. Now the two subclauses which were originally referred to in the bill are being wiped out and we are introducing four new subclauses. Perhaps the minister will just follow along with me in that regard. We have now added sections 68, 69, subsections 70(2), 70(3) and 71(3). We have now wiped out subsection 71(3) which was originally in the bill.

What I want to know is how to follow this through in terms of looking at the bill as it was originally drafted. I do not think the explanation given was quite sufficient. The minister said he had to prepare the bill in a hurry, and we understand that, but I think the minister should explain to the committee what he is attempting to do and what this clause deals with in the new form. Last but not least, given the fact that the minister has had a considerable time to study this bill, would he now indicate if there are any other errors that have been brought to the minister's attention? I ask this for the edification of the committee because, knowing how this government operates, I am sure there must be one or two other changes. He might as well let us know what other boobs he has made.

Mr. Ouellet: Mr. Chairman, I am sure the hon. member is saying this in good spirit.

Mr. Alexander: In a facetious way.

Mr. Ouellet: I want to make the thing quite clear. The bill in its first version, which we have before us, refers to sections 70, subsection 71(3), sections 72 and 74. The amendment means we will be including or adding sections 68 and 69. We are retaining section 70, but not all of that section. We are retaining subsection (2), and subsection (3) of section 70. We are not changing subsection 71(3). It remains. We obviously do not change either subsection 70(2) or 70(4). In other words, we are adding only two sections. Those two sections are the ones that allow the parties to be heard, as provided for in section 79 of the Public Service Staff Relations Act, and allow the factors to be taken into account by the board as covered under section 68 of the Public Service Staff Relations Act. This is intended to make sure we have the proper numbers. I apologize to members of this committee for the error, but I think it is much clearer in this way.

The hon. member indicated that he would like to know if there are other changes to be made at a later date. There is

one other minor change to be made. At the top of page 4 he will see a slight difference between the English and French texts where in fact the number "3" has been left out in the French text. The second line of clause 8 on page 4 reads in part "established pursuant to subsection 3(2)". We forgot to include in the French text that figure "3". In the French we talk about "le paragraphe 3". That is the only other change I want to make, and when we come to clause 8 I will ask the committee to entertain that amendment.

[*Translation*]

The Chairman: Order. On the last point, I doubt that an amendment need be moved. It deals with an editing correction which the Chair can attend to automatically; no amendment is required.

[*English*]

Mr. Orlikow: Mr. Chairman, in the last 25 years we have seen a tremendous change in many industries in this country. I would remind the acting minister that in the mid-1960's, and the assistant deputy minister will remember this very well, we had a work stoppage on the CPR because the CPR unilaterally decided to extend the runs of engineers. This led to the appointment of Mr. Justice Freedman who held hearings on the matter and made some important and profound recommendations in respect of technological changes, some of which we have still not accepted.

The minister knows that in the city of Montreal the longshoremen's industry has changed dramatically as a result of the introduction of containerization. This has led to a very sharp decline in the number of longshoremen. The printing industry is also experiencing an industrial revolution because of the use of computers in the place of the old typographical machines.

There is no one change that concerns working people more than technological change. I thought we were dealing here with a bill which would give the mediator-arbitrator the authority to settle many of the questions that have not been agreed to by the post office and postal workers, such as the hourly rate of pay, the number of hours, rest periods and so on. Although I do not like this legislation and said we would vote against it, I was prepared to debate the matter today without a great deal of heat or rhetoric. I was shocked, therefore, to hear the minister indicate a moment ago that the mediator-arbitrator would have the authority to deal with clauses of the present agreement relating to technological change.

I do not want to make a long speech, but we are facing legislation on the first day of a strike. Somehow in 1978 we cannot have a strike in the post office that lasts more than one day. Back in 1975 we had a strike that lasted 43 days, and at that time the minister and the government said they were prepared to let it go on even longer.

One of the most important issues, if not the most important, in that earlier dispute related to the matter of technological change. As a result of that strike the workers obtained the right to negotiate when technological change took place. It may be that this is not working very well as far as the employer is concerned, and I do not think it is working well as far as the employees are concerned. In any event, there is a right of negotiation in respect of technological change.

Now the minister tells us that the mediator-arbitrator will have the right to deal with this because the Public Service Staff Relations Board will have this matter as one that can be negotiated. Let us be realistic. We are passing legislation which gives the government the right to appoint the mediator-arbitrator. That is not a three-man board on which the employees have a representative, as they do on conciliation boards. This is a one-man board with the full power to settle these questions, and that one member is to be appointed by the government. Then another arm of the government, the Treasury Board, together with the Post Office Department, will appear before the arbitrator and argue that the clause in the agreement which was arrived at after a 43-day strike should be eliminated. If that happens, who could blame the workers if they felt that they had been dealt with by a kangaroo court?

● (2202)

If that is what this section provides and if that is the decision which the arbitrator will make, then in January of 1980 we will have another postal strike, and whoever is in parliament at that time will have to deal with it. I would urge the minister to use some common sense. Therefore, I propose an amendment which I think will take care of this difficulty and which is inherent in the legislation as it is written. I move:

That clause 6(1) be amended on page 3 at line 13, by adding immediately after the word "thereof" the following words:

"provided, however, that no arbitral award shall impose terms or conditions of employment which take away rights enjoyed by the employee and employee organization pursuant to any of the provisions of the collective agreement."

I think that it would be an error of tremendous proportion for the government to use this occasion to take away from the worker unilaterally rights they obtained after a long strike at great cost to them and at great cost to the people as a whole and which they obtained through legitimate collective bargaining. It would not only be a disservice to the workers in the post office, but it would inevitably lead to a strike as soon as this legislation is passed.

[*Translation*]

The Chairman: I shall put the amendment to the committee. Moved by Mr. Orlikow—

[*English*]

Mr. Ouellet: I have no objection to the committee dealing with this amendment, but I do not see it as a subamendment to the amendment that I proposed previously. Has my previous amendment been agreed to? Was it disposed of or is it still pending before the committee?

The Chairman: Actually it has not been put to the committee.

[*Translation*]

As the minister will remember, we set it aside pending the formal presentation of the amendment of the hon. member for Cape Breton-East Richmond (Mr. Hogan).

[*English*]

I think that I will follow the suggestion of the minister and put his amendment in front of the committee to make sure that it is dealt with. It was moved by Mr. Ouellet that clause 6 of Bill C-8 be amended to delete lines 40 to 44 on page 2. Is that the amendment that substitutes the word "organization" for "association"?

Mr. Ouellet: No, Mr. Chairman, this one has been disposed of. It is the other one which says that subclause 6(3) of the bill be amended by striking out line 26.

The Chairman: It has been put to the committee but it has not been adopted. Is the committee ready for the question on that amendment?

Some hon. Members: Agreed.

The Chairman: Is it the pleasure of the committee to adopt the amendment?

Some hon. Members: Agreed.

Amendment (Mr. Ouellet) agreed to.

[*Translation*]

The Chairman: I shall now put to the committee the proposal of the hon. member for Winnipeg North (Mr. Orlikow).

[*English*]

Moved by the hon. member for Winnipeg North:

That clause 6(1) be amended on page 3 at line 13, by adding immediately after the word "thereof" the following words:

"provided, however, that no arbitral award shall impose terms or conditions of employment which take away rights enjoyed by the employee and employee organization pursuant to any of the provisions of the collective agreement."

Is the amendment carried?

Mr. Rodriguez: Mr. Chairman, it appears that the minister is not going to respond to what appears to be a very reasonable and logical proposition. The hon. member for Winnipeg North has pointed out that it took a 43-day strike in 1975 to obtain what was then considered to be the solution to the problems between CUPW and post office management. Indeed, the legislation was brought into this House by a former postmaster general, Bryce Mackasey, who may yet go down to his reward as head of this new Crown corporation, which may mean that we will have to live with it again.

What the hon. member's amendment is saying, in effect, is that the employees have won through negotiation and through strike these benefits. For example, there is the definition of technological change. We know that the Post Office management would love to re-examine the whole question of technological change, which in the end would only affect the security of employment of post office workers. Once you affect the security of employment, you attack and destroy the right of the workers to form collectives within the post office. In other words, it is an attack on the union itself.

We cannot have a situation where the mediator-arbitrator may withdraw things won and agreed upon in previous agreements, have him take something out and suggest to the House that that is going to create peace in the post office in the interim period before the Crown corporation comes into effect. Can you imagine the technological change clause being lifted and peace continuing within the post office?

It is important to note the words of one of the conciliation board members, Mr. Irving Gaul, the union nominee on the board. What he had to say in the conciliation report was very timely, and I would like to read it into the record:

Industrial peace is a prerequisite for the successful transition to Crown corporation status but industrial peace cannot be legislated by a parliamentary act. It can be achieved by the resolution of the problems, which can only be accomplished as a result of negotiated solutions.

An hon. Member: Whose friend are you?

Mr. Rodriguez: I see the Conservatives are now awake and are agreeing.

It seems to me that that is the kernel to the problem. If the minister does not accept this amendment proposed by the hon. member for Winnipeg North, in effect he will not have industrial peace in the transitional period leading up to Crown corporation status. Surely, that has to be paramount in his mind. It would be a hoodwinking of the public if we let them think that what we do here tonight is somehow or other going to move the mail for the next year or two. Indeed, I think that what has been foisted on the taxpayers so far is a travesty.

I saw advertisements in the newspaper showing what the employer offered and what the employee wanted. About $300,000 was spent on a publicity campaign but did it bring peace to the post office? Was that money used to bring industrial peace to the post office? Should we use taxpayers' money to resolve those problems? It may have helped the government or the post office to wage a propaganda war for the public mind, but surely if the taxpayers' money is being spent it ought to be spent on the resolution of the problem and not to win public support for being such a good employer while implying that CUPW is a bunch of unreasonable people who want 30 hours of work for 40 hours' pay.

● (2212)

Surely the solutions do not lie in this open-ended kind of legislation which gives power to the arbitrator to remove things already won.

In the last contract CUPW thought the problem of casuals had been solved, but the post office kept circumventing the clauses in the agreement by not offering work to the full-time employees before hiring casuals. Grievances were built up and the matter was taken to the grievance board. The decision was appealed to the Federal Court by the Post Office but CUPW won on the grounds that the Post Office had breached the agreement. The department has appealed to the Supreme Court with an attached statement to the effect that to go back

and correct the injustices where the agreement was breached would cost taxpayers from $2.5 million to $3 million.

We are here tonight in the hope that we can develop some sort of peace in the post office in the period before the establishment of a Crown corporation. If the minister leaves this legislation open-ended and does not accept the amendment of the hon. member for Winnipeg North, that will guarantee industrial unrest in the post office.

We all know that the question of trust is important in collective bargaining. We could never use that word to describe collective bargaining with Treasury Board. In eighteen months CUPW has never sat down with the employer; the Postmaster General has never sat across the table to negotiate problems in the post office. Study after study was kept secret by the department until we blew the cover. These studies showed that management was incompetent. The charges were not made by a partisan politician in this House but in studies paid for by taxpayers.

I should like to relate an instance which occurred in the post office at Prince Rupert. A female employee there wrote to me complaining that the 25 female employees in that post office have only one washroom. She has tried everything to get more washroom facilities; she even wrote to the Postmaster General but did not get a response. I wrote to him myself and he replied by letter to the effect that the matter had been put on the priority list but because of cut-backs the washroom facilities in the Prince Rupert post office cannot be improved. These 25 female employees will have to continue sharing the toilet facilities.

The hon. member for High Park-Humber Valley does not think that is important. Things which affect working conditions are important and this is how grievances build up and an impasse develops between management and employees. I have given the minister enough time to think about the amendment presented by the hon. member for Winnipeg North and I ask him to respond in a positive way.

The Chairman: Shall the amendment carry?

Amendment (Mr. Orlikow) negatived: Yeas, 7; Nays, 46.

The Chairman: Shall clause 6 as amended carry?

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, clause 6 is the key to the entire piece of legislation in many respects. It seems to me we are not getting many satisfactory replies from the minister or the government. The government has repeatedly said in this House that we are giving to the public service the right to bargain collectively regarding wages, hours and conditions of labour. We all recognize there are situations in which that right has been restricted and even withheld. That is what we are in the process of doing today.

Surely in the haste to withdraw that right in the public interest this House, this committee and the minister have a responsibility to ensure that we take adequate precautions to see that those whose rights are being denied are given some compensation in the form of an assurance that the dispute will be adequately considered and fairly resolved.

I have seen this type of legislation passed a number of times but I have never seen it passed on the first day of a strike, never rushed through as quickly as this. The kernel of the matter is that the government will appoint a mediator-arbitrator who will have the sole power to decide issues respecting wages, hours of work and conditions of employment of the 23,000 postal employees for the next 15 months. The minister has not given us any guarantee that some of the rights they now enjoy will not be taken away.

• (2222)

We attempted to clarify that a few moments ago, but that amendment was smothered by the government and the official opposition. May we have some idea as to the type of person who will be chosen to discharge this very special responsibility? I am not asking for his name, but will he be a judge? That has been the case in the past. Will it be someone within the public service? Can he assure us that the person who is charged with this very heavy responsibility is a person in whom the 23,000 employees and the House can have confidence?

I am sure the minister agrees that the arbitrator's responsibility will be a heavy one. The minister will not be in a position to amend any of the arbitrator's decisions. In fact, none of us will have the power to amend any of his decisions. It is a tremendous responsibility for one man to have in the hollow of his hand, the well-being of those 23,000 employees for the next 15 months. Those employees have put their trust in the House. Can the minister tell us what type of person he will select? What safeguards will the employees have? Are they to be put back to work? We know they will be under the Anti-Inflation Act for the next 15 months. That is something most Canadian employees will not have to face.

Mr. Ouellet: They will be under the provisions of the Anti-Inflation Act only to the end of this year.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I did not see that included in clause 8. If that is the case, I feel somewhat relieved on that point. The workers will operate under conditions laid down by the mediator-arbitrator. We should know from what category that person will be selected before we transfer that heavy and onerous responsibility to him.

Mr. Ouellet: Mr. Chairman, the person who will be appointed will be a very skilled person who has experience in the field of industrial relations. Perhaps he will be a judge.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I am sure the minister is not prejudiced against judges.

An hon. Member: It sounds like Bryce Mackasey.

Mr. Ouellet: The person will have experience in mediation leading to arbitration.

An hon. Member: It sounds like Bryce Mackasey.

Mr. Ouellet: I should like to assure the House that in the process of mediation and arbitration there is a period of time necessary for the mediator-arbitrator to work toward bringing the parties together and arriving at a collective agreement. I would not like to underestimate that role. Indeed this person is being vested with a double role. He will play the role of mediator; also he has the right to come forward and make recommendations binding upon both parties.

In the past when mediation and arbitration have been used, the persons appointed have been able to make progress with the concerned parties. In fact, they have brought about negotiated collective agreements on almost all outstanding issues. A recent example of that is the grain handlers agreement where very marginal clauses were left for the arbitration process and the rest was successfully mediated by the mediator-arbitrator with the co-operation of all parties. The process of arbitration will be used to its fullest extent by the person appointed.

Referring to the matter raised by the hon. member for Nanaimo-Cowichan-The Islands, earlier today in answer to a question raised by the hon. member for Timiskaming I pointed out that the Anti-Inflation Act would apply only to December 31, 1978; for the remainder of the time, to December 31, 1979, the Act will not apply.

Mr. Stevens: Mr. Chairman, following what the Acting Minister of Labour has said respecting clause 8, that the Anti-Inflation Act will not apply after December 31, 1978, surely he is aware that there is power in the act to extend its application beyond that date. What assurance can he give the House that that power will not be used?

Mr. Ouellet: Perhaps we can deal with that question when we are considering clause 8.

Mr. Leggatt: Mr. Chairman, I wish to propose the following amendment:

That clause 6(2) of Bill C-8 be amended by adding thereto, immediately after line 25 on page 3, the following new paragraph:

(d) for the purposes of any arbitration referred to in that subsection, the power to render any provisional award.

I propose that amendment because of the reasons given by the minister for the appointment of an arbitrator-mediator to bring peace to this situation. Obviously the qualities of that individual are important. He should be provided with the flexibility to bring in not merely the report after 90 days, but perhaps order an immediate raise taking the government's base, which is approximately 4 per cent. In order to bring peace to the post office, he may wish to have the benefit of the provisional award immediately to solve some of the immediate discontent. If flexibility is lacking with the arbitrator, he will come forward after 90 days with arbitration on the matters not resolved by agreement.

This is the time to provide the arbitrator with some additional flexibility so that if he wishes to resolve some points immediately, without a delay of 90 days, he may. After all, we have had an 18-month hiatus regarding that particular contract, so he may wish to move more quickly to amend the provisions which deal with the PSSRA and related problems. We have had enough discussion on that. I can see neither the government nor the official opposition is going to move on that.

I urge the minister to give some serious consideration to this. Maybe I am misunderstanding the bill. It seems it would be useful if the minister had this flexibility so that the arbitrator could move immediately if he wished on those matters that he wishes to resolve quickly in order to improve perhaps the atmosphere in terms of the ultimate award.

● (2232)

The Chairman: The hon. member just gave notice of an amendment. I may as well put it before the committee. Moved by the hon. member for New Westminster:

That clause 6(2) of Bill C-8 be amended by adding thereto, immediately after line 25 on page 3, the following new paragraph:

"(c) for the purposes of any arbitration referred to in that subsection, the power to render any provisional award."

I am not sure if the numbering is right. It should be "(c)", not "(d)".

Mr. Leggatt: Mr. Chairman, on one of the copies it is incorrectly described as "(d)". It should be "(c)". That is the correct subclause.

Mr. Ouellet: Mr. Chairman, I have just consulted my colleague the Postmaster General on this amendment. We think it would be fruitful to accept this amendment and have this included in the bill. We have no objection. Indeed, we support the amendment.

Mr. Fraser: Mr. Chairman, I wish to put a question to the minister. At the moment we are in agreement with the suggestion of the hon. member for New Westminster and the minister. As I understand it, in terms of retroactivity there are no limitations on the mediator-arbitrator under this legislation in terms of going back retroactively.

Mr. Ouellet: Mr. Chairman, I think it would be improper to instruct an arbitrator that he should not review or change any clause in the agreement. However, there is one provision which restricts what he should do. That is clause 8 with regard to the application of the Anti-Inflation Act and guidelines. Apart from that, the mediator-arbitrator could deal with any of the other items already referred to the conciliation board by the PSSRB that are the subject of the agreement.

Mr. Fraser: Mr. Chairman, may I say on behalf of our party we would be very pleased to receive the suggestion of the hon. member for New Westminster.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Leggatt) agreed to.

Clause 6, as amended, agreed to.

On clause 7—*Report to minister*

Mr. Rodriguez: I have an amendment I would like to put forward on this clause. I move:

That clause 7 of Bill C-8 be amended in line 34 on page 3 by adding immediately after the word "appointed" the following words:

"or within such longer period as may be agreed upon by the parties or determined by the Minister of Labour."

In explaining the amendment, as it now stands the mediator-arbitrator shall report to the Minister of Labour not later than 90 days after the date on which he is appointed. Many of these issues are very thorny. The whole question in the technological change clause and the whole definition of technological change may very well require more than 90 days. This would give a little more flexibility in terms of trying to reach a solution to the problem.

I see some nodding, so I will resume my seat.

Mr. Ouellet: I am glad to be in agreement with my colleague from Nickel Belt.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Rodriguez) agreed to.

Clause 7, as amended, agreed to.

On clause 8—*Application of Anti-Inflation Act and guidelines*

Mr. Peters: Mr. Chairman, during discussion on an earlier clause we discussed extending this clause to December 31, 1979. I gather the minister indicated it would not be applied beyond the end of this year. As it does not say that, possibly the minister could explain how he will manage this so that it will be clear to everyone. On first reading of this bill, that was a major stumbling block to this legislation that came to mind.

Mr. Ouellet: Mr. Chairman, I understand there has been some fear on the part of hon. members that the wording in clause 8 is not as clear as it should be. During the supper adjournment, I asked my officials to prepare some appropriate wording in order that it may be crystal clear. If it is the desire of hon. members, I move:

That clause 8 of Bill C-8 be amended by striking out lines 9 and 10 on page 4 thereof and substituting the following therefor:

"employer applicable for that portion of the period specified in section 5 that ends December 31, 1978."

Amendment (Mr. Ouellet) agreed to.

Clause 8, as amended, agreed to.

Clause 9 agreed to.

On clause 10—*Punishment for contravention of PSSRA*

● (2242)

Mr. Douglas (Nanaimo-Cowichan-The Islands): I think the minister ought to give the committee an explanation of the very heavy fines imposed here. These fines range from $100 a day upward, from $300 to an aggregate of $2,500 and from $150 to $10,000. Why are these fines so heavy compared to what is normally the practice? Is it an attempt to intimidate employees? Is this a war of attrition? I can understand that the fines ought to take some cognizance of inflation, something with which the government is all too familiar. But inflation has not been as severe as these fines suggest.

[The Chairman.]

Mr. Ouellet: I would say that the penalties imposed in this clause are of a twentieth century magnitude and probably more in line with our day to day way of life. The fact that this clause is in the bill making penalties heavier is a clear indication that parliament is serious in passing this legislation. These penalties for contravention are a clear indication by parliament of the seriousness with which it regards the situation.

Mr. Forrestall: I share the minister's concern that penalties attached to legislation as serious as this should be brought into line with the twentieth century. Nevertheless it is interesting to note that though the 74 or 75 recommendations made by the joint committee of this chamber and the other House concerning matters related to the public service legislation have been largely ignored, one of them has been singled out and the rest neglected.

The government has approached these recommendations in piecemeal fashion. It would be highly desirable if at some point ministers opposite would bring forward a bill which would reflect the substantial input made by the joint committee by way of recommendations which are presently before parliament. To find one of the recommendations "bootlegged" at the tail of a serious piece of legislation is not wholly acceptable. It is precisely this type of piecemeal application of recommendations in areas of policy suggested in the report which has led to the disquiet we see in the public service today as a result of Bill C-28—selective picking and choosing instead of the total presentation to the House of an updated approach to the whole system of collective bargaining in the public service.

While I am sure my hon. friends would support the extent of the fines, we would remind the minister that it is time we dealt seriously with the process of amending the six or seven acts which are involved in this whole area. Then, perhaps, we could begin to approach the basic questions which have given us trouble with respect to legislation such as this ever since I first took my seat here. I am not criticizing the level of the fines but rather the piecemeal lifting of twentieth century approaches, if I might use the minister's phrase. We ought to have a total package before us.

Mr. Ouellet: I suspect the hon. member was busy this afternoon when I was introducing this bill. I would remind him that in my remarks I did refer to the work of the joint committee and some of the recommendations it made. I mentioned that the government has undertaken to bring forward comprehensive amendments to the Public Service Staff Relations Act which would include a response to the recommendations of the committee concerning penalties for unlawful activities.

I appreciate that what we are taking tonight is a very sectorial approach to the more general proposition which

should be dealt with through comprehensive amendments to the Public Service Staff Relations Act. It is important, though, that the House recognize that the penalties we are suggesting here are precisely those which were recommended by the joint committee inquiring into relations between employers and employees in the public service.

Mr. Forrestall: As long as the minister does not miss the point—that we should not be bootlegging particular recommendations and using them ad hoc.

Mr. Ouellet: I appreciate the point which has been made and I understand the view expressed by the hon. member. I hope we shall be able to deal with this act in the very near future.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, the last two members to speak made reference to a report of the special joint committee on the public service. I was the only member of that committee to vote against the report brought down by the committee and one of the reasons I did so was because of these increased penalties the government is proposing.

What bothers me now is that we have before us a special bill introduced for one purpose, to provide for the resumption of postal services. We have interrupted the debate on the Address in Reply to the Speech from the Throne in order to deal with it. We have given unanimous consent to do various things deemed necessary by the House to get the mails moving again. But here, to use the words of the hon. member for Dartmouth-Halifax East, we see bootlegged into this bill a change in the Public Service Staff Relations Act.

The clause is offensive on two counts. In the first place, to use an old phrase around here, we are changing the rules in the middle of the game. We are telling postal workers that if they do not obey this law, the penalties are not going to be those which are already in the law, but new penalties that are being passed tonight. The other thing we are doing is passing an amendment to the Public Service Staff Relations Act itself.

• (2252)

Mr. Baker (Grenville-Carleton): I suppose the only thing they will have to do is obey the law, Stanley.

Mr. Knowles (Winnipeg North Centre): I think we should have some respect around here for the laws we make. My hon. friend and the rest of us agreed today to interrupt the normal business of this House and to deal with this special bill, which is here for one purpose only, and that is to get the mails moving again. But here, tucked into this bill, is clause 10 which would amend the Public Service Staff Relations Act in respect of a very controversial provision in that act. I admit that I was the only member of the committee who voted against that report. The Liberals and the Conservatives all bought it, but surely it is a controversial provision like others, and I think that the idea of putting this in is completely wrong.

My hon. friend says that the postal employees can avoid these penalties by obeying the law. That is a plausible, understandable statement, but I suggest to him—and he is a lawyer—that what they ought to be required to meet by way of penalties are the penalties that are in the law now, the penalties which were in the law when they went on strike. That was the law yesterday. It will be the law until this law is passed. There are certain penalties, but if this bill is passed by this House tonight, passed by the other place and becomes law in 24 or 48 hours, postal workers will discover that between the time they legally went on strike and the time they are told that they have to go back to work the penalties will have been increased. I think that is completely wrong. I think it is contrary to the whole concept of law, and that in itself makes it wrong.

In addition to that, I say that it is quite offensive to this House and to the whole parliamentary practice to import into a special, emergency piece of legislation a major amendment of general and lasting application to the fundamental laws of this country. The minister has done fairly well in the last hour in terms of accepting some suggestions from this side of the House. I regret that he turned down the most important one, but he has accepted a number of amendments, and I seriously appeal to him to agree to withdrawing clause 10 from this bill.

Mr. Ouellet: Mr. Chairman, I think it is important that the bill with which we are now dealing not be frustrated in its application by the enforcement deficiencies of the Public Service Staff Relations Act which were recognized by the joint committee. This House owes it to the public to seize the very first opportunity we have to correct the situation and bring about some of the recommendations which were made by the joint committee on employer-employee relations in the public service.

I appreciate that at the time this question was studied by the joint committee the hon. member voted against this recommendation, but I think there was an overwhelming majority of members on that committee who worked very hard and conscientiously and thought that something ought to be done to make sure that these remedies which we are considering are there to allow for a minimum of disrespect for the law. I think this clause is part and parcel of this bill, and the intention is to get the mails moving again in the near future.

Mr. Broadbent: Mr. Chairman, I listened with care to the point made by the hon. member for Winnipeg North Centre. It seems to me that the point is very crucial. This is not the first time that a person who is not a lawyer has corrected lawyers in this House on a question of justice. Canadians as well as people in other countries learned a long time ago never to confuse legal statements with statements about justice.

Surely the fundamental point which was being made by the hon. member for Winnipeg North Centre was that we have a perfect example here of ex post facto law. A group of men and women have exercised their rights under laws which exist in Canada and have embarked on a strike. They are legally involved in this strike, and now if we in this parliament pass this particular provision, we are coming along and saying that in the process we are going to change the punishment if the

law is violated. A fundamental concept of justice and law in this land is that you do not do that kind of thing. You do not say to a group of men and women when they embark on a certain course of action: "This is the law as it exists, but we are going to change the law in terms of this provision once you have started to exercise your legal right".

There is no question about the right of parliament in this or any other matter to pass the kind of law which is being advocated by the minister, but it seems to me that those who are concerned about basic principles of justice ought not to be supporting this principle at this time. If the minister wanted to raise the level of punishment for violation of law in this respect or any other, surely the time to do that is before workers involved in a strike have exercised their legal right so to act. I wish the minister would deal with precisely that point in his response. Are we not changing the rules of the game in midstream and, if so, how does he justify that?

I will not elaborate on my second point. The hon. member for Winnipeg North Centre made the point very clearly. We are making a permanent change in legislation here, quite apart from the postal workers, on the whole question—

Mr. Fraser: No, we are not. Read it. It only affects postal workers.

Mr. Broadbent: —of punishment for workers in the public service, and it seems to me that this is not the appropriate time to do that. The time to do that would be when we have proper amendments brought before the House which pertain to existing legal provisions. We should not deal with this matter in the context of a strike which is now in progress.

Mr. Fraser: Mr. Chairman, it may have been inadvertent on the part of the Leader of the New Democratic Party when he said, as I think one other hon. member said earlier, that clause 10 would amend the Public Service Staff Relations Act for all other public servants. I certainly do not read it that way. If we read it carefully, I think we will find that it applies only to the particular collective agreement with which this bill deals. I want to ask if the minister would confirm that my impression is the same impression he has. Perhaps he can answer that in a moment.

I want to say something else. The fact is that a number of members of parliament of all parties took a look at the penalty provisions of the Public Service Staff Relations Act, and since several years ago they have been deemed inadequate. There was an almost unanimous decision that they should be changed.

I have listened with sympathy to my hon. friends who have just argued, but there is an obligation on this House to ensure that the law which is passed tonight will be taken seriously. I have to say to the acting minister and to the Postmaster General that our party supports this amendment and that many members of this House have given a great deal of consideration to it in the past.

I do not want the acting minister to think that I allow small errors to go unnoticed, so I say to him that I agree with my

colleague, the hon. member for Dartmouth-Halifax East, that we are bootlegging in one provision and not dealing in a cohesive manner with other provisions. However, as the minister has acknowledged tonight, there seems to be some awareness of that on the government side of the House as well.

Mr. Ouellet: Mr. Chairman, I appreciate the intervention of the hon. member for Vancouver South. He just said what I was going to say as a matter of clarification. This clause refers specifically to whom this act applies, namely those who are touched by this collective agreement.

• (2302)

In order to have more clarification about this clause, one has to go back to the definitions, such as you find in clause 2 where it is quite clear that we are referring to employees, who are defined in the clause, and employees' organizations, which are also defined there. Therefore, no one should think that we are amending section 104 of the Public Service Staff Relations Act to deal with all the other collective agreements which are in existence at present. It is indeed a measure which is restricted at this moment, but it could be dealt with more generally later on when the government will be dealing with something more specific than the amendment to the Public Service Staff Relations Act.

Mr. Forrestall: Mr. Chairman, I hate to belabour this point. The point in question is that we are now attempting to govern by intimidation. Nobody questions—at least I do not, nor do I think the leader of the NDP questions for one moment—the wording in the act and its narrow restriction to the matter before us. But I must agree with him, and I think he is right in saying, that you are governing by intimidation.

We have a strike of engineers presently, a legal situation. They will wake up tomorrow morning and take a look at the fines in this legislation. That is intimidation. I do not like it, I reject it, and please do not pass it off simply as being a necesary action so as to enforce the serious decision of this chamber. The law itself must carry its own weight. If, because we have no faith in the leadership of CUPW or of the unions involved to obey the law, we have to impose a fine, then let it stand by itself. Let us not duck the factual situation—

Mr. Peters: Mr. Chairman, tell him to sit down or get out. One of those assholes up there is waving, shouting and making signals.

Mr. Forrestall: Let them do their waving and signalling; it is the Post Office we are talking about. The Post Office has been waving and signalling to Canadians for years. That is what we are doing here tonight.

The point I want to make through you, Mr. Chairman—I think it is fairly serious—is that I have no hesitation whatsoever in passing this, absolutely none. Indeed, I agree with it. What I am saying to you is that tomorrow morning when we wake up, we can impose no lesser penalty for any offence, for any infringement of any act involving parliament, government, and its employees.

Surely we are not talking about the Star Chamber. In this penalty clause we say to every employee of the public service of Canada: This is the precedent. I accepted it, I voted for it, and the minister's colleague sitting immediately behind him will indicate to him exactly where that clause was written, on whose coffee table, after what consultation and with what unions. But let us make no mistake about it, and I am sure the distinguished Leader of the NDP is not under any illusions about it; nor, I am sure, is the Prime Minister of this country.

Mr. Broadbent: Don't be too sure about that.

Mr. Forrestall: The member for Dartmouth-Halifax East is not, and I would remind all hon. members that I do not think there is any mistake about it at all. We are legislating ad hoc. It does not matter what the term is. We are saying very clearly to the public servants of this country, to the people who work for the people of this country, that these are the penalties, and let us be aware of that. We are also implying that there can be no lesser penalties from this point on.

Mr. Orlikow: Mr. Chairman, I am puzzled by this clause. I have asked my colleague, the hon. member for Winnipeg North Centre, who has been here a long time, whether he remembers a single case in his long experience when parliament passed a law ordering a union, a group of workers, to go back to work and that law was defied by the union. My colleague tells me he does not remember a single such case.

That being the situation, I find it strange that the minister brings in a clause in this bill which is as tough as it is. I think I have a right to say this to the minister: I compare this legislation containing pretty tough penalties for workers who have never defied the law with the way we have treated corporations in this country for 50 years, corporations which have, not once and not twice, but innumerable times, deliberately, and in conspiracy with each other, violated the combines act.

An hon. Member: The sugar companies.

Mr. Orlikow: It was not until this year that the courts directed the companies to pay a fine which meant anything to them. So for 50 years we have allowed the corporations of this country to violate our laws, to steal from the people of Canada, to set prices in ways which were illegal, and we have done virtually nothing about it until this year. Not a single corporation officer has never gone to prison for breaking the law. We have corporations—I am sure the minister knows it—which have broken those laws, not once but twice or three times. But when it comes to groups of workers who, to my knowledge, have never defied a law ordering them back to work, the minister decides in advance that that union may indeed defy the law and therefore imposes penalties which have never been necessary until now. I find that very strange. I also find it very strange that the minister sits in his chair so frequently tonight and does not reply.

Mr. Ouellet: I think I have already explained the reason why this clause is in the bill. To have the hon. member suggest that I sit in my chair and do not answer him and for him to imply that I do not want to answer is incorrect. Indeed, I have made replies on three previous occasions to this question. Obviously every hon. member is entitled to speak on this clause and to bring forward arguments for or against such a clause. But I do not think I ought to reply to every member who presents an argument for or against.

• (2312)

I suspect that members of this committee are by now fully aware of the reasons this clause is included. I know some members are opposed to it and I respect their view. I know, on the other hand, there are a number of members who favour the inclusion of this clause, which increases the penalties for those who will not obey the law. I hope and assume that all members of this committee expect that this law will be obeyed.

Basically I do not agree with the interventions made earlier by the hon. member to the effect that we are intimidating the employees. I do not think this is an intimidation at all, but rather a clause that increases the penalties. These penalties are increased following the considerations of a joint committee of the House of Commons and the Senate, a committee which came forward some time ago with a recommendation to increase the penalties. The penalties will now be increased and we hope this law will be obeyed. If it is not obeyed, the penalties are greater than they were before, and I believe there are arguments for and against doing this. I respect the view expressed by the hon. member, but surely he should not think that every time someone disagrees I should stand up and make another speech.

Mr. Rodriguez: Mr. Chairman, we cannot look at this particular clause regarding punishment for disobedience of the law in isolation. This is another piece of nastiness in this bill which we have to look at in relation to other aspects. This gives one the impression that the government is spoiling for a fight, and that in fact it is another attempt at confrontation politics.

We discovered earlier tonight that a mediator-arbitrator will be appointed. It has also been evident that this person will have a lot of power. We discovered that the minister and the government are not prepared to accept amendments which would in fact state that whatever the workers have achieved in the past will be protected. These things are all now up for grabs. The mediator-arbitrator may very well redefine technological change. The hon. member for Longueuil is shaking his head back and forth like a jack-in-the-box. The minister has already said this is a possibility and that the mediator-arbitrator would have that power. He may very well have the power to change the definition of technological change and the right to negotiate in respect of such change, which was agreed to after a 43-day strike.

We learned earlier his evening that the minister and the government refuse to accept an amendment to the bill which would spell out that the mediator-arbitrator will look at everything in this agreement and not just those matters referred by the Public Service Staff Relations Board to the conciliation board. Here again is another piece of nastiness which leads me

to the conclusion that this government is looking for a fight. It seems to me this is one way of instigating disobedience. I have only been here six years but I do not recall public servants defying the law or disobeying parliament. Yet we have this clause thrown into this bill in respect of this group of workers. The government is singling out the members of CUPW to show the Canadian public how tough it is. After one day of strike the government is showing the people of Canada how tough it can be.

Perhaps the government is a day late in its attempt to prevent the by-election fiasco of yesterday. It seems to me this is the wrong way to go about obtaining industrial peace during this period of time before moving to a Crown corporation. This certainly gives the impression to the workers who are to be put back to work they are being put upon by this legislation in that several of those things they won in the past as a result of hard negotiations may be removed.

It seems to me what we are doing here tonight is sowing the seeds of discontent for years to come. It is quite possible this parliament may, if it passes this legislation, sour the possibility of Crown corporation success in the future because trust is not being established. All we are doing is institutionalizing the distrust and anger of the workers in the Post Office.

Mr. Peters: Mr. Chairman, I disagree with the inclusion of these changes. I do not have the benefit of being a member of the committee, as was the hon. member for Winnipeg North Centre, so as to know the reasons behind it. I think this will accomplish nothing but aggravation and is not in keeping with the wishes of the minister, or his desires as expressed and demonstrated in the last few weeks in the number of strikes he has been able to conciliate. Therefore, I move:

That all the words in clause 10 after the word "shall" in line 26, page 4, be deleted, and the word "apply" substituted therefor.

Mr. Ouellet: Mr. Chairman, I must say that I do not agree with this amendment. The hon. member in moving the amendment indicated that he feels clause 10 in this bill, which deals with offences, will aggravate the situation in the post office. I suggest there is nothing more aggravating to the situation than disobedience of a law. The hon. member in moving such an amendment and in opposing the bill takes for granted that the workers will be disobedient. I should like to think that they will not.

I should like to think also that in coming months we will be dealing with important labour relations in the Post Office, specifically with a bill to create a Crown corporation. These penalties are there to make sure that this bill will not be frustrated in its application, and there are proper measures to make sure that it is applicable. Therefore, I cannot agree with this amendment.

• (2322)

The Chairman: Is it the pleasure of the House to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

Amendment (Mr. Peters) negatived: Yeas, 6; nays, 62.

The Chairman: I declare the amendment lost. Shall clause 10 carry?

Some hon. Members: Agreed.

Some hon. Members: No.

Clause agreed to: Yeas, 62; nays, 6.

The Chairman: Shall clause 11 carry?

Mr. Knowles (Winnipeg North Centre): On division.

Clause agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Ouellet moved that the bill be read the third time and do pass.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): On division.

Motion agreed to and bill read the third time and passed.

SITTING SUSPENDED

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I suggest that we suspend the sitting until the call of the Chair.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered that the sitting be suspended until the call of the Chair.

At 11.30 p.m. the sitting of the House was suspended during pleasure.

SITTING RESUMED

The House resumed at 12:25 a.m.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council) moved:

That this House do now adjourn.

Motion agreed to and the House adjourned at 12.25 a.m.

HOUSE OF COMMONS

Wednesday, October 18, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

LABOUR RELATIONS

INLAND SHIPPING—LABOUR DISPUTE INVOLVING MARINE ENGINEERS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing public necessity, namely, that unless the strike of the 800 maritime engineers and deck officers which has stopped shipping on the Great Lakes is ended without delay, it has been estimated by the Saskatchewan Wheat Pool that 150 million bushels of wheat that were to be shipped on the Great Lakes between now and the end of the shipping season will not be shipped, thereby resulting in the catastrophic loss of $400 million to western farmers and a most serious blow to the economy of the western provinces.

I therefore move, seconded by the hon. member for Elgin (Mr. Wise):

That as the seriousness of the situation will not brook further delay, the government should forthwith introduce legislation to end this strike.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Diefenbaker: Turned down by Liberal members.

* * *

ARTS, LETTERS AND SCIENCES

SALARIES OF ACTORS AND ACTRESSES—MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity which affects this nation's cultural health and the increasing unemployment among creative artists.

In view of recent reports issued by Statistics Canada that Canada's full-time actors and actresses are paid less than one-half the average industrial wage across Canada, and in light of the failure of the government to act on the recommendations of its own study entitled "Federal Tax Issues of Concern to the Arts Community in Canada", known as the Disney report, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That this House refer the Disney report to the Standing Committee on Broadcasting, Films and Assistance to the Arts for immediate study, where the Secretary of State, the Minister of Finance and the Minister of Employment and Immigration may be called to appear and explain their lack of action in resolving the financial hardship of some of our country's most creative people.

Mr. Speaker: Presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BILINGUALISM

REQUEST FOR RE-ESTABLISHMENT OF BONUS PROGRAM—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an important and urgent matter.

Given the fact that the bilingualism bonus has always been an incentive for employees who have to work in both official languages either in the public service or in the House of Commons, that abolition of this bonus is unfair to those who invested their time in learning the other language and considering also that Francophones are more penalized by this since they represent the majority of those receiving bonuses, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the House urge the government to change its decision and to maintain the bilingualism bonus program until 1983 as it was previously set up.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

FORESTRY

ASSISTANCE TO PULPWOOD INDUSTRY—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, involving the welfare of pulpwood producers in some areas of the Atlantic provinces such as New Brunswick and the need for establishing alternate markets abroad. I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That Canada, as a member of the Organization for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), make every effort, on an urgent basis, to facilitate exports of pulpwood from provinces such as New Brunswick where the forest industry is so basic to the economy and offers an opportunity for utilizing surplus labour, as well as helping our balance of trade.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

CUSTOMS

CALL FOR DEBATE ON WORK TO RULE PROCEDURE—MOTION UNDER S.O. 43

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to present a motion on an important and urgent matter.

As I know from reliable sources that Mirabel airport customs officers work to rule because they are forced to wear a cap and that tourists are welcomed in such a way that, for example, the head of a foreign corporation who had come to Canada to invest $15 million has changed his mind because of the reception he got from customs officers, I move, seconded by the hon. member for Saint-Jean (Mr. Smith):

That the House devote 20 minutes to discuss this urgent matter which seriously harms Canada and Quebec in particular.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Under the provisions of Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

OLD AGE SECURITY

PENSIONS FOR ELDERLY PERSONS OUT OF LABOUR MARKET—REFERENCE TO PRIME MINISTER'S BIRTHDAY—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have delayed seeking the floor under the provisions of Standing Order 43 because I hoped that the Prime Minister might arrive in time and be one who would give support to the motion I should like to offer. I therefore move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House calls on the government to introduce legislation to provide for pensions under both the Old Age Security Act and the Canada Pension Plan to be available to all persons between ages 60 and 65 who are out of the labour market, and this House expresses the hope that the Prime Minister will give full support to the introduction of this legislation in view of the fact that today he is 59 and that he could, and probably will, be unemployed before he reaches 60.

Some hon. Members: Hear, hear!

Mr. Speaker: Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1412)

GRAIN

MOVEMENT OF BARLEY—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgency. In view of the fact that this is the second successive year that western barley producers have experienced serious problems due to lack of co-operation on the part of the minister in charge of the Canadian Wheat Board and the weatherman, leaving large stocks of barley on farms, and plugged elevators, with piles of grain deteriorating on the ground, creating financial losses through fire-sale prices, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the minister in charge of the Canadian Wheat Board take immediate remedial steps to move barley at board prices or, if he is too busy or unwilling to accept his responsibility, to turn it over to somebody who will.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

BROADCASTING

PROVINCIAL REPRESENTATION ON CRTC—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 in the hope of providing a greater sense of participation in the country. In view of the fact that seven of the ten provinces have no full-time representation on the CRTC, while six of the nine full-time members come from one province, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the Prime Minister create openings in the CRTC by inviting resignations, especially since he showed such singular success in having one of his candidates in Toronto resign.

* * *

[*Translation*]

FORESTRY

REQUESTED CONTINUATION OF PETAWAWA STATION—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for unanimous consent of the House to move a motion on a matter of urgency and national interest.

In view of the announced intention of the government to close the Petawawa forestry station as of next March 31, in view of the nationwide importance of this station for forestry research and development in the country, and also in view of the fact that this decision contradicts the decision taken by the Ministry of State for Science and Technology to give national priority to research and development, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House instruct the government to appropriate the funds necessary for the operation of the Petawawa forestry station, in order to ensure the availability of forest resources and permanency in the area of research.

Mr. Speaker: Order, please. The House has heard the terms of the motion put by the hon. member. Under the provisions of Standing Order 43, this motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

FINANCE

REPEAL OF PUBLIC UTILITIES INCOME TAX TRANSFER ACT—MOTION UNDER S.O. 43

Mr. Peter C. Bawden (Calgary South): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgency. The government's announced intention to repeal the

Public Utilities Income Tax Transfer Act is in direct conflict with the arguments of the former minister of finance that the act would avoid inducing provinces to nationalize their private utility companies.

Since the repeal of the act would result in discriminatory taxation against certain Canadians and inhibit the development by private enterprise of future power sites, as well as alienating tens of thousands of Canadians, particularly western Canadians, on the grounds of unity, energy supply and tax equity, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the government announce its intention to retain the Public Utilities Income Tax Transfer Act and that alternative and less discriminatory means be found to accomplish its announced reduced spending goals.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

MOVEMENT OF GRAIN ON GREAT LAKES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question follows the excellent motion presented under Standing Order 43 by the right hon. member for Prince Albert which was rejected by the Minister of Transport and his colleagues on the other side.

In view of the concerns expressed by the Canadian Wheat Board, the Saskatchewan Wheat Pool, the Manitoba Wheat Pool, the United Grain Growers, the Canada Grains Council and Premier, pro tem, Blakeney of Saskatchewan, amongst others, who are expecting immediate action to end the strike that is presently tying up the movement of grain on the Great Lakes, could the minister please advise the House what assurances he is giving these various agencies, particularly the one under his responsibility, that he will be getting the grain moving on the Great Lakes again, immediately?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I was interested to note that after the right hon. gentleman had finished putting his motion under Standing Order 43—which as usual was given a negative response—the right hon. gentleman went over and handed the hon. member for Saskatoon-Biggar the question and told him to ask it.

Mr. Lawrence: What do you expect him to do—mail it?

● (1417)

Mr. Lang: Incidentally, Mr. Speaker, I see the hon. member for Saskatoon-Biggar called in aid the premier of Saskatchewan who has asked me to see that this strike ends, which I found a little funny after he took four months to end a strike in the construction industry in the province of Saskatchewan, under his jurisdiction.

The fact is that at this moment, under the auspices of the Minister of Labour and also because of my strong interest in this matter, the parties are meeting. There is a significant chance of a settlement. I hope that hon. members of this House will agree that if a settlement can be achieved, that is the right result.

In addition, in accordance with exchanges in the House on earlier days, it is very clear that we on this side know the importance of this matter and will act as we have to act. But without any doubt, unless they are suggesting a complete throwing out of the collective bargaining process, the best possible solution is for the meeting of the parties today to produce a satisfactory settlement. That is what I hope will happen.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I advise the minister through you, Mr. Speaker, that when it becomes time for me to decide from whom to take advice, I will take the right hon. member for Prince Albert over him any day of the week.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: In view of the continual vague answers that the minister continues to give in this regard—

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I would ask hon. members on the other side to quieten down so that I may ask my question of the minister. The last time we had a strike involving the grain industry, with the grain handlers, we had something like 84 ships in the Vancouver port and 70 shipping days lost before the government took any action. Can the minister tell us whether it will take that long now for the government to take any action with regard to getting the grain moving again? Winter is coming and we need action now.

Mr. Lang: Of course, it will not take a long time. There is a time when we must move, as we demonstrated in the case of the postal strike when it was clear that there was not going to be a settlement. This government took its responsibility and put legislation before this House.

If the hon. member for Saskatoon-Biggar is going to take his advice from the right hon. member, I can understand that. He is already taking, in support, Premier Blakeney who faced with a strike did not know how to settle it and asks us how to settle it. I ask the hon. member for Saskatoon-Biggar—rhetorically, of course does he suggest that while the parties are meeting we should be here legislating in relation to this matter? Surely his hope and mine should be that there be a reasonable settlement. What the irresponsibility of the opposition allows is to demand action without suggesting any responsible form of solution. That is their pleasure in opposition, and let their pleasure continue.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: This minister and this government continue to have an eleventh-hour mentality with regard to labour relations in this country. We want to know, very simply, whether it is possible for the minister, who thinks very much like the premier, pro tem, of Saskatchewan with regard to labour relations, to tell us the timetable. What does the government have in mind with regard to this strike? Is legislation going to be presented, or are they going to wait until there is an irreversible trend in shipments on the Great Lakes which will cause serious damage not only to western Canada but across this country with regard to the mining faction, coal deliveries and iron ore? There are a number of areas. What is the minister's timetable?

Mr. Lang: Mr. Speaker, the timetable is to see the discussions, which are going on, continue. I ask the hon. member whether he woud disagree with that approach, whether he would, while the discussions are going on and while a settlement may be arrived at this very afternoon, move in with what he calls a tenth-hour mentality. It would be a very weak mentality to move in at that stage. Surely we should let the bargaining process solve the problem if it can. If it cannot, obviously we will react to the situation at that moment. However, it would not be helpful to say what the course of action will be. This collective bargaining atmosphere should settle the issue. The parties are meeting at this very moment: the hon. member should take note of that fact.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I ask the Minister of Transport why he makes the suggestion that our call for action is irresponsible, when the Woods commission over ten years ago advocated a public interest disputes commission to deal with this kind of thing. Who is being irresponsible? They have been in power for ten years, but suggest it is us.

My question is this: during these negotiations, did not either the Department of Transport or the Department of Labour realize there was every potential for a breakdown in these negotiations and a rejection of the conciliation report? Was there no monitoring whatsoever of this situation, bearing in mind that this is an area so vital to our industrial health?

● (1422)

Mr. Lang: The answer to that question is yes, of course there was. For a number of days I have been in constant touch with the parties and with people associated with this problem, keeping myself informed as to where the matter stood. I must say it was a great surprise to me that members of the opposition did not appear to know that this threat was even

impending, though it had been building up for three months. We were aware of the situation. It was one of disagreement between employer and employee organizations as to the level at which a settlement should take place. There was a conciliator's report which was not acceptable to the parties as a solution to the dispute.

Members of the opposition, in their irresponsibility, need not say whether they agree or disagree with the conciliator's report or with the position taken by the employers or by the employees. They simply called for action. They do not even suggest what action we should take. Are they saying we should not follow the collective bargaining route?

Mr. Fraser: It may be that the minister has known about this for three months, but this is the first time he has got excited about it. Has the Department of Transport, or any other department in the government, made an assessment of the damage this strike would cause to the economy? Has any department made an assessment of the damage which could be caused in one week or two weeks, bearing in mind that if a settlement is not reached before freeze-up the damage will have been done and nothing can be done to offset it until next spring? If such an assessment has been made, is the government prepared to tell the public what it is?

Mr. Lang: Yes, Mr. Speaker, we carried out an assessment along those lines as we began to learn about the problem. As I have indicated in the House, the damage is very serious. That does not alter the fact that we have here a collective bargaining situation framed in the law which allows the parties to attempt to come to a conclusion, and it would be wrong for us, in advance of finding that the collective bargaining procedure has failed, to interfere with it. At this very moment discussions are going on. As the hon. member has mentioned, I am rarely excited, but I am always an optimist and I am optimistic that we shall see a settlement later this day.

* * *

THE CANADIAN ECONOMY

FORECAST OF GROWTH RATE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. The noted and conservative consulting firm of Woods, Gordon and Co., Toronto, released a report yesterday indicating that the Canadian economy is heading into a recession in 1979 and forecasts an unemployment rate of 9.2 per cent, along with an economic growth rate of only 2 per cent or 2.5 per cent.

Can the hon. gentleman tell us whether his department is aware of this report and, in particular, does he agree with the conclusions it reaches, namely, that the cutbacks announced by the government and supported by the official opposition will constitute a major drag on the economy next year and that the private sector is unlikely to fill that important investment gap?

Hon. Jean Chrétien (Minister of Finance): I do not agree with those predictions, Mr. Speaker.

• (1427)

Mr. Broadbent: Mr. Speaker, I wonder if, just for once, the Minister of Finance would give us some evidence for the conclusion he has reached, namely, that they are wrong. Since this consulting firm, which is hardly known for its radicalism, has come on top of another economic consulting firm in Ottawa last week which said the cutbacks would lead to a decrease of 100,000 or 96,000 jobs, would the Minister of Finance please tell the House and the people of Canada why he disagrees with this forecasting, which is based on an economic analysis of the consequences of his cutbacks?

Mr. Chrétien: Mr. Speaker, there will be a budget four or five weeks from now and I will discuss all those aspects at that time. I do not agree with the conclusion that the expenditure cuts will create the loss of 100,000 jobs. I say there might be the immediate loss of some jobs, but I think it is important to the Canadian economy to create the proper climate for investment which would create many more jobs, and we believe that jobs should not be created by the public sector but by the private sector.

Mr. Broadbent: I suppose we will have to wait for that budget. I will deal now with another aspect of economic policy in the hope that we can get an answer from the Minister of Finance. Major financial institutions in Canada have announced in recent days an additional half per cent increase in their lending rates and in their prime mortgage rates, which cumulatively means that for this year mortgages have increased by 1.5 per cent, adding $9,000 in mortgage interest payments during the life of a typical $30,000 mortgage for the typical family in Canada.

Given this disastrous economic implication of rising interest rates for the typical home owner in Canada, will the minister take this opportunity to say that he will instruct the financial institutions to rescind this recent increase in mortgage rates?

Mr. Chrétien: Mr. Speaker, I do not have such power. Interest rates are set in Canada by the Bank of Canada.

* * *

[*Translation*]

BILINGUALISM

REQUEST FOR RE-ESTABLISHMENT OF BONUS PROGRAM

Mr. C. A. Gauthier (Roberval): Mr. Speaker, in view of the absence of the right hon. Prime Minister, I shall put my question to the Minister of Finance. Anyway, I believe he is the one who holds the knife.

The government having announced that it will cancel, without prior consultation with the unions, the bilingualism bonus, as that decision penalizes Francophones more generally

because they are concerned in greater numbers, I ask the Minister of Finance whether he has reassessed the situation and intends to introduce a new timetable for the abolition of that famous program?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the problem of bilingualism bonuses is the responsibility of my colleague the President of the Treasury Board. I shall advise him of the comments of the hon. member for Roberval.

Mr. Speaker: Does the hon. member for Roberval wish to put a supplementary?

Mr. Gauthier (Roberval): No, Mr. Speaker.

* * *

[*English*]

THE CANADIAN ECONOMY

INCREASED BANK RATE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance, who indicated in response to an earlier question that interest rates are set in Canada by the Bank of Canada. However, hon. members will recall that yesterday, in answer to my question as to whether rising interest rates will mean that mortgage interest rates will go up, the minister stated:

> I would think the market has more or less taken care of that situation . . . there is a lot of money available for mortgages and competition is keeping interest rates as low as possible—

Would the minister tell us what went wrong overnight, because mortgage companies and at least two of our chartered banks have already announced a half point increase in their mortgage lending interest rate starting today?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I indicated yesterday and want to confirm today that, in fact, mortgage rates in Canada have not increased as rapidly as the interest rate of the Bank of Canada. That is what I attempted to do by demonstrating there is quite a lot of money available for mortgages, and that the market had reacted in such a way that mortgage rates have not increased as much as the Bank of Canada rate, all things considered.

[*English*]

Mr. Stevens: Mr. Speaker, bearing in mind that construction unemployment is at 17 per cent in the country and that the Woods, Gordon forecast states that housing starts may be as low as 217,000 this year, compared with a projected 245,000, would the minister indicate what he intends to do about the housing situation in Canada, bearing in mind that the cost of a half point increase in mortgage rates will mean that still further thousands of Canadians who might have bought homes will be denied the privilege and, in fact, the right to own their own homes?

[Mr. Gauthier (Roberval).]

• (1432)

Mr. Chrétien: Mr. Speaker, I think I must repeat that the rates of interest for mortgages are set by the market. The market has reacted to the increase in the interest rate in Canada due to the many factors that were explained in the release of the governor of the Bank of Canada last week.

Mr. Stevens: Mr. Speaker, my question is directed again to the Minister of Finance, who indicated that mortgage rates are set by the market. But the minister has it within his power to resort to various processes by which he can relieve the lot of the home owner who must bear the high mortgage interest rates caused by his government. Would he indicate what type of relief he is at least considering, bearing in mind that he turned down the proposal for the mortgage interest deductibility for home owners and the municipal tax deductibility?

Mr. Chrétien: Mr. Speaker, as I have said many times, we will have a budget four weeks from now. In the meantime, I am very surprised to hear from the mouths of opposition members constant complaints about the deficit of the government, yet they are proposing we spend $5 billion more in this context of lack of revenue. With that type of policy, you would achieve a $17 billion cash requirement, something to which I am not about to subscribe.

Some hon. Members: Oh, oh!

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TRADE

TRADE DEFICIT—EFFECT ON EMPLOYMENT

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. As this country achieved a trade deficit of $8.25 billion in the first eight months of this year in fully manufactured products, the ones which produce the jobs, despite the fact that the 85-cent dollar helped exports and slowed down imports, does the government intend to introduce the same kind of trade promotion program which was used by the previous Conservative government to change eight straight years of trade deficit into a trade surplus in the first year, and by so doing start to overcome this gigantic trade deficit in the kind of products that produce jobs?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in thinking back to the time when the former Conservative government, to which the hon. member referred, had total exports of about $10 billion, one-third of which was equal to the deficit in end products, we must realize that we have had a tremendous growth in our trade since those days. Now our total exports amount to $44 billion and a substantially shrinking portion of that is the deficit in end products.

Our export of end products this year will increase by some 13.2 per cent. We are making gigantic strides in the export of end products and, in fact, two-thirds of our total exports are

end products and prefabricated goods. So I am confident that this year we will have the largest merchandising trade surplus we have ever had in Canada.

Some hon. Members: Hear, hear!

Mr. Hees: Is the minister not aware that the sole reason for the merchandise trade surplus is the vast quantities of our primary products which this government allows to be exported to other countries in their raw state, to be processed there into finished products by the workers of those countries instead of by Canadians here in Canada?

I would ask the minister this question: when does the government intend to introduce a policy which would require those who export our primary products in their raw state to process a far greater proportion here in this country and to introduce generous tax incentives—

Some hon. Members: Hear, hear!

Mr. Hees: —to induce the building of factories in which those primary products can be processed to their final state here in Canada, and give Canadians the jobs they deserve?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

Mr. Horner: Mr. Speaker, at one time one had hope for some of those used, worn-out old horses over there—

Some hon. Members: Oh, oh!

An hon. Member: They have crossed the floor.

Mr. Clark: We sent half a horse over to your side.

Mr. Horner: As one who has ridden many horses and raised quite a few of them, I should be able to recognize the used and worn-out ones.

Some hon. Members: Oh, oh!

Mr. Horner: But, Mr. Speaker, let me bring the former cabinet minister up to date on the current facts in 1978, rather than those of 1961 and 1962. Today, our total exports are comprised of about 10 per cent of our agricultural commodities. About 20 per cent of them are minerals, including oil and gas. That leaves 70 per cent in end products and prefabricated products. That is the breakdown of our total export trade. It is a substantial improvement over the period in which the hon. member loves to live.

Some hon. Members: Hear, hear!

Mr. Horner: I was glad I could bring him up to date.

Mr. Hees: Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Hees: I will murder the bum. Step out into the aisle, Jack, and I will show you who is worn out.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

* * *

EMPLOYMENT

IMPACT OF CANADA WORKS PROGRAM

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. A recent government study indicates that the impact of the government's Canada Works program on the total unemployment scene is not very significant. I should like to ask the minister whether, first of all, he is aware of the study by his department and, further, whether he concurs with the findings of the evaluation committee.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, at a time of high unemployment it is incumbent upon the government, of whatever political stripe, to come up with direct job-creation programs such as Canada Works and Young Canada Works. But not being satisfied with that, it seems to me that it would be appropriate to make more effective use of the funding we used in these temporary make-work programs. So on that basis we established an economic growth component factor so that we can create permanent jobs, and two provinces to date are benefiting from the forestry program in job creation.

We have the emergency response feature which has helped in particular one-industry towns where some people have suddenly found themselves unemployed, and we have been able to put that program in place. We are gradually moving from a temporary job operation to more permanent job creation. So the weaknesses in those temporary programs have been recognized. That is why we are trying to strengthen them with more long-term job creation programs in co-operation with the provinces.

Mr. Epp: In view of that re-evaluation of Canada Works which is taking place, and in view of the fact that the government has spent half a billion dollars from early 1977 on Canada Works projects, I should like to ask the minister whether some of that money in this fiscal year will be redirected to the job creation he has mentioned, namely, long-term jobs in the private sector apart from Canada Works?

Mr. Cullen: We announced, I think early in September, something like 14 or 15 different programs which are in place to help with direct job creation, and we are working in close concert with private enterprise. The funding that we saved from the Canada Works program means, of course, that more money is available to be redirected to areas where I think we could create more permanent jobs which would have a more long-term, positive impact on the employment picture.

Oral Questions

THE CANADIAN ECONOMY

OUTFLOW OF INVESTMENT CAPITAL

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, in the absence of the Minister of Finance, I will direct my question to the Deputy Prime Minister. In light of the fact that in the first half of this year a total of $910 million in direct investment capital left this country, most of it heading for the United States, and considering that this outflow is greater than in any other half-year on record, and also considering the fact that the outflow is almost twice the amount of six months ago and three times the amount of a year ago, I should like to ask the Minister of Finance, now that he has returned to the House, why we are now getting this unprecedented outflow of capital.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the flow of capital between Canada and the United States has been a phenomenon that has worked both ways for a long time. I am advised that the situation today is basically not worse in relation to the total economy than it was some ten years ago.

● (1442)

Mr. McKenzie: Mr. Speaker, this outflow of capital started three years ago and is increasing right now. What steps will the minister take to restore investor confidence in Canada? As he stated earlier this afternoon, he is depending on the private sector to create jobs. As investor money is leaving the country, jobs are being created in the United States and not in Canada. What will he do to restore investor confidence?

Mr. Chrétien: Mr. Speaker, in the last little while we have done a lot. We decided to cut the size of the federal government and we have cut spending for next year by $2 billion. In order to maintain confidence in Canada, I think everyone should realize that if we promise to increase the deficit by a further $5 billion, it is not conducive to more confidence. That is why we are showing more restraint and responsibility on this side of the House.

Some hon. Members: Hear, hear!

* * *

[Translation]

OLD AGE SECURITY

PENSIONS FOR SURVIVING SPOUSES

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Considering that people aged 60 who receive the spouse's allowance lose it when their spouse dies after having reached the age of 65, thereby becoming dependent on welfare and losing their vested interests, can the minister tell the House whether she intends to set up some mechanism to correct this situation?

[Mr. Cullen.]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, earlier this week we tabled in the House a bill to amend the Old Age Security Act which provides that the recipient who has not yet reached retirement age but who loses his or her spouse will continue to receive the pension for a six-month period in order to allow time to readapt to the new financial condition.

[English]

INDUSTRY

TAKEOVERS OF CANADIAN BUSINESSES

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It concerns the report of the Foreign Investment Review Agency which I believe was distributed to members of parliament today. The report indicates that in the last year 50 per cent of the takeovers were takeovers of existing Canadian businesses, which is an increase from 38 per cent in the previous year.

Is it the policy of the government to encourage the takeover of Canadian businesses by foreign investment, in view of the change in the statistics which the report discloses?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, that is not the view or the policy of the Canadian government. In FIRA applications, we look for applications which clearly demonstrate significant benefit to Canada, and then we permit them.

As I mentioned in my speech the other day, the enterprise development program assisted something like 256 different businesses by ensuring loans to them within the last year. All but seven of those businesses were solely Canadian owned. More or less, that demonstrates our policy. We want to encourage investment and we want to make certain that the investment is of significant benefit to Canada.

Mr. Leggatt: Mr. Speaker, the statistics show that in almost every case approval was granted; the turndowns were almost at a minimum. I think the turndowns numbered 14 in the previous year. The Science Council of Canada recently published a report indicating that one of the major problems in our economy is foreign ownership not being interested in Canadian export and making sure their technology is developed at their head offices and not here in Canada.

In view of the report of the Science Council of Canada calling into question the entire concept of foreign ownership, does the minister intend to make any changes to the Foreign Investment Review Act in this session, in an attempt to accommodate some of the views of the Science Council of Canada, which views have been thoroughly researched, in order to get our economy back on the road and Canadian owned?

Mr. Horner: Mr. Speaker, in every Foreign Investment Review Agency application we search for a number of things

which will be of significant benefit to Canada. The possible advancement of Canadian ownership of a company is one matter which is taken very, very seriously into consideration. There must be provision made for eventual Canadian management and Canadian ownership. There must be significant improvement in the employment and investment of a given company which is being taken over. There must be a significant amount of new research and development being conducted in Canada. There must be the encouragement of—

Mr. Clark: Think of another one, Jack.

Mr. Horner: That little boy never invested a nickel in any Canadian business, so I would not take advice from him. It must be proven that the takeover is of significant benefit to Canada. In the FIRA applications, approximately one-third of them are American companies taking over existing American companies in Canada.

* * *

PUBLIC SERVICE

EFFECTIVENESS OF GOVERNMENT PROGRAMS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is directed to the President of the Treasury Board. In my view it is a fairly important question in terms of waste and inefficiency. A serious question has arisen as to whom or what agency evaluates the effectiveness of government programs. It is my view and understanding, which I think the minister indicated to me, that the planning branch of Treasury Board is the central body. Given the fact that the government likes to waste money, will the minister clarify this question at this time?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, many evaluations are done jointly by the departments themselves under agreed on but stiff criteria established by Treasury Board. I think the hon. member is referring to possible readjustment of the organization within Treasury Board to reduce our expenditures in that central agency, as well as other departments of the government. Indeed, there will be a consolidation of planning, perhaps under the program branch.

In so far as evaluations are concerned, I see no way of its affecting our ability to conduct them. Indeed, in the Speech from the Throne we announced that they would be made available to parliament from here on.

Mr. Alexander: Mr. Speaker, I have one supplementary question. In light of the fact that the planning branch within the minister's department was the central body, will he advise whether in fact there will be a central body which will evaluate the effectiveness of government programs? Is there such a central body?

Mr. Andras: Mr. Speaker, the central body will be the remainder of Treasury Board. An effectiveness performance measurement was initiated as a process by the planning branch, but the actual carrying out of the performance measurements throughout the government, and the actual evaluation of any program, in our view is much better conducted by the department involved under the guidance and direction of the central agency, Treasury Board, many of which functions have been carried out in the past and will be in the future by the program branch.

* * *

REGIONAL ECONOMIC EXPANSION

FUNDING OF LAND REGISTRATION AND INFORMATION SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, normally this question would be directed to either the Minister of Regional Economic Expansion or the Prime Minister, but perhaps I can direct it to the Deputy Prime Minister and President of Privy Council as I am sure he is well aware of this situation. It concerns the Land Registration and Information Service which has done some very important work in the maritime provinces in terms of updating land mapping and registration.

Given the government's unilateral decision to suspend support for this program at the halfway point, can the minister indicate what consultation took place with the three provincial governments involved prior to the announcement by the federal government? What amount of millions of dollars of waste will occur as a result of the incompletion of this program, particularly and primarily in the minister's province of Nova Scotia?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not aware of the nature of the consultations which took place, if any, before the announcement by the Government of Canada of its effort to cut costs. Rather than believe, as the hon. member has indicated, that it will lead to waste, it will lead to reduced federal expenditures.

Mr. MacDonald (Egmont): Has the minister consulted with any people in the LRIS branch with a view to the creation of a substantial number of jobs in an export industry providing new expertise in this important area to the United States and countries in Europe?

Mr. MacEachen: Mr. Speaker, I missed the first expression used by the hon. member. If he will read the speech I made in his home province the other evening, he will realize that I placed a great deal of emphasis on increasing our expertise in export-oriented industries.

Oral Questions

LOTO CANADA

CONTRACT WITH GENERAL INSTRUMENTS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, my question is directed to the Minister of State for Fitness and Amateur Sport. Is one of the conditions for the federal government's withdrawal in lottery gainings of under $10 that the provinces would take over the contract with General Instruments?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, that was not exactly the agreement: it was that the federal government and the two provincial governments involved would share the resolution of the contract.

● (1452)

Mr. Dick: Mr. Speaker, in the agreement which was reached, has there been any agreement with the provinces that they will pick up that contract, or is it just that the two provinces involved and the federal government might share in the cost for getting out of that contract?

Mrs. Campagnolo: Mr. Speaker, it is a combination of the two elements which the hon. member brings forward. Some of the equipment will be used and some of it will not. Also, the contract itself will be resolved, as I indicated in my first answer.

* * *

LABOUR CONDITIONS

MEASURES TO AVOID LABOUR DISPUTES

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, in the absence of the Prime Minister and the Minister of Labour, I would like to put a question to the Deputy Prime Minister. I have before me so-called confidential cabinet documents submitted by the former minister of labour outlining a number of potential long-range solutions to the ongoing labour unrest particularly in the central services. It concludes, in short, "it is clear that the system today lacks coherence and has a great potential for conflict," which is an understatement, in any event.

My question is this: in view of the continuing ad hoc actions taken by this government, can the Deputy Prime Minister advise this House whether or not he, the Prime Minister and his cabinet have rejected the proposals outlined in this document, or has the government simply given up in proposing any long-range programs on the labour situation other than turning agencies into Crown corporations?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not in a position to authenticate the document from which the hon. member has quoted. I would say that this government still believes in the system of free collective bargaining as a foundation and cornerstone for a democratic society. Even though that principle has to be reached, as it was yesterday because of the public interest, I do not believe that the long-term solution is through engrafting upon our system such notions as public interest disputes commissions which seem to offer no additional assurance that collective bargaining would proceed more smoothly.

Mr. Jelinek: Mr. Speaker, nobody is questioning the collective bargaining system. The fact is that there is a definite lack of long-range policies by this government. I would like to ask the Deputy Prime Minister a more specific question, that is, whether the government is considering one of the proposals in this document, that of sector bargaining. In other words, would they eliminate some units within each single sector so that one single sector within the public service would be able to deal with the government simultaneously, thereby eliminating or postponing strikes or walk-outs at least for the duration of that one contract by that one sector? Is the government considering this, and can we have it brought before this House of Commons in the very near future?

Mr. MacEachen: Mr. Speaker, I believe the hon. member has misunderstood the questions that emanated from his side of the House today, since at a time when collective bargaining was proceeding and when negotiations were in process, action was being called for in the way of legislating a settlement. That is what I regard as a failure to understand the dynamics and, to some extent, the costs of free collective bargaining.

* * *

AIR TRANSPORT

LEVEL OF AIRPORT TAX

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to ask the Minister of Transport if the government is considering raising the airport tax which is paid by the travelling Canadian from $8 to an unbelievably high $13; if so, could he inform the House when the Ministry of Transport intends to put this raise into effect?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can confirm that we are examining the question of increasing the revenue from those who use air services in Canada against the costs of providing that service, as indicated earlier by the President of the Treasury Board. I cannot at this stage say the exact manner in which that will be done but, of course, an announcement on that matter will be made in due course.

* * *

INDUSTRY

TAKEOVER OF CANADIAN BUSINESSES

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, my question is supplementary to the questions of the hon. member for New Westminster and it is to the Minister of

Industry, Trade and Commerce regarding the takeover by foreign companies as adjudicated by FIRA.

In view of the recent adjudication by FIRA on the takeover of the Northwood Mills lumber manufacturing organization owned by Noranda Mines, in British Columbia, by Weyerhaeuser Corporation, a multinational company based in the United States, in view of the fact a consortium of independent lumber manufacturers in British Columbia was able and willing to take over this company, and in view of the very limited response by the government as to why this was given to Weyerhaeuser, I would ask the Minister of Industry, Trade and Commerce, why FIRA adjudicated in favour of this multinational and not in favour of the Canadian independent manufacturers?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in answer to the hon. member's question, let me explain first of all that FIRA is not an auction market. It hears, confidentially, applications from a company to take over another company. We were aware that there were Canadian interests, but they were not the buyers. They did not have the money to buy and they did not have the permission of the British Columbia government to the timber rights. The British Columbia government was in complete favour of the decision made by FIRA and the cabinet. The decision was made based on that particular application because that company agreed to a purchase price in the neighbourhood of $25 million.

Over and above the purchase price, it was then prepared to spend $3 million in R and D in Canada for improving environmental conditions, $2.2 million to enlarge the cutting mills and $14 million to enlarge the pulp mill in Kamloops. So they were prepared to spend $19.2 million in Canada in addition to the purchase price. This was far and above what the Canadian concerns could do, and in complete agreement with the British Columbia government which allots the cutting rights.

Mr. Whittaker: Mr. Speaker, it is my information that the money was there and that the Canadian companies were prepared to do exactly what the multinational corporation was going to do. It was not a question of the British Columbia government allotting forest rights; it was a question of buying forest rights. In view of the knowledge that is there and present on almost every aspect of what the minister has said, I would ask him what real, comprehensive review did his department make of this situation, other than to take some of the presentations made by the multinationals and the big Canadian company to the cabinet?

Mr. Horner: Mr. Speaker, on the one hand, the opposition is worried about the investment in Canada and the fact that it is going out of the country and, on the other hand, they want the cabinet to restrict a company like this. In this particular case Weyerhaeuser put in an option to buy Northwood which, if I remember correctly, was good until November 1. We were under the impression that the smaller Canadian companies could not come up with the financing before November 1.

Mr. Whittaker: That is wrong.

Mr. Horner: Mr. Speaker, I hear some experts over there saying that it is wrong. I suppose they are prepared to finance the Canadian company.

An hon. Member: Are you an expert?

Mr. Horner: In any case, FIRA is not an auction market; it operated confidentially. If hon. members opposite would like to make FIRA into an auction market, I would think that the hon. member for Lethbridge, who is not running again for that party and who is a very good auctioneer, could be appointed the auctioneer perhaps; but it is not an auction market.

* * *

● (1502)

[*Translation*]

FORESTRY

REQUESTED CONTINUATION OF PETAWAWA STATION

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of State (Environment).

As a result of many representations made by research groups, forest conservation organizations as well as the employees of the Petawawa station, will the government reconsider its decision to close that station on March 31, 1979?

I am asking the same question again, Mr. Speaker. As a result of many representations made by research groups as well as Crown corporations, that is organizations supervising the conservation of forests, as well as the employees of the Petawawa station will the government reconsider its decision to close the station on March 31, 1979?

* * *

[*English*]

POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—PRIVATE MEMBERS' BUSINESS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am rising on a point of order that arises out of the events of last Monday which caused 15 new members to be elected to this House, and which raises a problem with respect to their rights as members of parliament. Although they have not been sworn in yet, and I gather cannot be sworn in until next week, perhaps Tuesday or Wednesday, they nonetheless represent one million Canadians and they come from all regions of the country. They are, in effect, members of parliament. I do not think that because of timing they ought to be denied the rights of members of parliament. One of those rights is the presentation of motions and bills for consideration by this House. I understand a draw will be made with respect to the position of private members' bills and motions on the order paper tomor-

row. If that is the case, and the lines are drawn tomorrow, those 15 members, who represent all the parties in this House, will be outside the pale in that draw.

I wonder if Your Honour would look into this matter to see if an arrangement can be made to ensure that all these new members have the same rights as members who are here today.

I have one suggestion, and there may be others by other members. Perhaps 50 places could be reserved in the draw and these members allowed to compete for those places. I would appreciate it if Your Honour would consider this difficulty which deprives these people of the right to participate fully in the work of this House. I raise it because I know Your Honour's concern about giving members of parliament a chance to express themselves through this part of our Standing Orders.

Mr. Donald W. Munro (Esquimalt-Saanich): I support fully the proposal made by colleague, the hon. member for Grenville-Carleton (Mr. Baker). In addition to the argument he put forward I think it is worth bearing in mind that those who are coming into the House next week will represent constituents who have not been represented in this House for over a year. There are many causes of local concern which they may want to bring before the House in the form of motions or private members' bills. I think they should be given every opportunity to do so.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in support of this commendable suggestion, I wonder if it could not be agreed that there be a meeting of House leaders to see if we can do something about it.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like to rise on a separate point of order, but if you agree I would let others speak on the point of order that is being dealt with now. Maybe I should say I would be happy to discuss this question, or have my parliamentary secretary discuss it with representatives of the other parties.

I think I should indicate that in view of the fact the throne speech debate is continuing today—as I understand it today is the fifth appointed day—tomorrow I propose to call legislation. I will begin with the bill in the name of the Minister of Finance (Mr. Chrétien) seeking additional borrowing authority, to be followed by a bill in the name of the Minister of National Health and Welfare (Miss Bégin) amending the Old Age Security Act.

Mr. Speaker: Order, please. On the point of order raised originally by the hon. member for Grenville-Carleton (Mr. Baker) on the matter of the draw for private members' bills and private members' notices of motions, this was scheduled to take place at two o'clock tomorrow afternoon. Because we are likely to be on the throne speech we will be sitting at eleven o'clock tomorrow morning. Perhaps consultations could take place and the Chair could be advised by eleven o'clock in the morning, if some arrangement has been made. That would be very helpful. It has now been agreed it is not going to be a day for that—the House leaders could in any case advise the Chair in the morning and we could perhaps even defer the two o'clock draw and make some arrangement which would be satisfactory to House leaders. Perhaps I could be advised in the morning of the result of those deliberations.

* * *

PRIVILEGE

MR. BROADBENT—EXPORT STATISTICS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a question of privilege. Earlier in the afternoon the Minister of Industry, Trade and Commerce (Mr. Horner), answering a question from the opposition, conveyed some information which I think is inaccurate and I should like to give him the opportunity either to correct me or correct the impression he left.

In reply to a question he said that, if you look at Canadian exports, the recent figures showed that we were sending out of the country some 10 per cent in agriculture, 20 per cent in oil, gas and minerals, and some 70 per cent in end products and prefabricated goods.

Those figures sounded very strange to me, Mr. Speaker, so I had them checked during the question period. I found from the most recent data, which I have in my hand and which I will provide to the House and the minister because, as I say, I would like him to correct me or to correct what he said that the most recent table for 1977 has, in millions of dollars, a total export figure of $44,565 million in exports. Out of this total there is in the automotive sector $10,168 million, in other manufacturing goods only $4,778 million. If you compare those two combined as a percentage of our total exports it comes out to only about one-third of them, which is the figure which came roughly to my mind of manufactured or end products only making up about one-third of our exports. Beyond that, of course, we had a deficit in manufacturing trade of some $11 billion in manufactured products in 1977.

I should like the minister to take this opportunity to expand on what he included in those earlier figures. Certainly it was my impression and, I think, the impression of most people who follow trade patterns in Canada, that just the opposite situation exists to the impression he wants to leave—that we continue to rely on the export of unfinished goods instead of finished goods.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I listened very closely to the Leader of the New Democratic Party's (Mr. Broadbent) explanation of what actually happened in our trade. Let me explain clearly what took place. I include automotive parts and automobiles in manufactured, in semi-processed and prefabricated goods. We had a total export trade last year of something better than $44 billion; in agricultural products, we exported something slightly better than $4 billion.

• (1512)

Mr. Broadbent: Yes.

Mr. Woolliams: That does not include wheat.

Mr. Broadbent: Yes, it does.

Mr. Horner: I would like to continue. Concerning minerals, including oil and gas, we exported something better than $8 billion.

Mr. Broadbent: Right.

Mr. Horner: The rest is end products plus prefabricated materials including lumber, aluminium ingots, etc. That is what I said, 10 per cent; 20 per cent; and 70 per cent. I will gladly check those figures with my own files tomorrow, but I am certain I am in the ballpark.

ROUTINE PROCEEDINGS

[*Translation*]

CANADA REFERENDUM ACT

MEASURE TO PROVIDE FOR HOLDING OF REFERENDUMS ON CONSTITUTION

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations) moved for leave to introduce Bill C-9, respecting Public Referendums in Canada on questions relating to the Constitution of Canada.

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

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Tuesday, October 17, consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Clark) (p. 27).

Mr. Speaker: Order. The House agreed yesterday to defer the division scheduled for 9.45 p.m. on the fourth day, to this afternoon. Is it the pleasure of the House to proceed with the vote at this time?

Some hon. Members: Agreed.

Mr. Speaker: Call in the members.

The Address—Division

The House divided on the amendment (Mr. Clark) which was negatived on the following division:

(*Division No. 3*)

YEAS

Messrs.

Alexander
Allard
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Balfour
Bawden
Beatty
Beaudoin
Blackburn
Brewin
Brisco
Broadbent
Caouette (Villeneuve)
Caouette (Témiscamingue)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Coates
Cossitt
Crosbie
Crouse
Darling
Dick
Diefenbaker
Douglas (Nanaimo-Cowichan-The Islands)
Elzinga
Epp
Firth
Fraser
Friesen
Gauthier (Roberval)
Grafftey
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hees
Hnatyshyn
Hogan
Huntington
Hurlburt
Jarvis
Jelinek
Jones
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
Laprise
La Salle
Lawrence
Leggatt
MacDonald (Egmont)
MacKay
Malone
McGrath
McKenzie
McKinnon
Mitges
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nowlan
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Richardson
Ritchie
Rodriguez
Rynard
Saltsman
Schellenberger
Schumacher
Scott
Skoreyko
Smith (Churchill)
Stanfield
Stevens
Stewart (Marquette)
Symes
Towers
Whiteway
Whittaker
Wise
Woolliams—87.

NAYS

Messrs.

Abbott
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Cullen
Daudlin
Dawson
De Bané
Demers
Douglas (Bruce-Grey)
Duclos
Dupont
Duquet
Ethier
Faulkner
Fleming
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay
Guilbault
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Lavoie
Leblanc (Laurier)
Lee
Lefebvre
Loiselle (Chambly)
Loiselle (Saint-Henri)
MacEachen
MacGuigan
Maine
Marceau
Martin
McIsaac
McRae
Milne
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Pelletier
Penner
Pinard
Portelance

Messrs.

Prud'homme	Roy (Timmins)	Tessier
Railton	Roy (Laval)	Trudel
Raines	Sauvé (Mrs.)	Turner
Reid	Smith (Saint-Jean)	Watson
Roberts	Stewart (Cochrane)	Whelan
Robinson		Wood
Rompkey		Yanakis
Rooney		Young—109.

● (1542)

Mr. Speaker: I therefore declare the amendment lost. The question is upon the motion.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I do not know if it is appropriate to raise a point of order at this time with respect to House business. I will take Your Honour's advice, but there is a matter which came up just before the vote, and I think it is something which ought to be explored here in the House.

Just before the bells began to ring for the vote the Deputy Prime Minister (Mr. MacEachen) rose in his place and announced that we would be breaking off the throne speech debate as of tomorrow and that we would be proceeding with government business. It is his right to do that if that is his wish, but I regret to say that is is not in keeping nor in accordance with the undertaking which he gave in the House on October 12 when we discussed the question of House business. We were talking on that day about a possible House leaders' meeting, and I asked whether he was planning a meeting of House leaders to discuss, among other things, the length of the throne speech debate and the order of the business of the House so that the House could, in the words of the Prime Minister (Mr. Trudeau), get down to the business of legislating.

The Deputy Prime Minister said in reply that there would be a House leaders' meeting on the following Wednesday. There has been no such House leaders' meeting.

I raise this matter for two reasons. The Deputy Prime Minister has announced the intention of breaking off the throne speech debate which, as I said, he can do, but we are left in limbo as to the question of whether the throne speech debate is ever to be terminated. I think the House is entitled to some clarification with respect to that because there is an opportunity for the opposition to put another motion.

There is also a question with respect to the address which we are to present to Her Majesty's representative. Aside from the fact that it may well be an affront to the Governor General to leave the matter hanging the way it is, I think it is important that hon. members of this House know what the intentions of the Deputy Prime Minister are. There has been some public discussion outside this House with respect to the length of the throne speech debate, but it was always in terms of urging the government, if it was to abandon the throne speech debate, to abandon it for the purpose of bringing in a budget which would set forward the economic program of the government.

[Mr. Speaker.]

According to the Prime Minister, the reason we are here is to do something to stimulate the economy, and I hardly think that the bill which was announced, a bill to add $17 billion to the deficit of this country, is going to stimulate the economy. I think it is important that there be some understanding. Are we going to deal just with the two bills the Deputy Prime Minister announced? Have we abandoned the throne speech debate altogether?

Mr. Broadbent: I hope so.

Mr. Baker (Grenville-Carleton): It may well be that that is the appropriate thing to do, but not without consultation.

The third question is whether we have abandoned the consultations among House leaders which have characterized the operation of this House. I regret very much to have to raise this, but I think I must because, if this place is to operate effectively and appropriately, it must operate on consultations, and not on consultations which are promised and never brought about.

Mr. MacEachen: Mr. Speaker, I regret to see the hon. member in such a state of excitement. There is no intention to abandon the debate on the address in reply. It can be brought forward later, if that is the wish of the House. I had understood that there was a general desire on the part of all hon. members to proceed with the legislative program which is on the order paper. That is what I propose to do tomorrow by beginning with what I consider to be a very important economic measure. The hon. member may regard it as not important, but that is a question for debate. There will be an important economic measure proposed by the Minister of Finance (Mr. Chrétien), and it will be followed by amendments to the Old Age Security Act.

There is no intention to abandon the throne speech debate. It can be brought forward, as appropriate, and hon. members will have an opportunity to move amendments if they wish, unless there is a unanimous desire not to proceed. However, I did feel that it was appropriate at this time to interrupt the debate because we have dealt with the amendment moved by the Leader of the Opposition (Mr. Clark) and the subamendment moved by the New Democratic Party. The question of confidence has been disposed of so there is no further question about that.

The hon. member referred to the matter of a meeting. I have had numerous meetings over the last several days. There have been informal contacts with members of the opposition parties. We were in consultation yesterday, and while the hon. member feels he really needed a meeting, I do not really think there was much necessity for a meeting to decide to proceed with these important measures.

Mr. Clark: Except that you gave your word, for what that is worth.

Mr. Broadbent: Mr. Speaker, I rise on the same point of order to speak on behalf of my party. I would just like to indicate to the Deputy Prime Minister (Mr. MacEachen) that we agree with the decision to proceed with needed, important

legislation. If the Deputy Prime Minister is now saying that it is the disposition of the government to abandon the ritualistic throne speech debate, or at least substantially reduce the number of days for it, I think the people of Canada would welcome that as well as an opportunity to deal with legislation put before the House which would come to grips with the real problems which led to such an overwhelming expression of lack of confidence in this government, not simply by votes in this House, but by votes cast by the people of Canada a couple of days ago.

If the government could begin to redress that, it would certainly have our support. Let me just ask in that regard, because these things have to be worked out with the co-operation of all parties, whether the Deputy Prime Minister is saying that not only is it the government's desire to proceed with the bill he has announced for tomorrow but that it is also his understanding that, as far as the government is concerned, we will not return to the throne speech debate? If that is the government's desire, it is ours as well, but I would like to add an important proviso.

The rules provide that if we do not terminate the throne speech debate in a formal way, we cannot set up the committees of the House. That would be a serious setback to hon. members on this side of the House, who want to discuss important matters. If the Deputy Prime Minister wants to proceed now with legislation and to cut off what is largely a formality, the remainder of the throne speech debate, we are in agreement, but we insist that at the same time the government gives notice that it intends to set up the committees, which are very important, and to seek the necessary unanimous agreement of the House.

Mr. Speaker: I am not entirely sure that we are on safe ground on a point of order. We have discussed House business. It is the prerogative, as has been pointed out, of the government, as expressed by the Deputy Prime Minister (Mr. MacEachen), to switch off from the throne speech debate at any time, and it is not necessarily an abandonment, as he has said. What he has done and what he has announced today is in perfect order. I cannot find disorder. The subject of whether or not that is a good idea or whether the priority is right really belongs to the field of debate and is not a matter of order, and I think the matter really ought to rest there until we commence the business for tomorrow, at which time it might be the subject of debate. In the meantime, the hon. member for St. John's West (Mr. Crosbie) patiently awaits his turn to participate in the matter before the House today.

* * *

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

The Address—Mr. Crosbie

Mr. John C. Crosbie (St. John's West): Mr. Speaker, before congratulating the mover and seconder of the address in reply I would just like to refer to a comment made by the Deputy Prime Minister (Mr. MacEachen) a few minutes ago when he had the unparallelled audacity to suggest that the question of confidence in this government was disposed of by a vote that we had a few minutes ago. The question of confidence in this government was disposed of on Monday when people right across Canada showed how much confidence they had in the government, and if the Deputy Prime Minister wants to claim that there is confidence in the government, then he should go and advise the Prime Minister (Mr. Trudeau) to go to the people.

Some hon. Members: Hear, hear!

Mr. Crosbie: This is a discredited government carrying on in a disgraceful manner after four years of their term have gone, hanging on by their fingernails, hanging on by their toenails, hanging by their handnails because they haven't got the courage to go to the Canadian people because they know what the answer is. The answer is what they got on Monday.

Let me congratulate the mover and seconder, who did an admirable job. The mover is an eloquent lady in particular. Today we had a spectacle that reminded me of Chairman Mao over in China when he said there, a few years ago, "May a hundred flowers grow". We've got 130 flowers that are withering on the other side of the House here today.

• (1552)

The only thing was that the 130 roses were here but the thorn was not here today—where was the Prime Minister? Is the Prime Minister so discouraged that he could not come, even though all these red roses are in the lapels of members in the House to welcome him?

Economics is a dismal science, but that science has become much more dismal in the last three or four years of this government. Is it now so dismal that one does not even like to refer to the economic statistics because the dismalness is so terrible that I do not think the people of Canada can stand much more of it.

Let us just have a quick look at what is the reason for the present economic state of Canada. Why did the Prime Minister rise in this chamber on Monday when asked a question by me about the increase in the interest rates by the central bank to 10.25 per cent, the highest increase since 1935 and the fifth increase in the last seven months, 2 per cent more than the central bank rate in the United States? The Prime Minister was asked how this corresponds with his pledge and bond to introduce a 5 per cent real growth rate in the economy, how does this correspond with the government's pledges to increase economic activity, employment and business investments in Canada. The only defence the Prime Minister has is that he is powerless, that Canada is powerless. We have a government that is powerless today to do anything to help the economic situation in Canada. When the U.S. raises its interest rates by half a percentage point, this government has to respond by

bouncing them up by three-quarters of a percentage point when we have already had four increases earlier this year. The government is powerless, and why? It is powerless because of its monumental incompetence in the last four or five years.

Some hon. Members: Hear, hear!

Mr. Crosbie: It is a prisoner not of the law but of its total incompetence. Their past mistakes, their total economic bankruptcies, that is what they are prisoners of. Now the Prime Minister of this country, which used to be looked up to as a powerful, confident country, must get up like a beggar in the House and say he can do nothing about the most outrageous increase in interest rates in our history, except perhaps for the great depression in the early 1930s. That is the government that said the question of confidence is disposed of. Like heck it is disposed of. It will only be disposed of when this government is disposed of.

Some hon. Members: Hear, hear!

Mr. Crosbie: Look at the economic leadership of this government in the person of the lugubrious Minister of Finance (Mr. Chrétien). He used to be full of joy, vim, vitality, and smiles, but today he looks more sour than a prune. Who can have confidence in a minister of finance of this government?

Here is a press clipping of June 23, 1978, from the Ottawa *Journal* which reads that the Minister of Finance predicts the growth for the year will be 5 per cent—"Tory member calls him Donald Duck." That was me, Mr. Speaker. He is Donald Duck because all he can do is squawk like the well-known Disney character. The minister predicted last June, only four months ago, that our economic growth rate for the year was going to be 5 per cent—that was the minister's prediction. The economists say that at best this year our growth rate will be 3.6 per cent. But the minister predicted 5 per cent. No wonder he is increasingly lugubrious, if that is the right term for the hon. gentleman. I do not know how it translates into French, but he is a lugubrious minister. The sooner he gets out, the less lugubrious the people of Canada will be.

How can you believe a word this minister says? His little shadow over there, the Minister of Industry, Trade and Commerce (Mr. Horner), was talking about horses today. We are told that this is supposed to be the Chinese year of the horse. We thought there would be an election this year, and we would find out what end of the horse. But we have not, and the election is not coming until next year. We saw what end of this horse this is the year of today when the honourable expert on horses spoke in the question period.

The Minister of Finance predicted what our merchandise surplus was going to be this year. He predicted it was going to be $4 billion. That was on September 28. On September 29 the August trade figures came down to show our balance was only $186 million for August. The minister knew that the day before, but he misled the whole economic and financial community in Canada and in the world. The answer came the next day when he revealed surplus for August, and our dollar fell again to less than 84 cents U.S. As the right hon. member for Prince Albert (Mr. Diefenbaker) said, the man is a happy-go-lucky minister of finance; he thinks he has another 84 cents to go before we are finished altogether. That was bad enough, Mr. Speaker. A couple of days later the Minister of Finance said that the merchandise trade surplus would be just less than $4 billion, that it was going to be a record because the year before it was $2.9 billion. The record has changed.

What did our wonderful, lugubrious Minister of Finance say on June 1, as reported at page 5947 of *Hansard*? He said:

> Last year we had a trade surplus of $3 billion and if the present trend goes on the surplus could reach $5 billion this year.

If he were like Pinocchio, his nose would reach right across to here. That is why the odds are so wide, not because of the wordplay but because of the noses of the ministers opposite—they are growing longer every day from the untruths they are telling the Canadian people. That is our Minister of Finance. No wonder there is no confidence.

The Minister of Industry, Trade and Commerce says the Canadian dollar should be worth 90 cents, that par is at 90 cents. Thank God he has left this party—it was under par when he was over here and it is over par now. According to the other side, par is at 90 cents. So I suggest we rename our Minister of Finance. Let us call him "Sink" Chrétien because he sank the Canadian dollar. Here I have a heading which reads, "Chrétien remarks Sink the Dollar". So we will rename the Minister of Finance "Sink" Chrétien, and we will name our own finance critic John Stevens. We will then have a more accurate reflection of what is happening in Canada today. Never has a minister of finance succeeded in sinking the Canadian dollar so low. He is what we call in Newfoundland a sunker; he is just below the surface.

The Deputy Prime Minister is not here to listen to me. He might want to correct the *Hansard* record, correct the silly statement he made a few minutes ago about confidence. He galloped out of the House in a great hurry when he thought somebody would refer to his foolishness.

We had three ministers of finance: we had John Turner—he fled to Toronto. We had the hon. "Thumper" Macdonald—he also fled to Toronto. Toronto is the only place where the public can afford them. When will the present Minister of Finance flee to Toronto? My message to Torontonians is: arise Torontonians, you have nothing to lose but your Trudeauites. They will all go as soon as we have an election. Five went on Monday. We have had Winken, Blinken, and now we have Nod as the Minister of Finance, the three stooges of Canadian finance, the three musketeers, *les misérables*. We have not forgotten that the man who started it all is now in Toronto—"Blue Eyes". He is going to be black eyes if he comes out of his legal lair, I can assure him of that.

My time is limited—I do not have the time to really let go here.

Some hon. Members: Oh, oh!

Mr. Crosbie: I will only refer to one forecast because I cannot stand to refer to any more. Woods, Gordon, a well-

known Liberal firm, made a forecast and said that next year we will have a decline in housing starts, a decline in auto sales, an unemployment rate of 9.2 per cent, an inflation rate of 8.3 per cent, and a real growth rate of only 2.5 per cent. There is a glowing introduction to the election year by that Liberal firm. At least they speak the truth. There is a forecast from a firm which you could expect to be on the conservative side when estimating what might happen next year. So next year will be worse than the years we have just gone through.

What this country needs and what our economy needs is a complete purge, a complete laxative. They need to be purged of this government, to have a complete cleanout. That is the only way to get our economic system working again because we have no confidence whatsoever in this government. The Minister of Finance is hopeless, hopeless, hopeless. He is the minister of Nod.

What about the Minister of Industry, Trade and Commerce? He is the next strong man in the government in economic affairs. What is his prediction? Last May 12 he was reported in the Winnipeg *Tribune* to have stated that "by fall it will be obvious that the economy will pick up a great deal." It is not so obvious to the rest of the people in Canada. We are now in the fall. What did he say on November 9, 1977, in Winnipeg? He said that the fall of the dollar was useful. Well, I suppose he is delighted now that it is down to 84 cents.

● (1602)

Also on November 9, 1977, he stated that we are on the threshold of tremendous growth. That was the prediction of this mighty economic czar who sits in the hallowed halls or the glass halls where once the mighty Howe sat. From Howe to Horner is a purge, all right. He said just last fall that we were on the threshold of tremendous growth. In May he said that it is obvious the economy is picking up a great deal since the fall. On October 5 he stated in Sarnia that the Canadian economy is entering a period of stable growth.

Now, there is something wrong there. It is picking up in one place, it is booming tremendously and on the threshold of tremendous growth, and now it is entering a period of stable growth.

An hon. Member: He is an expert on horses.

Mr. Crosbie: Yes, that is because the minister is an expert on horses. That is where he got the idea that we are into a period of stable growth.

What did he say in the House on Friday, October 13, bad luck day? It was "Bad Day at Black Rock" for the Canadian dollar, interest rates, investments, householders, mortgage holders and borrowers. He said:

—one thing is clear in this debate and will probably run through the entire thirtieth parliament, and that is that we have a healthy economy and a strong, confident private sector in our country.

Honestly, ladies and gentlemen of the House of Commons, can you believe it, that the minister said we have a healthy economy and a strong confident private sector in our country? We hardly have a man in the private sector who has not got his fingernails bitten down to his toenails, he is so confident about what this government has done for him! He admitted, though, on the same page, that while unemployment and inflation are still too high, Canada is working its way through the difficult world economic problems better than most countries. What countries, Mr. Speaker? Zanzibar, Zambia? The Kwacha is still a bit stronger than the Canadian dollar. Nepal? Where are these countries? Malawi, Malagasy? What countries are doing so much better than Canada? Who does he think will swallow this kind of material?

On August 1 the Prime Minister realized something was wrong. He has only been here ten years. It took him ten years to realize that something was wrong. He came back from Morocco. He is better than Bob Hope on "The road to Morocco." He went on television and announced a whole new series of programs which contradicted, violated, and raped all the earlier programs, principles and practices of the government. From restraint to you-know-what, he changed and reversed. His ministers heard about it for the first time on television. That was just as well. They could not have understood, anyway. The commentators said that what the Prime Minister was starting was a political striptease. The Minister of Finance came out, had a press conference, and he stripped. The President of the Treasury Board (Mr. Andras) came out and he stripped. Some other minister came out and he stripped. The Minister of Industry, Trade and Commerce was sent to Japan. We do not know what he did there. Probably he stripped. But anyway, they all came out and stripped, these ministers did. It was a political striptease. When they were finished with their strip, what did the Canadian public see? They saw that underneath the government's clothes there was nothing but falsies. That is why we have had such a result in the by-elections.

We have to look on the bright side of this thing. At least we can joke about the government. But I know it is no joking matter. Before passing on, although time is pressing, I should like to give a considered opinion which I read some time ago. It is by Mr. John Turner. He said that the political interregnum which Canada now faces is deepening, with the resulting increase in economic hazards. If their friends are giving such candid opinions about them, what must their enemies be saying? I declare myself a friend of the government by what I am saying openly here today. One does not have to pay a cent to hear it. He gets it all for free. By the way, it is two years since the hon. member for Ottawa-Carleton (Mrs. Pigott) and I joined the hallowed ranks in these halls.

Some hon. Members: Hear, hear!

Mr. Crosbie: Every time I have spoken here I thought it was the last time. I thought that the big, brave government was going to call the election, and every time was not the last time. Here I am again ready for another eight months of howling and bawling.

Page 9 of the remarks of Mr. Turner reads as follows:

—one cannot rule out a full crisis of confidence in the Canadian dollar.

We certainly cannot. It continues:

Unfortunately, there is also weakness in some key economic ministries of the federal government. In Finance, as already noted, the minister has been seriously hurt.

That is for sure. We see that every day in the lugubrious look on the minister's face. He is badly hurt. On page 10 Mr. Turner is quoted as saying the following:

—Jack Horner is effectively spending 95 per cent of his time away from the job on his re-election problems.

He can spend 100 per cent of his time away and he will not cure that problem. It continues:

This leaves him a totally inadequate amount of time to learn and cope with his job, which is evident from a succession of reports on his performance.

High praise indeed from one of his friends in the Liberal party. I can see that leadership convention now. I wonder who brother Horner will support.

He goes on to say:

Finally, in Energy, Mines and Resources, the minister is generally perceived to lack the confidence of the Prime Minister.

The Prime Minister is an intelligent man. He agrees with all the rest of us. He lacks our confidence. This is the verdict of their friends on their performance. One of their own friends is waiting in Toronto now for the call.

Let me get down to some other problems. There is chaos in this government of policy. I should like to refer to the government of Newfoundland as an example. They talk about restraint. The Deputy Prime Minister and President of the Privy Council this afternoon had the gall to mention restraint. The government announced a few weeks ago that it was going to transfer most of the personnel from the Gander weather office to Halifax. The government was going to cut back on meteorological spending. It does not like forecasts any more, weather forecasts, political forecasts, or any kind of forecasts. It is going to save a few hundred thousand dollars. Now that has been reversed.

The Secretary of State for External Affairs (Mr. Jamieson), who is now in Namibia, is an expert on Namibia. A couple of months ago he thought Namibia was an item of babies' clothes. Now he is down in South Africa solving the problems of Namibia. He made an announcement on October 4. I spoke to the Minister of Fisheries and the Environment (Mr. LeBlanc) in the afternoon at five o'clock and he told me that the station was crazy, Gander should be shut, everything should go to Halifax, and that it is all done on computers. On that night at ten o'clock the Secretary of State for External Affairs announced that Newfoundland is all cancelled. That is why the Minister of Fisheries and the Environment has not been around. It is the first time that we scalped one of them. The Secretary of State for External Affairs scalped the Minister of Fisheries and the Environment. At ten o'clock he announced that this decision was reversed, even though the Minister of Fisheries and the Environment had told me a few hours earlier that it was still in effect. That is what is called chaos.

[Mr. Crosbie.]

What else happened? I should like to refer to an article entitled "Ultimatum to Trudeau, Hands Off Gander" which appeared in *The Daily News* on October 4, 1978. In part it reads as follows:

George Baker, MP for Gander-Twillingate, threatened to bolt the Liberal party unless the federal government changed its mind about downgrading the Gander weather office—

That is what it is now, government by bolt. The decision depends on who is going to bolt next. The hon. member for Gander-Twillingate (Mr. Baker) said that he was going to bolt. This government which is so hot now about restraint and twittering about restraint, changed its mind and announced a decision without the concurrence of the Minister of Fisheries and the Environment. The announcement was just made. It was telephoned from Ottawa down to Newfoundland. I will bet any amount that the Minister of Fisheries and the Environment knew nothing about that announcement. This is not government, this is chaos.

The Minister of Industry, Trade and Commerce has had an application from Newfoundland since March for a synchrolift to be installed in the government-owned dockyard in St. John's. It is paying them some eight million lousy dollars for a synchrolift which will give 200 jobs and put the yard in the position of handling 60 Russian trawlers a year. We have been waiting sinch March. Why? We have been waiting because the Secretary of State for External Affairs was up here skulking around and sabotaging it because there is a shipyard in his own district, and the people in his district mistakenly think that the dry dockyard in St. John's, if it gets this synchrolift, is going to compete with them or do something to harm them. That is not true at all, but they think it is true. The minister skulked around and made an announcement in Newfoundland. I am looking for the clipping.

By the way, the Minister of Industry, Trade and Commerce said in this House, as reported in *The Telegram* on April 20, that the federal government is going to make substantive expenditures to upgrade our dockyards. That is what he told the House finance committee, that it was now in the midst of negotiations. He said that the decision should be reached in a matter of weeks rather than months. They are cowering in that department, afraid of the Secretary of State for External Affairs because he barked at them. What did he bark? He went down to Newfoundland, the Secretary of State for External Affairs did, and he made a statement down there. What was his statement? Where is that statement? He has made a lot of statements down there. I know I should not have had all these bloody clippings together. What he said, Mr. Speaker, was—I knew that I should not have had all these bloody clippings together. What he said was this; that you are only going to get a synchrolift in the dockyard in St. John's, which we own, to give you 200 jobs and save the 300 there if you are able to prove—yes, here it is.

● (1612)

Some hon. Members: Hear, hear!

Mr. Crosbie: The city has to prove that the lift will not hurt Marystown. This is the St. John's dockyard in Newfoundland which employs 300 Newfoundlanders and could employ 200 more and it has to prove if it gets a synchrolift that it will not hurt a shipyard in Marystown. What about Halifax? Do we have to prove that we will not hurt Halifax, that we will not hurt Quebec, or that we will not hurt Esquimalt?

There have been seven shipyards across Canada that have received assistance from the government this year, and none of them had to prove that they would not hurt St. John's or Marystown. But this "bully boy" makes the announcement in St. John's on September 13 that we cannot have a synchrolift unless we can prove it will not hurt Marystown in his district. Do you know, Mr. Speaker, that the minister did not even know about it? I spent two weeks calling the minister. You talk about courtesy; I never even got a call back from him, and I am the critic for industry, trade and commerce and a member of this House. When I was a minister I called back any member who called me, immediately. For two weeks I did not get an answer back from that minister until finally I got a call from his secretary telling me not to worry, that everything was in good hands, everything was under control. I said to one of his executive assistants—he has a plethora of them—"Do you realize that Mr. Jamieson just two weeks ago gave the death knell to this and it is not going to St. John's unless we can prove that it will not hurt Marystown? How can we prove that negative?" He said, "No, he hadn't heard that."

Who is making the policies for this government, Mr. Speaker? This is not a government, it is a collection of "whirlygigs", pushers, and pressure pumpers. And whoever has the biggest pressure pump is apparently running every department. I spoke to the Minister of Industry, Trade and Commerce yesterday and he promised me that everything is in good hands, everything is hunky-dory, and that everything is going to be favourable, that he is going to announce it when he gets to Newfoundland some day. We will give him a great welcome, but I am announcing it now. If we can entice the minister down to Newfoundland, he will announce it, but only if the Secretary of State for External Affairs allows him. He has to get the permission of the Secretary of State for External Affairs who is in Namibia at the moment, the same gentleman who went on a trip last year to the Middle East.

I have a report from the *Journal* dated November 8, 1977, with the headline, "If Nothing Else We Have King Tut," which says that he visited all the countries of the Middle East. At the conclusion of the trip in Cairo the Minister said:

> There's a flexibility which I perceived here with regard to a formula under which talks may be resolved and a general disposition to look with an open mind on a wide range of issues.

I do not know what he meant, nor does anybody else. He goes on to say that he:

> —arrived in Spain during a four-day holiday weekend and in Greece during an election campaign and a torrential storm in which 25 people died. These tended to distract his hosts.

I hope the results of the minister's trip to South Africa are just as harmless as his trip to the Middle East last fall. I am prepared to fight that gentleman, tooth and nail, until he comes across with my synchrolift.

What has happened in unemployment insurance? A despicable change in the law was announced that is going to crucify the seasonally employed in Newfoundland and the maritime provinces. One of the Liberal backbenchers, the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) was quoted in the paper as threatening revolt by the Atlantic Liberal backbenchers if these changes that discriminated against the seasonally employed went through. The minister has caved in, and it is a good thing that he did because the revolt is nothing compared with what he would get from this side if he had not made some changes.

That is the government today, Mr. Speaker; they make a decision one day and reverse it the next. That was the Rompkey revolt. We have had the Baker revolt, and the Jamieson revolt. The whole thing is revolting; the government is revolting. It is not a government, it is a revolving, poll-taking machine. The left hand does not know what the left hand is doing. It is dancing in the dark, the old Cole Porter tune which should be the cabinet theme song.

In my last couple of minutes, Mr. Speaker, let me refer quickly to the Newfoundland railway. This is another thing that the Secretary of State for External Affairs talked about in Newfoundland on September 12. He made the announcement. His announcement was that the Government of Canada was not going to accept the recommendation by the royal commission that the Newfoundland railway be phased out, because everyone in Newfoundland, with the exception of our candidate in Humber-St. George's-St. Barbe, had said that the railway should stay. The one man in Newfoundland who said that the railway should go had an unfortunate occurrence in the by-elections.

The Minister of Transport (Mr. Lang) did not appear to know that the Secretary of State for External Affairs had already said that the Canadian government would not accept the recommendation. Now they are laying off employees, taking certain trains off the schedule, and laying 20 men off at the end of this month, despite the minister's commitment made in March of 1977 that there would be no lay-offs or changes in service while that royal commission was in effect.

Yesterday the minister in this House gave a weasel-worded answer to my question which completely changed his commitment. It was "baffle-gab" of the worst kind. He said that there could be lay-offs of a seasonal load-related nature throughout the system. I will tell him where the load-related nature of the system is; it is right here at the top. We are sick of these kinds of loads. He is putting this on the backs of the railway workers in Newfoundland. I do not have time to develop the situation further today.

We have a $17 billion borrowing bill coming up tomorrow. We cannot go on with the address in reply because the government want the authority to borrow another $17 billion for their bungling. I am going to debate every cent of those billions, and I hope that nobody tells me that it is an emergency to give this crowd another $17 billion tomorrow. It is not an economic program, is it, Mr. House leader?

I have to shorten this up, Mr. Speaker, because we are allowed only 30 minutes. I am used to 90 as a minimum, which was what we had in the Newfoundland house, or usually it was unlimited. I would like to make an amendment and move that the following be added to the address:

but this House regrets to inform Your Excellency that the policies of your ministers have severely damaged the Canadian economy, and that your ministers have not proposed those measures of taxation relief, including home mortgage interest and property tax deductibility, which would promote economic growth and recovery and ensure a more equitable tax system for all Canadians.

I move this, seconded by the hon. member for Grenville-Carleton (Mr. Baker), in the full realization, which is self-obvious, that the ministers have severely damaged our economy, that they have not proposed taxation relief, and in the hope that the gentlemen to my left here will come to their senses and help rescue the middle and lower income people of Canada who have a home now or who want to get one, who want to borrow under a mortgage and who want relief from the effects of the stupid actions of this government. These people are being crucified with an 11½ per cent mortgage rate, and when they go to the banks they are going to be stuck with a rate of 11½ or 12 per cent.

We want to rescue these people from the Liberal excesses which have put them in this position. We want to open up home ownership for more people in Canada. This is a program that is going to help sweep this government opposite out of power, because when something was proposed which makes some sense and which the people want, instead of adopting it for the next budget, as they usually do they spoke against it. Even a boa constrictor could not twist itself around enough to include this great proposal in the next Liberal budget. They cannot do that any longer. Even the lugubrious Minister of Finance would not have the gall or the audacity to try to slip around the statements he has made in the past few weeks to bring in a budget that contained this great new principle, which we are going to introduce as soon as we get back from the electorate and the election of 1979.

Is my time up, Mr. Speaker, or do I have another minute or two?

Mr. Deputy Speaker: In moving an amendment, the hon. member is entitled to 40 minutes.

Some hon. Members: Hear, hear!

Mr. Crosbie: I must confess, Mr. Speaker, I had not realized that. This is fantastic. It is like an early Christmas. Now, where was I? What joy!

I shall go back to the railway, Mr. Speaker. When the royal commission was set up on March 28, 1977, the Minister of Transport was down in St. John's. He had a press conference aboard a coastguard vessel, and it is lucky for him that it was tied to the wharf so that he did not get seasick. I would like to read some of what the minister said which was quoted in the St. John's *Evening Telegram* of March 29, 1977. The minister said that that study:

—won't be just another study to lie on the shelf because the province is "at a critical point" for decisions, Transport Minister Otto Lang yesterday maintained. "I consider this one the final one"—

It's the final one for him all right.

—he said following a press conference in St. John's, for "we cannot wait any longer for tough decisions . . . and good decisions for Newfoundland."

That was his statement. He went on in the interview to say that:

—he has asked CN not to proceed with any technological or structural changes during the course of the study that would "disadvantageously affect" employment.

● (1622)

These are pretty peculiar words, but everybody in Newfoundland understood them to mean there would not be any lay-offs as a result while this royal commission was under way. Imagine him saying that in Newfoundland—you would not "disadvantageously affect employment". That might go over in Saskatchewan but we do not think much of it in Newfoundland. He said there would be no lay-offs.

I have another clipping here to show what is going on now. The commission made an interim report last June, which was published by the government somewhere around July 20. I announced it first, by the way. Two days earlier I announced the royal commission's conclusions and came out against them, the first one in that province to come out against the abandonment of our railway. The minister confirmed what I had to say, two days later. He was a bit late in releasing the report.

A heading in a newspaper article of October 14 reads:

Rail Union Plans Strong Protest Against Lay-offs

It says they eliminated two trains in a decision made in Moncton and St. John's and that 20 people would be laid off. That is how much the minister's word is worth.

Yesterday he said in his pallid way that he was going to investigate that. Let me give you the full effect of what he said, now that I have the time, and because it is so shocking in its transparent mendacity that I can hardly contain myself. When I asked him yesterday about these lay-offs this is what he said, as reported in *Hansard* at page 164:

Mr. Speaker, rather more exactly the instruction was that there would be no lay-offs during the course of the commission except those which were related to changes in the level and flow of business of the ordinary sort because, of course, there are lay-offs of a seasonal and load-related nature throughout the system.

That is pretty clear, Mr. Speaker. He has made it clear that Dr. Bandeen's commission's work will end in January. He continued:

I would be glad to investigate whether a specific lay-off is under the exceptional category which may be permitted or is of such significance that it actually contravenes the understanding.

The minister has not reported to me yet.

I will tell you what will happen to the minister if he comes down there and gives us his "seasonal and load-related nature" of the system. We will take the system and wrap it around his neck and drop him off the dock at Port-aux-Basques. How could the minister say that when he has made a promise to the 3,000 railway workers in Newfoundland that there would be no lay-offs while this royal commission did its work? He is not here now to listen to me, and, it would not do any good if he were. He also said, as I quoted a few minutes ago, that this was going to be the "last commission", "critical point", and mentioned "good tough decisions".

One of the recommendations in the interim report of that commission was that the CN bus system in Newfoundland was beyond contempt. Their finding was that the buses were beyond description and there was poor service. In July of 1976, in the course of federal-provincial relations, the Minister of Transport took the CN bus system that was established in Newfoundland to replace our lost railway passenger service—it was under the Public Utilities Commission of Newfoundland who were regulating it satisfactorily—he took it from them and put it under the Canadian Transport Commission. Since that time they were allowed an 8 per cent fare increase in 1976, and 15 per cent in 1977. CN applied to the CTC. They had a hearing at the beginning of November. The CTC allowed them to put the fare increase they asked for into effect as an interim increase of 15 per cent, and said they would give a final decision later. They gave the final decision in August this summer, eight or nine months later. Imagine a regulatory body doing that. They allowed what was asked for, a 15 per cent increase in the interim, and the interim period was eight months or nine months. Then they brought down the report to confirm the 15 per cent was all right.

The CN has the ball, and what do you think the CN did? Did they think they were lucky to get that in such a slippery manner? The CN came in two weeks later and applied for another 36 per cent increase, to go into effect in November of this fall and in February next.

I wrote the minister on August 3. I wish he would read his mail. I am always getting little notes from some assistant saying the minister is going to respond in due course. He has not responded yet. "Due course" has not arrived. I wrote on August 3 and pointed out that the Sullivan Commission—the minister's commission, had this to say at page 127:

> The CN Roadcruiser service has been operating with old, unsuitable, totally inadquate equipment. The bus is satisfactory for short distance travel, but for long trips is unacceptable as a replacement for the train. From a level of service standpoint, and in light of the concessions made to train travel in other provinces, CN fares are far and above what is reasonable.

That is a devastating indictment of this roadcruiser service. I pointed out to the minister that at page 245 of its report the commission stated that the roadcruiser operation is an equal substitution for the rail passenger service, and that fares must remain at a level lower than similar fares which might be payable for similar distances on a trans-island train service.

The commission report went to say:

> Certainly, no increase in fares must be permitted until substantial improvements are made in the facilities being offered on the corridor at present.

The commission suggested that the federal government give the same subsidy for this service as they give for other passenger service in the other nine provinces of Canada.

The Canadian National, this crown corporation, this creature of the government, after receiving that report and after getting a 15 per cent increase confirmed, and eight year before, came back for 36 per cent.

The Newfoundland government has protested, the people of Newfoundland have protested, I have protested, as has the hon. member for St. John's East (Mr. McGrath), and we cannot get an answer. This government has got to direct the CN—"No increase." Why was the minister saying, when this commission was established, that it would be given every consideration, that decisions had to be made, and then make a report on the CN bus service in Newfoundland crucifying the bus passengers? They want a 36 per cent increase! This minister now has to direct them—"No increase." Never mind the Canadian Transport Commission. We have no regard for the Canadian Transport Commission in Newfoundland. We think it is a hopeless body. It is a tool of the vested interest, a tool of the crown corporation. We have no faith or trust in it. The minister has to reverse this decision and act on the recommendations of that royal commission.

The railway, which has been allowed to run down, is owned by the Government of Canada. It has been given to CN to operate. CN has been losing money on it. CN does not want to put any more of its own revenues or profits from some other part of Canada into the Newfoundland service. We can understand that. The royal commission made a recommendation that it should close. The CN is losing $20 or $30 million a year on this service.

The government has made the decision now to close the Newfoundland railway, and it should not. Why should we be deprived of the rail mode of transportation in Newfoundland? The government has to make up the losses that are properly found each year by the right body, to the CN But the government will not do that. CN is knifing our railway to death. They are determined to kill it within the next 12 months because they will not realize their responsibilities. CN cannot be expected to subsidize the Newfoundland railway from its other railways and other services across Canada. Only government can do that. They have to direct CN. to make an honest effort to operate this railway.

Three thousand people in Newfoundland work for that railway, Mr. Speaker, with all that entails for Newfoundland. Every responsible body, and irresponsible body, has come out to say that it has to continue and we do not want it to stop. It is a mode of transportation and we have to continue that option in Newfoundland. The government is doing nothing, despite telegrams and wires from the Newfoundland government. They have ignored it, Mr. Speaker. They will not meet with the railway unions. The minister will not meet with me.

He will not meet with the Newfoundland government. I do not know who he is meeting with. He has too many portfolios.

Transport would kill any ordinary man or woman, yet that minister is given the wheat board, and justice—everything is sloughed off on him, and he is equally obnoxious in every one of them but particularly so in transportation. He is not a superman; none of us are supermen. I have every sympathy for the huge burden he has in transportation, but I lose my sympathy when we try to deal with him in any human situation at all.

They talk about federal-provincial relations. I am going to give you a story, Mr. Speaker, about the federal-provincial relations and about the problems. I had to laugh when the Prime Minister came on television on August 1. He had the audacity to come on TV and say hello to the Queen and how glad he was that she had arrived in Canada. He was not even there when she arrived in Newfoundland, Mr. Speaker, to meet her. He was in Morocco concocting his TV address for a couple of days later.

We believe in the British connection in Newfoundland, Mr. Speaker, and in our relationship with the Queen and her continuance as Queen of the Commonwealth and her relationship to us in all of Canada. We agree with Senator Forsey and his criticism of the constitutional proposals, which are now going to be changed—the attempt to change all of that. It is just symbolic anyway—another evidence of our history.

In that connection, Mr. Speaker, the government of Newfoundland wrote—

Mr. Deputy Speaker: Order, please. This time I have to interrupt the hon. member because his time has expired. I hope he will send a copy of his amendment to the Chair.

● (1632)

Hon. Herb Gray (Windsor West): Mr. Speaker, when the Prime Minister (Mr. Trudeau) spoke to the country last August he announced the federal government would be giving a new and higher priority to dealing with the country's economic problems. I have been among those calling on the government to establish such a priority in the light of our still too high unemployment and the resulting need for more economic growth in Canada. I have also been calling on the government to take prompt action in developing and implementing programs to deal effectively with these kinds of problems.

I welcome this new and higher priority which is confirmed in the throne speech. The speech also confirms the kinds of programs the government has in mind to carry out this priority. The Speech from the Throne says, as did the Prime Minister earlier, that the government would greatly reduce its expenditures leaving more room to the private sector, and in this way help it to grow and flourish. It says the government will make changes in its programs to help revive the economy through greater private sector activity. The speech also proposes further changes in the unemployment insurance system to remove disincentives to work, as well as the taking of steps to provide more help to senior citizens and other low income Canadians hurt most by continuing inflationary pressures. But in spite of statements we have had from various ministers, I believe there is still a need for more detailed information about the government's proposals so that informed judgments can be made about their real impact on the country.

This throne speech opens a new session of parliament. This means the parliamentary process will be in operation to help get out the necessary information and to enable the merits of the government's proposals implementing its new economic program to be considered in some depth. Also this process will be a vehicle for making changes to those parts of this program which may, in fact, be in conflict with its objectives, or have unintended negative side effects for the country's social or economic fabric.

Canadians are understandably concerned about the levels government expenditures have been reaching because of what this means in terms of such things as the level of taxation, government borrowing, deficits and so on. But if the federal government simply makes cuts in its expenditures and does not balance these cuts with equivalent expenditure in other areas or with equivalent cuts in taxes, or both, the result surely will be to hold back the economy, to restrain its growth, rather than aid in its recovery. This is because the government will be spending less than before, but taking the same amount out of the economy.

One hears many comments to the effect that government spending has been holding back the economy. However, this spending is for goods and services it buys from the private sector. Or it is, to a much greater extent, in the form of transfer payments to individuals who use them as income to buy such goods and services, or also for transfer payments to other levels of government which spend them for these purposes. Therefore a reduction in federal government expenditure by itself is simply a reduction in total demand in the economy. To avoid being a restraint on it, this reduction, in my view, has to be matched with tax cuts, or at least, as an alternative, the money saved from cuts in spending in some areas has to be reallocated in ways that are hopefully more effective in encouraging more sound, private economic activity. It should be noted though that some economists argue that if this is done the effect on the economy would simply be neutral.

So far the government has not announced a re-allocation of expenditure equal to the reductions which have also been announced. And while the Prime Minister said in his speech in August that there would be tax cuts, the government as yet has not announced any program of reductions in personal or corporate taxes to help balance the reductions in government expenditure that have already been put forward.

However, I am pleased that the Minister of Finance (Mr. Chrétien) now says he intends to present a budget in mid-November. In my view, this budget must be the instrument for putting in place at an early date a balanced program made up of personal tax cuts and economic incentive measures for business where justified and required, as well as government

programs for public investment and direct employment to back up these other measures.

The throne speech says a proposal will be placed before the House "to provide for the review by parliament of evaluations by the government of major programs." Something along these lines should be brought forward very early in this new session. Even if one agrees with the need to cut government expenditures, it is possible to have valid concerns about the way these reductions are being carried out, about whether wise choices are being made about the programs to be reduced or eliminated.

We know generally what programs the government intends to eliminate or reduce. However, even here in many cases officials are still unable to provide a full and detailed picture of exactly what is being done. Neither parliament nor the public has been informed of the alternatives the government considered and rejected in place of the cuts it announced, and the exact reasons why these particular cuts were selected.

There is no provision for input from parliament and the public in the expenditure-review process at a point before the government is locked into a particular decision arising from it. Therefore, as a result, it is difficult to bring about changes in such decisions without some form of confrontation between some portions of the community and the government over a particular program expenditure reduction. But even these confrontations take place without having information to start with as to why the government made that decision, and without a meaningful opportunity to present views and alternatives to it.

One approach in dealing with the concern would be to have an appropriate parliamentary committee begin hearings as soon as possible after this throne speech debate is over. They would be on the government expenditure cuts in programs that have been announced, and the committee would hear evidence as to why a particular cut was decided on. Also what the alternatives may be, if any, which would still enable the same over-all expenditure reduction target to be achieved.

Such a committee could examine, for example, whether in fact bureaucratic structures are being maintained while reductions are being made in programs that provide needed information and service to the public. For instance, the Department of the Environment could explain why cutting out regional offices would not be a preferred alternative to eliminating the Petawawa Forest Research Station, the fisheries research laboratories in Nova Scotia, and weather ships off the coast of British Columbia. The committee could examine allegations that the Treasury Board and the Department of Finance are not making any meaningful cuts at all in their own bureaucratic structures. The committee could examine whether it is valid for the Department of Consumer and Corporate Affairs to reduce the number of inspections presently being carried out in the field to ensure that hazardous products and food products of questionable quality are not being offered to Canadian consumers, or whether it is correct for the department to be reducing its direct consumer complaint handling services, all in place of other kinds of cuts.

The government says its intention in changing the unemployment insurance system is to move away from simply providing income payments toward using these funds to ensure that unemployed people get training to provide them with skills they lack to fill available jobs. Therefore the committee could inquire why, if this is the case, the government at the same time apparently has under way a serious reduction in existing funding to provide training allowances to these people.

● (1642)

It would appear that the proposed changes in the unemployment insurance system could mean that as many as several hundred thousand Canadians would not be eligible for payments from it in the way they are at present. If there are not, in fact, jobs available for them which are not now being filled, either because of disincentives to work in the present system or, as may be likely, flaws in its administration, these people will simply be thrown on to municipal and provincial welfare rolls. This will mean that the total public expenditure presently involved will continue but will come, to a much greater extent than before, out of municipal and provincial taxes rather than from federal government funds. This means that in many parts of the country the burden will shift to levels of government with a tax base smaller and less equitable than the one available to the federal government. There will be no saving in terms of total public expenditures. It will simply shift to levels of government less able to assume it. This could be a very serious matter for large areas of the country like the Atlantic provinces.

I am pleased to note the Minister of Employment and Immigration (Mr. Cullen) has some of these aspects under review because of representations by members of the Liberal caucus from the Atlantic provinces and similar areas.

It would appear, however, that only a relatively limited amount of the money the federal government hopes to save through its proposed changes in the unemployment insurance system has been allocated so far to expanding its employment strategy programs, its programs for job creation, beyond what was intended to be spent by the government before it decided to propose the changes in the unemployment insurance system in question. If more funds are not reallocated, this could have unfortunate consequences for a substantial number of individual Canadians and their families everywhere in Canada, even those in regions like Ontario.

Up to this point I have not seen enough detailed information to confirm to me that there will be the necessary high level of co-ordination in the Department of Employment and Immigration to ensure that for all those who will no longer be eligible for unemployment insurance when the proposed changes go into effect, and who are ready and willing to work, there will be either a job at reasonable wages and working conditions, or skill training to help them qualify for those jobs that are available. Nor does the information I have seen so far confirm there will be the necessary co-ordination and effort in the department to ensure that as a last resort some form of

meaningful direct employment under government auspices will be available for all of these people.

Much has been said about how the kinds of steps announced by the Prime Minister and certain of his ministers in recent weeks will help restore "business confidence" and that this is what is required in order to get business to increase its investment to expand its activity in Canada. However, it seems to me that business confidence means confidence that it can and will earn a reasonable profit from its activities. Surely this means having sufficient numbers of people in Canada with the level of income needed to buy goods and services produced by business at prices that will yield these kinds of profits. Businessmen are hardly likely to have the necessary kind of confidence if government policy turns out to reduce rather than to maintain and expand the necessary spending power of individual Canadians and their families. Of course it is also argued that business confidence is being inhibited by excessive government involvement in the market place and in the economy generally.

In considering this issue I think it is necessary to look carefully at all aspects of it and to define what is being talked about and what is meant when one speaks of excessive government involvement in the economy. In my view, and I think there is wide agreement on this, the government should always be striving to be more efficient in all its activities and to lessen dramatically burdens of bureaucracy and red tape. It is certainly my objective to have the government operate generally in a more efficient, effective, and competent manner. It does not follow, however, that any particular activity by government is not important and necessary for the well-being both of business and the consumer simply because a valid argument can be made for improving the way the government administers that activity.

Frankly, I do not think that we would have any kind of enterprise system or market system at all today without much of the government involvement in it that has developed over the past 50 years or so. After all, that market system, wher left entirely to its own devices, brought the stock market crash of 1929 and the deep-seated depression of the 1930s that followed. These, in turn, helped to cause the public at large to demand of governments in North America and the western world the development of present-day programs which stabilize the economy and maintain incomes, and which have helped prevent a recurrence, if not of all economic slumps, at least of much of the misery associated with them 40 years ago.

The unlimited, uncontrolled operation of the market system 50 or more years ago, and the unsafe working conditions that were general in it, as well as the dangerous products freely sold through its operation, helped cause the public to demand that government institute the programs to set basic standards for health and safety that we have today. The public also demanded the creation of programs now providing basic standards of income for our older or less fortunate citizens.

The ability of some unscrupulous operators in the market place to drive out competitors and dominate it through monopoly and combines for their benefit, led the public, including many in business, to urge government to set up ground rules for competition through anti-trust or competition legislation.

As I have said, it is possible for government involvement in the market place to be excessive and heavy-handed and we have to guard against this and work to prevent it. However, at the same time, without forms of government involvement to provide a framework and set basic standards on behalf of the community at large, there would likely be no market system at all, with the opportunities it provides for private initiative in Canada and our western society today. Instead, the bulk of the population seeing only the actual and potential abuses of a market system left entirely to its own devices would long ago have supported one or the other of the forms of totalitarianism of the right or the left we now see in all too many of the other parts of the world.

Of course there is a great deal of ambivalence even on the part of those who profess to be the strongest protagonists of free enterprise on the issue of government involvement in the economy.

No business voice in my own Windsor area objected to the decision of the federal and provincial governments to give a grant of $68 million to Ford Motor Company to get it to locate its new engine plant in that area. This grant came about at the initiative of the federal government which provided the larger part of the funds. When the grant was announced, it was looked on, and correctly in my view, as a form of investment with returns to the public through taxes to all three levels of government, through more than two and a half thousand jobs directly created by the operation of the new plant, and through further spill-over economic activity benefiting all of Canada, returns being many times greater than the total grant over only a few years time.

Also, the Minister of Industry, Trade and Commerce (Mr. Horner) announced a few weeks ago that a further $300 million had been set aside by the government to support, through grants or loans, further innovative business activity. When he did this, no spokesmen of the business community got up and said, "No, keep the money, we don't want it, this should not be done by the federal government; just decrease government expenditure by this amount." But this $300 million program is a form of federal government involvement in the economy, one which will hopefully turn out to be most worth-while for Canadians generally.

At the same time I hope this program will not turn out to be simply an exercise in providing funds in an ad hoc and reactive manner. Instead, the government should move promptly to put in place an industrial strategy for Canada with this program as one of its key elements. I and others have spoken about the need for such a strategy which would mean a new kind of coherent, intergrated set of federal programs to encourage a stronger and larger industrial sector in Canada, one which is more comptetitive and innovative in meeting the challenges of both domestic and world markets.

The government has had for some weeks the reports of the 24 industry sector task forces set up earlier this year. These

can provide useful information and suggestions for components of an industrial strategy. However, each report appears to discuss matters from the special perspective of people from the industry it deals with. It is the responsibility of the government to make decisions as to the best ideas which could be taken from each of these studies and from other work, like that of the Science Council, as well.

● (1652)

It is the responsibility of the government to reach conclusions, to make decisions, as to which industrial sectors in Canada are most likely to be winners in domestic and world markets and therefore deserving of additional if not new kinds of federal government support because of the potential of those sectors, regardless of their regional location or their present health. These are the kinds of decisions by government which are urgently required if we are finally to put in place the integrated industrial strategy necessary, if we are to provide additional jobs and improve standards of living for our growing labour force. Such a strategy is needed to eliminate or, at least, to reverse the trend to deindustrialization, the decrease in industrial activity and the decline in the number of industrial jobs in Canada which are all too frighteningly evident if one looks at statistics showing the relatively low percentage of our exports which are in the form of finished manufactured goods.

I return to the matter of government involvement in the economy. Hon. members may recall that a month or so ago three school buses involved in an accident near Hamilton were found to be in an unsafe condition. It was disclosed that the Ontario provincial government had been allowing the company owning these buses to inspect them itself and to put government safety stickers on them. A high proportion of the entire bus fleet was found not to meet provincial government safety standards. I am sure that even strong proponents of deregulation and of eliminating government involvement in the economy were quite happy, especially if their own children were riding those buses, to see the Ontario government finally tighten up its procedures and increase the number and extent of its own bus safety inspections.

This bus safety incident illustrates the limitations of self-regulation by business in the absence of, at the very least, some form of effective monitoring by government. It could be an invitation to abuse by the unscrupulous. It could allow the creation of pressures, in line with the understandable objective of maximizing profit, which could encourage even the well intentioned to cut corners in ways contrary to the best interests of the public. Thus, in my view, there is a continuing need for forms of regulation by government on behalf of the community at large to ensure that all who come together in the market place will get a fair deal there and circumstances where their health and safety are protected.

I regret, therefore, the absence of any specific mention in the Speech from the Throne of a commitment by the government to attempt, at least, to have implemented in this session the second and final stage of the much needed reform and updating of competition policy. I also regret the absence of any indication in the speech of a similar commitment to implementing borrowers' and depositors' protection legislation. The government itself made a case for these measures very well in its own white paper "Agenda For Co-operation" and I would urge the government to move, for the reasons the government itself has given, to have these measures adopted by parliament in the current session. Their purpose is to set reasonable ground rules for the fair and efficient operation of the market place and not to hamper that kind of operation. These measures are therefore quite consistent with the government's current approach of relying to an increased extent on private sector activity for economic recovery.

I speak today, as always, in a constructive sense as one who wants to see the government operate in such a way that the public will give it majority support in the next general election. If the government demonstrates in the course of the present session that it can deal effectively with matters of real concern and importance to individual Canadians and their families, particularly as consumers, workers, and small business people, I believe it can and will win that majority support when the election comes.

But there is one more thing I want to talk about today. Although the government's new higher priority for dealing with economic issues is welcome, the national unity issue remains important. The issues of the economy and of national unity remain closely intertwined. Without unity we shall not be able to deal with our economic problems and unless we deal effectively with those problems we shall not be able to maintain our unity. This means that constitutional reform continues to require attention. Improving the economy and making decisions on constitutional change are both necessary in order to ensure that the majority of Quebeckers continue to wish to be part of Canada. Both are necessary if we are to respond to views expressed in all regions of Canada that improvements in our present constitutional set-up and in the general format of government operations are needed in order that the framework upon which all activity, whether economic or social in our country is based, may be better and more effective.

This must not mean, however, that Canada would no longer have a strong central government, a national government, able to reflect and respond to the needs of the people as Canadians no matter where they live within our country. The Speech from the Throne says there are to be initiatives "to eliminate duplication between federal and provincial programs." This cannot simply mean the elimination of some federal programs or the handing over to the provinces of activities presently carried out by the federal government. Such an approach might be the most valid one in some cases, but surely not in all—there are likely to be as many cases in which functions now handled by the provinces should be turned over to the federal government, for example, to ensure that business, transacted as it is across provincial boundaries and from one end of the country to another, is not faced with 11 sets of conflicting and overlapping rules; also, to ensure that Canadians as consumers benefit from the same basic rules for their protection in the market place no matter where they live.

Mr. Speaker, if we in the House of Commons work in public life mainly through one or another of our organized political parties it is because we continue to see this as the best way of doing our utmost for the well-being of our country and its people. But, surely, all of us in this House, no matter what our political affiliation, can adopt as our own the words of the Governor General spoken in what is likely to be the last throne speech delivered by him, when he said—and I am sure they reflect his personal sentiment—"We also wish to express our love for Canada."

[*Translation*]

We wish also to express our love for Canada. A great country is not created without difficulty, but to see it develop and grow stronger despite every obstacle has been for us a source of great joy and pride. Our faith in the future of Canada is stronger than it has ever been.

[*English*]

I hope it will be noted everywhere in this country that love for Canada as one united country can be expressed equally well in French as in English and by Canadians of every origin.

I began my remarks by talking about the welcome new and higher government priority for dealing with economic concerns. But this is really a reflection of the ultimate priority for all of us which is to preserve Canada and build it better for all its people both now and in the future. This is our challenge. I am confident that we, together with Canadians generally, will respond to it with success. In spite of difficulties which can all too easily be outlined, and recognizing at the same time our past achievements and future potential, I believe that given the basic competence of our people, all Canadians, through individual, government and private sector efforts, working together, will build a country truly reflecting these past achievements and future potential, a greater, more united, more prosperous country for all.

* * *

[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-8, an act to provide for the resumption and continuation of postal services, without any amendment.

* * *

[*English*]

THE ROYAL ASSENT

The Acting Speaker (Mr. Ethier): It is my duty to inform the House that a communication has been received as follows:

October 18th, 1978

Sir,

I have the honour to inform you that the Honourable W. F. Spence, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 18th day of October, at 5.30 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,
Sir,
Your obedient servant,
Esmond Butler

● (1702)

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mrs. Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Crosbie) (p. 233).

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am pleased to have this opportunity to speak today and to add my small contribution to the important debate on the Speech from the Throne. I know that there are several areas in the throne speech about which one could make a responsible comment; however, in the speeches which have already been made in this debate, the unfortunate state of our economy, the high rate of unemployment, rampant inflation, and the constant erosion of our dollar have been tabulated well by other hon. members. For me to dwell further on those matters would only be repetitious, notwithstanding the national importance that these matters have to the people of Canada. This being the case, I would like to deal today with a different aspect contained in the throne speech which has not been dealt with at any length so far in the debate.

Before I do this, it would be remiss of me if I did not mention that we on this side of the House are gratified by the positive results of the by-elections Monday night. I was particularly pleased to see the results in the city of Toronto, which I am sure the Liberal party has always taken for granted because of the large ethnoculture present in that city. Despite all the efforts to woo the ethnocultural vote in many nefarious ways, that segment of the population in Toronto refused to be taken for granted by the Liberal party this time. That segment refused to be taken in by almost empty-handed promises of this government to further the cause of multiculturalism in Canada, which are always highlighted when an election draws near and then quickly forgotten after the election is over.

I do not doubt that the Minister of State (Multiculturalism) (Mr. Cafik) is for the most part sincere whenever he speaks glowingly of multiculturalism across the country. However, I am equally convinced that his representations to his cabinet colleagues fall on deaf ears because he knows, and they know, that as far as this government is concerned multiculturalism means votes at election time, after which it is quickly forgotten.

I can assure this House, as a member of my party responsible for multiculturalism, that our policy reflects the wishes and responses of the many ethnocultural groups which make up more than 35 per cent of our population. The response we have received through feedback from all the ethnocultural

groups as to how we can make our policy even better has exceeded all our expectations. It is encouraging to me and to my party that, when we form the government, the good faith which has already been established between our party and our fellow Canadians whose origins are neither English or French will be translated into good multiculturalism policies which will be long-lasting and not fleeting as the policies of the government on multiculturalism have been since the inception of the program by this government some seven years ago.

Sincerity, Mr. Speaker, sincerity in government is hard to forge unless one is a very good actor indeed. This government would not only be an outstanding candidate for a best actor award but would probably win an Academy Award hands down. However, even after Academy Award winners have had their day, they fade away and are soon forgotten. It would be a blessing for our country if this same fate befell this government, and the sooner the better.

In the Speech from the Throne the government spoke of its commitment to a renewal of the Canadian federation through constitutional change. However, the government's constitutional bill has only provoked widespread criticism, particularly with respect to the claim that parliament can unilaterally amend the constitution in areas which the federal government deems to fall within its prerogative. Many of us are convinced that the government cannot and should not take this type of unilateral action, even if it restricts its efforts to reform certain federal institutions.

Back in 1867 the BNA Act was formulated by a consensus among the initial founding provinces. In fact confederation was built on the premise that the nature of the union would not be substantially altered without provincial agreement. This government seems to have forgotten or chooses to ignore the spirit of intergovernmental co-operation which led to the development of this nation.

A reform of the constitution must and should only be carried out with a willingness to reach a suitable compromise among all levels of government. There must be full consultation with the provincial governments, and every effort must be made to reach a consensus on proposed changes before any proposals are translated into legislative initiatives. Any other approach to constitutional reform would serve only to divide this country rather than unite it.

It is not my intention to debate the legality of the government's position on this issue. Such discussions are better left to constitutional experts. Rather, I would like to direct the attention of the House back to the government's emphasis on four basic principles of constitutional renewal. They are the preeminence of citizens and their freedoms, full respect of native rights, full development of Canada's two major linguistic communities, and the enhancement of our mosaic of cultures.

This is not the first time that a throne speech has expressed a concern for the protection of individual freedoms and a commitment to a more equitable and pluralistic society, a concern which has in the past been full of empty promises and, equally, full of empty results.

In 1970 we were asked, and I quote:

> —to share the excitement, to face the challenge, to pursue the distant ideal of a just society.

Further, we were told that:

> The Canada of the seventies must continue to be a land for people; a country in which freedom and individualism are cherished and nurtured; a society in which the government lends its strength to withstand, rather than support, the pressures for conformity.

In 1973 we were informed that:

> The government would continue to encourage through its multicultural policy the development of a society in which individuals and groups could develop and express their own cultural identity.

The Speech from the Throne of just two years ago contained these words:

> Canada is a diverse country. Unity can result only from a recognition of that diversity, and not from any attempt to impose rigid uniformity. In matters of language and culture, it is important to recognize the personality of the various parts of the country without departing from the principles of justice and generosity, which should apply everywhere.

There is no doubt in my mind that the Prime Minister's office can prepare reams of fine prose on almost any subject, but, putting aside the rhetoric, what exactly has been accomplished by this government in the areas of human rights and multiculturalism? In spite of the lip service paid to multiculturalism, Canadian tolerance of other cultures and languages is surprisingly low.

Bilingualism and the 1976 dispute over air traffic control demonstrate the strong English-French rivalry which exists in Canada today, a rivalry which this government has not really tried to defuse. On the contrary, this government has managed—and managed quite well, I might add—to inflame this rivalry to gain its own ends and for its own purpose.

Certainly the treatment of our native people and new immigrant groups illustrates a deep-seated ignorance by this government of the value of different cultural aspirations in this great country of ours.

Negative feelings, particularly against non-Europeans, but also against certain categories of Europeans such as those from eastern and southern Europe, have been an unfortunate part of the history of this country, and show very little sign of abating. The Ontario Human Rights Commission reports that:

> The number of reported incidents of racial violence in public places has increased dramatically.

Additional evidence of prejudice and acts of discrimination of both a violent and subtle kind have been reported in numerous briefs submitted to the Human Rights Commission by ethnic groups. Accounts of assault, abuse and harassment can be read about daily in ethnic papers. In spite of all this evidence, many Canadians continue to cling to the myth that Canada is and always has been a society devoid of prejudice, discrimination and racism.

The priority that I am giving in my address today to racism and discrimination against minority cultural groups should not be misconstrued as showing any lack of concern about other human rights problems. For example, women have been seeking to break the bonds of sexism and to achieve full employ-

ment opportunity, equal pay for work of equal value, equal employment benefits and equal insurance, credit and property rights, to mention only a few areas of concern. Similarly, the physically handicapped and the aged seek to have their talents fully used rather than being underemployed and isolated from normal Canadian life.

● (1712)

The present government has accomplished little in these areas, and, what has been done is now being dismantled under the excuse of expenditure restraint. Discrimination against various religious groups and sects is also well documented.

However, the most odious form of discrimination, and that which provides the greatest threat to our national unity, is the discrimination based on race or ethnic origin.

There is something peculiarly Canadian about the way a good deal of discrimination is practised in this country. If one can ascribe characteristics to national groups, one would probably call Canadians a people who do most things quietly and dislike making a fuss. We seem to like our diplomacy quiet; we like our political and economic life comparatively quiet. There is no doubt that we like our discrimination quiet. Consequently, much of it is practised quietly by people who do not consider themselves bigots but who discriminate in order to avoid disturbing what they see as the established social order. Such people are the landlords who, while professing their own freedom from prejudice, refuse to rent to members of visible minorities because presumably, their other tenants would move out. They are the employers who reject minority group job applicants for fear of the negative reaction of other employees; or the businesses which exclude patrons from certain racial groups for fear of a general loss of revenue. Of course these people will seldom admit their motives even to themselves; They would not wish to embarrass those who seek jobs, accommodation or services—so they cloak their discrimination in excuses that the job, or the apartment, is gone.

Individually, we must guard against allowing ourselves to practise subtle forms of discrimination against our fellow Canadians. Collectively, it is imperative that we meet the constant threat of discrimination through vigilant and vigorous human rights promotion. We must ensure the vigorous enforcement of the human rights codes which we now have in every province and at the federal level. It is imperative that we strive for a new constitution which guarantees the fundamental freedoms of speech, press, religion, assembly, and which provides protection for minorities and eliminates once and for all the repugnant and distasteful connotations implied in the words second-class citizen.

The proposal to include in the proposed constitution a Canadian charter of rights and freedoms, is welcome indeed. Such a charter would have great psychological value because it would set up a model for both government and public to aspire to and live up to. Furthermore, a constitutionally entrenched bill of rights would have more weight in the courts than existing human rights legislation in Canada.

[Mr. Mitges.]

However, as great as is the need for the charter of rights and freedoms, we all know that you cannot legislate away prejudices or discrimination. Subtle means of discrimination are constantly being devised. However, in spite of this, there are further initiatives which could be taken to bring about a more tolerant climate in Canada. In this respect, the lofty but empty rhetoric of the government is of little value. What is badly needed is greater interaction among all our citizens. This is the key to a greater understanding and more tolerant attitudes among Canadians. Beginning at an early age, Canadians must be taught to respect and appreciate the cultural and linguistic heritage that has become integral to Canadian social development.

The Canadian Consultative Council on Multiculturalism expresses its disappointment that not only are the ethnocultural contributions being largely ignored, but still prevalent is the idea that the education system can be used to try to submerge ethnic identities. To quote the Consultative Council:

> Ethnic diversity is not just a political ideal; it is an inescapable reality. The Canadian education system must provide a more accurate reflection of this reality, if it is to shape a more responsible citizenry for tomorrow.

The Consultative Council was also very critical of the fact that the government has taken little initiative in promoting language learning other than English and French.

The council has repeatedly stressed the important relationship of language to cultural retention, recommending that the government initiate bilateral discussions with the provinces to find more effective alternatives to the cultural enrichment support program.

This program provides only a minimum of support for voluntary organizations to set up extracurricular language classes. The Consultative Council feels very strongly about the need for more language courses in the public school system. Unfortunately, the government has repeatedly ignored the recommendations of the Consultative Council.

Regardless of the fact that education is a provincial responsibility, the protection of human rights and the development of multiculturalism are the responsibility of all levels of government.

The government can no longer ignore the need for lasting and productive federal-provincial discussions regarding the promotion of these ideals.

There is a need, not only in the schools but in the adult population as well, for greater information about the cultural background of the many ethnocultural groups, to eliminate hostile feelings and to eliminate the beliefs in inaccurate and exaggerated stereotypes. There is no question that the multicultural policy should be broadened to include resocialization programs for adult members of the majority society in order to sensitize them to the cultures and the problems that minority members face in our society. In this respect the CBC can play an important role by providing programming which explores the advantages and problems of a multi-ethnic multi-racial society.

Other government agencies, such as the CRTC, the National Film Board, the Public Archives and the National Library, must also shoulder more responsibility in providing accurate information to the public regarding Canada's cultural heritage.

Further, a multicultural policy must be directed toward improving social contacts between the different cultural groups in Canada, and not toward trying to serve each ethnic cultural group almost totally in isolation from each other.

To this end the government should convene national and regional conferences which involve all segments of Canadian society, not just a selected few.

I am distressed by the rumour that the multilingual biblioservice is going to be cut, not because of budgetary restraints, but out of purely political motives. This mini-library operates out of the National Library and distributes books in many different languages for the use of both new immigrants and for Canadians interested in improving their linguistic skills. If this service is dispensed with, we must seriously question the government's commitment to cultural and linguistic diversity. The government's commitment to diversity has been in question on other occasions as well. I have raised this point before in the House, but I think that it bears repeating.

The summer before last the government failed to take the opportunity to make a positive contribution to changing the attitudes of Canadians toward cultural pluralism. At that time we introduced a motion to amend the Immigration Act so that it could take into consideration the multicultural nature of Canadian society. The motion, however, was defeated by the government members of the House. Considering the stance taken by the government on this issue, how can we expect the general public to be open-minded in their attitudes toward cultural diversity?

There is no doubt, Mr. Speaker, that from the beginning of confederation cultural and linguistic questions have always been central to Canada's existence as a unified and civilized nation. Further, it is true to say that the cultural freedom we all cherish covers a broad way of life. It includes our art, our history, our languages, our customs, and the way we organize our social and family life. It involves our attitudes toward others whose backgrounds are different from our own. It involves the reaction of others toward the traditions we value. There is no question, if we recognize the legitimate aspirations of others, that we ensure the recognition of our own aspirations.

● (1722)

Multiculturalism was born because of the wish of many Canadians of different backgrounds to express themselves through their own culture. Multiculturalism injects a measure of fairness and equality regarding the cultural development of this country, making it easier to feel and become involved in the national life of our country.

A unique healthy Canadian culture is very, very important to all of us. However, such a culture cannot flourish in a limbo. It must be lived every day by all of us who are proud to call ourselves Canadians.

Finally, I should like to close my remarks by saying: let all of us open our minds to a better understanding of what it really means to be a Canadian. Then, of their own accord, those misunderstandings which tend to separate us will start to crumble, and we will see ourselves and our fellow Canadians as we really are.

Some hon. Members: Hear, hear!

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the noble sentiments expressed by the hon. member opposite should be commended to all members of the House. Certainly it is fitting that they should be brought forward in the Speech from the Throne debate. I congratulate the hon. member for York South (Mrs. Appolloni) and the hon. member for Verdun (Mr. Savard), the mover and seconder of the Address in reply to the Speech from the Throne.

The Speech from the Throne noted the visit of Her Majesty the Queen to the Edmonton Commonwealth Games, the pleasure which Her Majesty felt, and the surge of national pride which we felt as a result of those very excellent games and the ability of our athletes, coaches, volunteers, officials, and indeed everyone connected with the event. It was a moment of true excellence for Canada. It was an event of which all Canadians can be proud. It is most appropriate that our Head of State, as she is, as her heirs are now and will be under our proposed new constitution, should be there to see the final festival of a decade of development of sport in this country. It was the culmination which sport and recreation in all their diverse elements in this country have striven for during the previous ten years.

Many people say to me, "What is sport?" Often it is very difficult to explain because sport has so many different characters. For some, sport is recreation, an activity which is valued for its own sake alone and one which permits a change of pace from the routine demands of life. For these people, sport really needs no justification whatsoever. It simply is. For some others, sport is a means of maintaining physical well-being or fitness. This approach receives strong support in a society which puts a great deal of emphasis on youthfulness and in more spartan nations which called for a regime of health and strength. For others, sport is an opportunity for status display, for being in fashion, for wearing the latest track suit. For a few, sport is an avenue of social and economic advancement. For a very few indeed, sport becomes the vehicle to enter the elite world of sport celebrities.

There is a sizeable number of organized sports, both amateur and professional, which really are big business. They are linked with the media and advertising. They promote the interests of investors and entrepreneurs. They become profit-making ventures. Big time sport also is a mass spectacle. It includes heroes and villains for millions of young and old. Sport becomes a very dramatic public theatre providing fantasy, identification, and adventure.

I was struck by the hon. member who proceeded me making remarks about this side of the House possibly receiving an academy award for performances which have gone on in this chamber. Undoubtedly his party will receive the television award because of all the changes which have been made for the television audience. I am quite sure viewers have taken note of the fact that they are playing to the television audience and not to the House of Commons. Of course, the traditions are well marked.

Speaking of traditions, for over 200 years Canadians have consciously used sport and physical activity as an avenue through which to improve the quality of lifestyle. As early as the 1700s in this country, people had sticks which they used to push balls around on the ice. No one knew what would happen from that little game back then. That little game became something which, at times, is almost a magnificent problem and a danger to our psyche, at the same time as being a great joy. Also there was another game which became very popular. It was called lacrosse, or la croix. It was heralded across the young and rugged frontiers of Canada as it was beginning to bloom as a nation. It was the manner in which ancient societies of Indian people prepared for war. Sometimes the lacrosse games would continue for six or seven days. Indeed casualties were very, very great. Our reputation as a tough sporting country was launched many generations ago. It was launched before the ancestors of members in this House, with the exception of the hon. member for Kamloops-Cariboo (Mr. Marchand) and the hon. member for the Northwest Territories (Mr. Firth), came to this country. During the ensuing years perhaps we lost sight of that reputation. From time to time it might have come down in our estimation, and risen once again. It always came back into focus, as sure as a pendulum swings.

It was during those hurly-burly heydays that our national passion for hockey wove itself into the very fibre of our nation. There are times when I feel that hockey is the other side of our national character. Canadians are usually regarded as good grey, conciliatory, co-operative, and very mild mannered. Indeed that is true. I understood another speaker to state earlier today that we were a very moderate people. Also that is true. How does one explain our unbridled passion for hockey, for the aggressive side of our nature, the other side of our national character? If we could meld the aggressiveness of hockey with all the other good characteristics of our country and apply it to the economy, we would have the strength and ambition to invest in our own country rather than have the Germans, Japanese, Arabs and everyone else investing in Canada. Let us apply our hockey know-how to investments in our country.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: I should like to tell hon. members more about hockey, because hockey is too important not to be discussed in the House of Commons. The Canadian Amateur Hockey Association was formed in the city of Ottawa in 1912. Today it is still a functioning and viable organization, guiding with authority our domestic hockey programs involving some 550,000 Canadian youngsters.

For many years CAHA was a totally male bastion, as was this chamber. In October 1978, the CAHA decided to sanction females in hockey. Females have been participating in hockey virtually as long as the organization has been in existence, but finally they were given recognition. There are women's hockey teams from one end of the country to the other. Hockey is evolving so much so that there are 13 teams of underwater hockey in the province of British Columbia.

As our domestic programs improved and we conquered all comers in this wonderful game of ours, we began to look toward international competition to satisfy the desire to present and perform hockey to the standards and excitement to which we have become accustomed, because we were very good at the game. However, there was a philosophical difference between the Canadian desire to play hockey and that of most of the rest of the hockey-playing world.

Always we wanted to use our best when we went into competition. The argument which came forward was that other hockey playing nations wanted us to use our amateurs. It was not a reconcilable argument, and Canada withdrew from international hockey in 1969. We are still seeking always best on best, and this has finally been facilitated in some remarkable work by men who represent all facets of Canadian hockey in Canada.

• (1732)

I am happy to be able to say that earlier this year Hockey Canada and the Canadian Amateur Hockey Association entered into an unprecedented agreement which brought, at long last, stability and understanding between the amateurs and professionals. This agreement is a very great step forward, and a tribute to both parties. I congratulate the president of the Canadian Amateur Hockey Association for being so far-seeing as to be able to speak for his people in this way and to sign this document that has literally ended 30 years of disagreement. I also must commend the retiring president of Hockey Canada, Douglas Fisher. I believe that no one has done more for sport in this country than Douglas Fisher, and I believe that bringing forward this agreement through Hockey Canada was the greatest achievement of his contributions to hockey.

This agreement clearly stipulates that Hockey Canada will design the policy governing exchanges dealing with Canada's national teams, be they professional, that is, Canada Cup, and World Championships, Junior—Junior World Championships—or amateur, that is, the Olympic Games. The Canadian Amateur Hockey Association, on the other hand, will continue to deal with matters of club exchanges, official development, rule changes, etc. In short, it has finally been agreed to by all parties, and signed by both parties, that the Board of Hockey Canada, of which the CAHA is a member, will be in charge of ensuring that our international hockey objectives be pursued with vigour, planning, and foresight. The over-all, long-range planning for our involvement in international hockey will be

handled by the Board of Hockey Canada, and we will present a united Canadian front at the council tables of the International Ice Hockey Federation. The Canadian Amateur Hockey Association president was elected to the council of the IIHF as a result of this accord, and Canada retains its two votes on that body's congress.

The hockey furor of 1969 brought into focus once again the concept that the game is our official national sport. Members of this House, I have to tell you that hockey is not our official national sport. Lacrosse advocates will tell you that it is our official national sport. There is no evidence to suggest that any member of this House has ever brought forth a bill in that regard. I commend those people who are bringing in private members' bills, and certain members on this side of the House have indicated to me that they would like to bring in such a bill. I think that we will leave it up to the sports' community to decide whether it is hockey or lacrosse because, indeed, there is a good case to be made for both parties. Both sports are played by so many people and have a great deal to do with our past and future in sport.

In the early 1960s the federal government lent a much-needed support service to the sport and recreation community in this country. Close contact was maintained with the community and with the provinces. For several years we, the Government of Canada, acted as neutral onlookers, and at times we dispersed a little bit of financial assistance and other resources in response to their direct needs. At times we implemented proposals submitted from outside the government, and then there were instructional and promotional materials which we gradually produced, but seldom did the government actually initiate a program of its own.

A number of significant achievements in this country's centennial year changed this entire situation. In the winter of 1968 this government began the first Canada Games in Quebec city, and this first national, multi-sport event at that time demonstrated that Fitness and Amateur Sport, the directorate as it was then called, had a role to play in Canada, and that it was a significant one. It was the chief catalyst and co-ordinator in the planning and carrying out of the fitness and amateur sport crusade. It was during these very same games that the directorate led a discussion under which was born the concept of an Arctic Winter Games.

There is no doubt that all Canadians, regardless of where they live, have a right to equal access to sport, recreation and fitness outlets. So, if we have the Baffin region Inuit games in Pangnirtung, and if the baseball rules are not quite up to the standards of the game being played in the ball parks of Montreal or Toronto, that is to be expected, but it is still a growing thing. The youngsters of this country, no matter where they live, have an equal right, so we have the Arctic Winter Games and we have the northern games.

At the time in 1967 when we brought in the first Canada Games, they were the only winter games in the entire country. Now there are games in every province and in many regions, both summer and winter. There is great progress in the provinces and regions of this country in these various sports programs.

We also hosted the Pan-American games in 1967, just 13 years after we hosted the British Empire Games in Vancouver. There was then a symposium in Montreal to examine leisure time and the possibilities of its consequences in the future. Recreation was seen as a complex, multi-faceted area whose collective impact deeply affected the character of Canadian society. This was when everybody was saying, "My goodness, what are we going to do when we get to the future because we are going to have so much leisure time we are not going to know what to do with it all?" Everybody was potting flowers, and weeding, and learning how to do various types of sports, and moving at a great rate to prepare for this future when nobody would be busy any more.

This development has moved on, because after 1967 came 1969 and the task force on sport, which was initiated by this government, and which produced a report that reinforced the belief that sport is an important component of Canadian culture. Our athletes are as important as those who are from the art world. And here comes one now, Mr. Speaker.

THE ROYAL ASSENT

[*Translation*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

• (1742)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

Bill C-8, An act to provide for the resumption and continuation of postal services—Chapter 1.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Crosbie) (p. 233).

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I was beginning to talk about

the 1969 task force before we moved to the other place. Over 80 per cent of the recommendations in that report have been implemented, and during the period of implementation other studies, reports, and policy statements emerged back in 1970. The then minister of national health and welfare, the hon. member for Hamilton East (Mr. Munro) announced a policy, a first sports policy for Canadians. The paper clearly recognized competitive sport excellence as a consequence of increased participation. We talk quite glibly about the mass participation base and the high performance sports levels. This was the time when we decided that we were going to give some assistance to those people who were seeking the high performance levels, and there were new structures created to tackle specific problems that had been identified.

The National Sports and Recreation Centre was established to house and provide administrative services to many of our national sport governing bodies—54 are resident there out of the 88 recognized sports in Canada—and recreation governing bodies as well. It was the services of this centre which provided them with executive back-up and the means of being able to carry on their executive functions in a businesslike atmosphere. Many people know that various excellent people were elected as volunteers in many of the sport governing bodies. Some had to manage the administration of their sport governing body from their kitchen table or their spare room. Often the president was in one city, the treasurer in another, and the vice president might be in yet another part of Canada. What we have done at the request of sports is to bring further administrative assistance to these sport governing bodies.

Of course other things happened. Hockey Canada was created at that time and "Participaction", which is technically known as Sport Participation Canada, was established to promote the fitness message across Canada. The Coaching Association was created to encourage coaching development through programs and services to coaches at all levels. Coaching certification and apprenticeship programs are recent developments in that area.

Until recently, Canada's performance in international sport could be best described as inconsistent. Our international performance was very much a reflection of what was happening at the national level. Beyond that, one question kept begging to be asked: what opportunities are being provided for young people to participate in this country?

Today, public attitudes to sport and recreation have changed very drastically. Many thousands have participated in national sport championships. In fact some 14,000 have participated in the Canada Games alone, and we expect another 2,400 to join those numbers in Brandon, Manitoba, next year, from February 12 to 24 for the Canada Games.

Then there was the Game Plan Assistance Program. This was for athletes ranked amongst the world's 16 best. Through our grant-in-aid program to student athletes we have been assisting some of the young people at the provincial level to develop their athletic skills. A total of nearly $6.5 million has been awarded to Canadian men and women involved in sport competition to assist them in pursuing their athletic careers.

More than ever Canadians of all ages, Canadians of all backgrounds and both sexes, are participating in this Sport Crusade. In fact, the numbers are quite incredible. From 1972 to 1976, jogging, skiing, and tennis have enjoyed a tremendous growth in participation, ranging from a 148 per cent increase to a 197 per cent increase in these fitness related sports alone.

● (1752)

There was a decade of development for young people. It saw the birth of the fitness awards program. This is a program, one of the very few, we have in the schools of the nation. As hon. members know, the educational system is at the provincial level and there is some difficulty in communicating with the ministers of education of the provinces on national goals and standards in fitness. In Canadian schools there is a great range in levels of fitness and participation in sport. Our fitness awards program has at least brought some awareness to something like 1.8 million young people who have received bronze, silver, and gold crests as a result of their accomplishments in the sport hierarchy within their own peer groups.

Now there is a cross-Canada sport caravan. This is a very interesting demonstration. It has trucks loaded with sport equipment that go into small towns and villages. The demonstrators lay out all the equipment and teach the public how to participate in as many as 40 sports and just about as many fitness related programs. In addition, there is a way in which we can test people for their fitness regardless of age. We can put them through our step test or our fit kit test and show people how to keep fit and keep involved. Because, let us face it, we cannot legislate fitness. We cannot legislate people to be strong and healthy within our society. Yet we know we are spending $8 billion on health care in this nation alone. That could be reduced by as much as 40 per cent if we were to upgrade our own fitness levels, indeed our lifestyle. Alcohol, smoking, nutrition, obesity and fitness, these are the components of a lifestyle that can change that level of the cost of health care.

The cross-Canada sports demonstration program has had as many as two million visitors. This year the Canadian Public Health Association employee fitness project has been carried out in 51 corporations across this nation. This was begun as a make-work project for out of work recreationists, and yet it has turned out to be one of the most exciting projects in which Fitness and Amateur Sport has been involved. We contributed $336,000 to administer the project. Additional funds were brought forward by the Department of Employment and Immigration and the Summer Job Corps added their program to it. The final report of the project is still to come, but we know that some of those recreationists are now permanently employed. Of the group that started 60 per cent are continuing on their own, without any assistance from anyone, to have

fitness components in their offices. Because of this they are keeping their workers in better communion with their own bodies.

Federal contributions to sport governing bodies are, of course, fundamental to the program. Every year national associations submit requests for financial assistance, which are then considered from a feasibility and financial standpoint. During the last year contributions to sport and recreation governing bodies have totalled $24.1 million. I would like to emphasize that figure, Mr. Speaker, because that is just about $1 per head per Canadian. That is what we are spending, about $1 per head. One could probably write it at the bottom of each income tax return if we had the time to say this is where this money is going, and I believe it is well spent indeed.

Greater emphasis is now being placed upon accountability, both fiscal and technical. That means two things in sport. Of course, as with any other group which receives funds from the taxpayers, all sport governing bodies must be fiscally responsible, and so they are accountable to the people. But technical acountability is quite another thing, and one which we are now working on in a way that will make it possible to make the dollars that we do have go further.

For example, is it necessary for the rowing club to go to Florida when they might possibly train in Burnaby? Must we have high altitude training in Switzerland, or can it be done in Canada? Is it possible for us to compete? We must compete. But many people say to me, "What are Canadian equestrians doing in Rumania?" I will tell you: that is where the best competition is. As well I am asked, "What are Canadian fencers doing in Poland?" The answer to that question is: that is where they meet their finest competition, because they are the ones they will be meeting when entering competitions. So, when I am asked, "What are Canadian boxers doing in Cuba?" I will tell them, "That is where the competition is."

And sometimes those people come to Canada because Canada is becoming one of the most distinguished host nations for sport in the world. It is also one of the nations that sport countries like to attend. There have been requests for the World Soccer Championship to be held in Canada. There have been requests for more Pan-American Games, more Summer Games and Winter Games, in fact games of all types. This even includes brand new games that are being requested.

As every one knows, there is a four year cycle in sport. It begins with the Olympic Games. The following year is a year off. After that comes the Commonwealth Games, then the Pan-American Games, followed by the Winter Olympics, and back to the Summer Olympics.

The year following the Summer Olympic Games is "the year off". That year is being looked at by many sport organizations who would like to have world championships at that time. There are tens of thousands of volunteers who have assisted in this program being carried out in every part of the country.

Today is a rather special day. We hear from a number of people when our sport heroes are being honoured. Today a coach will receive the Order of Canada. Her name is Ellen Burka, the coach of Toller Cranston, mother of Petra Burka, and coach of Lynn Nightingale. Tonight Mrs. Burka will receive the Order of Canada. I think that is a well deserved recognition.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Canadians are more aware than ever before of the need to take part in regular physical activity. In my opinion that has been shown by the success of Participaction. Participaction receive $500,000 of taxpayers' money every year. They receive $8 million in free time in the journals and in the electronic media of this country to display ads. That is well spent money because the message is going home.

I hope those of you who are a few pounds overweight, as some of us sometimes are, will be ready, because we are going to aim at obesity with Participaction in the next year. So perhaps we will see a change there.

Now for a look at the future of sport. In 1978 we saw the dawning of what will be another significant ten-year period. The transformation is coming in the wind again, and the ten years ahead will be ones of decision-making.

Mr. Prud'homme: Mr. Speaker, I rise on a question of privilege. On behalf of all hon. members in this House I would like to extend to the hon. Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) our very best wishes on the occasion of her birthday today.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): It being six o'clock, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, October 19, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

IMMIGRATION

DATA BANKS ON IMMIGRANTS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning the Department of Employment and Immigration, and particularly the data banks maintained by that department. I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Minister of Employment and Immigration immediately confirm to the House that his department maintains over 60 data banks on immigrants and Canadian citizens, and that in particular data bank number 4200 contains information on immigrants and Canadian citizens living in Canada and suspected of being, or associated with terrorists, criminals and other subversive elements and, finally, can the minister confirm that data bank 4200 contains the names of at least 500 residents of Canada trained in guerrilla warfare and terrorists at Finsterwalde, in East Germany, and in Algeria and that it also contains the names of approximately twelve professional assassins or "hit men" resident in Montreal and operating under the direction of a branch of the French intelligence service.

Mr. Speaker: Provision under Standing Order 43 permits the presentation of a motion for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ELECTIONS

BY-ELECTION RESULTS—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House, noting that the Prime Minister blamed the recent defeat of the government of Nova Scotia and the even more recent shellacking of the federal government in the by-elections on a general anti-government feeling, urges him to adjust his blinkers and note, following yesterday's event on the prairies:

(a) that when a government governs well it can expect an almost 10 per cent increase in its popular vote, and

(b) that an amendment should be added to the endangered species act to provide for the designation of the last two provincial Liberal MLAs west of Ontario.

* * *

TRADE

CALL FOR TRADE CONFERENCE IN OTTAWA—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to make a motion, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. As the Canadian Manufacturers' Association has recently stated that if this country can overcome its annual trade deficit of more than $12 billion a year in fully manufactured products, we could make available an additional 800,000 new jobs for Canadians to work at, and as a vital aspect of increasing our exports of these very important products is to make Canadian producers more aware of the opportunities which exist for selling their products in the many export markets which are available to them, I move, seconded by the hon. member for Hastings (Mr. Ellis):

That the government recall our trade commissioners from the principal markets of the world at an early date, for a trade conference to be held in Ottawa, where all Canadian producers who wish to investigate the possibilities of selling their products in specific markets can learn from the trade commissioners who serve those markets what the possibilities are and take advantage of them.

Mr. Speaker: Presentation of such a motion for debate can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ENVIRONMENTAL AFFAIRS

REQUEST SAGUENAY RIVER DREDGING CEASE—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with a vital question of pressing necessity for the people of the Saguenay area.

Considering that a report published in 1975 by Professor Loring and dealing with a concentration of mercury in the

area between the Bay and Jonquière containing from 6 to 12.3 parts per million—a rate of 1 part per million being considered a high rate of pollution; considering that under bacterial action, mercury changes into methyl mercury, a toxic product permanently affecting the human nervous system and causing the unfortunately well-known Minimata sickness; considering that the dredging operations now under way on the Saguenay River could very well increase such bacterial activity, 970,000 cubic yards of sediment being removed, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House enjoin the Minister of Transport to put a stop to the dredging operations on the Saguenay River as long as a review assessing the ecological impact of that project and suggesting alternate dredging procedures are not put forward by Environment Canada in co-operation with the Department of Environment in Quebec.

Mr. Speaker: Under the provisions of Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

URBAN AFFAIRS

LEAVE OF ABSENCE OF WM. TERON—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the Ministry of State for Urban Affairs has been without a full-time deputy minister for nearly one half year, despite assurances by the Minister of State for Urban Affairs and the Prime Minister that Mr. Teron was being granted only a four-month leave of absence, I move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That the Minister of State for Urban Affairs make a statement on motions today outlining the present status of Mr. William Teron and the conditions under which the extension was granted.

Mr. Speaker: Such a motion can be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

ARTS, LETTERS AND SCIENCES

REQUEST FOR IMPLEMENTATION OF DISNEY REPORT—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise to move a motion under Standing Order 43. In view of the government's general restraint program and cutbacks in funding to the arts, which will result in even more professional actors and artists being unemployed, and in view of the fact that these creative people are not covered by unemployment insurance benefits as are other self-employed people, such as fishermen, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House instruct the Minister of Employment and Immigration to implement forthwith the recommendations of the Disney report pertaining to unemployment insurance benefits for professionals in the arts.

Mr. Speaker: The presentation of such a motion for debate can be done, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

APPOINTMENT OF MEDIATOR-ARBITRATOR IN LABOUR DISPUTE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Acting Minister of Labour. The minister will know there are continuing serious difficulties in getting postal services restored in the country. He indicated in the House on October 17 that he would be appointing a mediator-arbitrator within hours of passage of the bill, and he would be doing that after consultation.

Can the minister now tell us whether that mediator-arbitrator has been appointed, who it is, and whether consultation has occurred?

Hon. André Ouellet (Acting Minister of Labour): Consultations are taking place, Mr. Speaker. The search for a suitable person is actively under consideration. I hope to be in a position to make such an appointment very soon.

Mr. Clark: Mr. Speaker, none of us in this House wants to inflame this very difficult situation. However, it is very difficult for us to understand why the minister is encountering such difficulty and why the government is delaying so long in the identification of a mediator-arbitrator.

Can the acting minister give some indication as to when he expects such a person to be in place and, consequently, when he expects serious negotiations to begin?

Mr. Ouellet: If the Leader of the Opposition does not want to inflame the situation, Mr. Speaker, he should take my word that I am actively working to find a suitable person who is ready to accept the job and actively carry out his responsibility in the very near future.

Mr. Clark: Mr. Speaker, we will, naturally, want to inquire why the government, which has known about this problem and has, presumably, had legislation prepared for some time, was not acting more quickly even in advance of passage of the bill, considering the possibilities of those people who might be in a position to accept this matter. That is a question we can pursue at another time.

May I now ask the acting minister what action the Government of Canada is taking right now to assist those workers who are members of the Canadian Union of Postal Workers and who want to go back to work but are being harassed or threatened in their attempt to do so? What steps are being taken to ensure that those postal workers who want to go back to work can do so?

Mr. Ouellet: Mr. Speaker, these questions are very much in the mind of the government. We do not need the Leader of the Opposition to remind us of these points. The Postmaster General is taking steps in this direction.

[*Translation*]

MEASURES TO RECALL STRIKERS

Mr. Joe Clark (Leader of the Opposition): Perhaps the matter is well accepted by the minister but we in the opposition need answers. What specific measure is the government taking now to ensure that the employees who want to work will be in a position to start working today?

Hon. André Ouellet (Minister of State for Urban Affairs): The Leader of the Opposition should put this question to the employer, namely to the Postmaster General.

[*English*]

JOB SECURITY OF RETURNING STRIKERS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, perhaps I can pose a question to the Postmaster General, who has been keeping a low profile in all these recent events in the Post Office. In view of the large number of postal workers who have indicated their desire to keep the mail moving, can the Postmaster General inform the House and the people of Canada what assurance he has given that their jobs are secure, that they will be free from harassment, and that the government will move immediately to resolve the crisis of its own creation by moving expeditiously to implement the long-term solutions for labour-management relations that have been advocated by the official opposition for many months now?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I have been saying for several weeks that the present government would take its responsibilities in case of a crisis, and I think we did so when we passed Bill C-8 with the co-operation of the opposition. We intend to continue to take our responsibilities.

● (1417)

[*English*]

Some steps have been taken in co-operation with the Minister of Justice, so that all the power of civil laws will be applied to people picketing, to ensure that everything illegal will be prosecuted and that our workers will be free to get into installations and post offices and be free and secure to work.

I should like to add that even though we are taking very definite steps as far as that area is concerned, we do not want to be unduly harsh with our postal workers, though we intend to be firm in our resolve that the law shall be obeyed. Those who feel secure in the thought that they will not be prosecuted are very much mistaken. The leaders must recognize that the full force of the law will be applied.

Some hon. Members: Hear, hear!

Mr. Lamontagne: Above all, those workers who wish to work must be able to do so in the secure knowledge that they will be protected from those who would intimidate them.

Mr. Dinsdale: Mr. Speaker, I have an important question to ask. Can the Postmaster General deny, or confirm, reports that instructions have gone out from management to lock out employees who are anxious to keep the mails moving? Where did these instructions come from? Is the Postmaster General aware of them, and what is he doing about it, because such action would constitute breaking of the law by management itself.

Mr. Lamontagne: I can assure the hon. member that no such order has been given. I ask him to show a great deal of understanding with regard to this matter. We are dealing with a very ticklish situation and we would like the workers to be assured that they can work in the Post Office and do so freely.

* * *

STATISTICS CANADA

EFFECT OF FOOD PRICES ON CPI

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. It has been announced that Statistics Canada, when providing its annual figures next month for changes in the consumer price index, intends to downplay the role of food prices as an element of that index by some 3.5 per cent.

Since the reason for making the change has to do with patterns of consumption which are now four years old—a smaller percentage of family income was spent upon food four years ago than is the case now—will the minister prevent this change which will have a profoundly misleading impact on the price index, given the fact that food prices have risen by almost 15 per cent so far this year?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, this change reflects one of the

recommendations which followed the first ministers' conference. The premiers of Ontario and Alberta felt the consumer price index was too heavily weighted as far as food is concerned, having regard to the average Canadian food basket. More Canadians were eating out and for that reason more labour was built into the satisfaction of their food requirements. The two premiers requested this updating of the consumer price index. We found there was considerable agreement with them and we have taken steps to move the index more in line with the food baskets of average householders.

Mr. Broadbent: I did not know the hon. gentleman would be following the advice of Conservative provincial premiers: maybe it has something to do with his own history.

● (1422)

I would like to quote from a secret cabinet document dated June 14 of this year. It is a federal cabinet document, not a provincial cabinet document, in which it is stated:

There is little evidence to suggest that the proportion of income spent on food is continuing to decline and it could even be slightly higher.

That document was prepared after consultation with the minister's seatmate and a number of departments. If that is the case, could the minister tell the House why, when food prices are actually playing a more significant role in terms of family expenditures, the government is going to downplay them as an element of the consumer price index?

Mr. Horner: Mr. Speaker, Statistics Canada operates in the best way it knows. We could advise Statistics Canada as to what action it should take. In this case, following the first ministers' conference, we did ask Statistics Canada to take a look at the component parts of the food basket. With regard to the percentage of disposal income Canadians spend on food, that percentage has not gone up noticeably at all. In fact, it is probably the lowest percentage of any of the industrialized countries.

Mr. Broadbent: Mr. Speaker, the minister is totally ignoring the findings of his own government's interdepartmental assessment of food prices as an element of the consumer price index, which is one of the considerations at which the government itself was looking.

Considering that pension cheques and family allowance cheques are indexed according to changes in the consumer price index, and that lower income people and people on fixed incomes, such as pensioners, spend a much higher percentage of their income on food than others, does the minister not agree that the change the government is now embarking upon will be disadvantageous and unfair to the precise group of Canadians who need assistance most?

Mr. Horner: Mr. Speaker, the hon. member's premise is quite wrong. He is referring to an interdepartmental document which was circulated among various departments. It is not a government document. The government did not accept that assertion. It was just one of a number of positions put forward.

[Mr. Horner.]

In view of the hon. member's desire to quote figures, I would like to raise a question of privilege and deal with some figures he suggested were correct yesterday. The hon. member seems to be very anxious to read secret documents, but he will not read the public documents we put out and ask him to read.

I would like to point out to the hon. member and to the House generally that old age pensions will be raised by, I think, $20 per month starting today.

* * *

[*Translation*]

ENVIRONMENTAL AFFAIRS

REQUEST SAGUENAY RIVER DREDGING CEASE

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my question is directed to the Minister of Transport. The minister is probably aware of the complaints voiced by the people in Saguenay-Lac-Saint-Jean concerning the dredging being done in the Saguenay River and the danger caused by mercury, as was demonstrated by qualified authorities. Can the minister tell the House whether he will consider or order an extensive study on this question, and whether he will immediately take action before going further with this work, so as to preserve the environment in this area?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I acknowledge the representations made by the hon. member and I will seek to give him an answer.

* * *

[*English*]

POST OFFICE

PROTECTION OF RETURNING STRIKERS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the Minister of Justice. The Postmaster General referred to the minister's department as being prepared to take whatever steps are necessary to ensure that a significant number of the members of CUPW who wish to return to work can do so safely and quickly.

Can the minister tell the House, the public and members of CUPW just what those steps are and what assurances the minister can give to those who wish to return to work and to obey the law?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can assure hon. members that we are examining all the courses of action which are open and the advantages of the various courses of action. We will be taking such steps as make sense in order to assure the best possible results.

• (1427)

Of course, that involves enforcing the law and, above that, I hope that all members would join me in requesting that all citizens in Canada obey the law, since in a democratic state it is well known that it is not through sanctions but through willing obedience that the law is enforced and order is maintained. I think that is extremely important at this time. In that context, I would not elaborate on the specific forms of action which we will take, except to assure hon. members that we are very actively engaged in examining the choices.

Mr. Fraser: Mr. Speaker, a number of members of the Postal Workers Union, the inside workers, have indicated that they are very anxious to return to work. It is not clear how significant that number is, but there are some. It seems to me that it would be proper to urge upon the minister to say something a little more definite to assure these people that there would not be any intimidation or acts that do not fall within the law which we passed the other night, but other acts against the Criminal Code, and I say that keeping in mind the fact that the vast majority of union members in this country are law-abiding citizens and are prepared to obey the laws of Canada.

Mr. Lang: Mr. Speaker, I agree with that. Certainly, I would think that in the ordinary course the workers in question, having seen the law passed by parliament, would feel safe and free to return to work. Of course, if there are any suggestions of criminal activity, intimidation or threat, these are matters which will also engage the attention of my colleagues, the provincial attorneys general. In that connection, I hope that any evidence of any such occurrences would be brought to my attention or that of the provincial attorneys general at the earliest possible moment.

ALLEGED LOCK-OUT OF RETURNING STRIKERS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Postmaster General, who should be aware of the situation in Orangeville, Ontario, where the local members of the Postal Workers Union wrote to a number of offices urging those workers to stay on the job in the national interest, and where the local workers in Orangeville reported for work on Monday and Tuesday and kept the office open, with the result that mail was delivered to some 12,000 homes in the area, only to find on Wednesday that on orders from Ottawa the postal management has decided to lock them out without pay.

I ask the Postmaster General how he can possibly justify this disgraceful betrayal of these dedicated and loyal employees.

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, the incident at Orangeville was brought to my attention so that I could look into it. I feel the example of the employees there should have been followed by many other postal workers throughout Canada. The only reason that decision was made was that, because of the strikes at other post offices, no mail was reaching Orangeville, and so they would have been given access to the building but without having any work to do. It was rather difficult for us to do so, under the circumstances; we therefore told them to go back home. It was not a matter of having what is known as a lock-out. We merely told them to return home and that we would call them back as soon as there was work to be done.

[*English*]

Some hon. Members: Shame!

Mr. Beatty: Mr. Speaker, in six years I have never seen a more shameful performance by a minister. Does the minister deny it was the postal management at Ottawa with the advisory committee of the Post Office, of which the Postmaster General himself is a member, who decided upon the policy that these employees would be locked out, not only in Orangeville but in other areas where the postal workers had decided to go back to work and to keep the Post Office open, without pay?

Can the minister give an assurance to the House today that these dedicated and patriotic Canadians who work to serve the people in their communities will get full pay for the day they were locked out, and that this disgraceful circumstance will never be repeated in the future?

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I can guarantee all those postal employees who want to work in our offices, where there is work to be done, that they will be welcome. We will give them work to do and they will be paid. I do not think a department or any responsible organization can be asked to pay employees when there is no work to do. Still, I feel that as time goes on, as more employees go back to work the more we shall be able to give them work to do.

• (1432)

[*English*]

Mr. Beatty: Mr. Speaker, there was work for these employees to do and the Postmaster General should be aware of that. Never again can the government ask people to sacrifice in the national interest, by returning to work during a strike to provide an essential service, if they find they have been treated so shabbily.

Some hon. Members: Hear, hear!

Mr. Beatty: Can the Postmaster General give the House firm assurance that the policy of lock-out has stopped as of today and that no postal employees in the country have been locked out by postal management?

Mr. Lamontagne: Mr. Speaker, if the policy of lock-out has been existing, it will be stopped.

Oral Questions

PARLIAMENTARY COMMITTEE STUDY

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is directed to the Postmaster General. Six days ago, as reported on page 64 of *Hansard*, in response to a question by the hon. member for Hamilton West with respect to the need for a parliamentary committee, the Postmaster General said the following:

Mr. Speaker, I do not think I ever said that I wanted a parliamentary inquiry, or that I ever suggested that.

How does the Postmaster General reconcile that statement with his reply to me on March 7, 1978, as reported at page 3518 of *Hansard*, when I asked for a parliamentary committee at that time and the Postmaster General said that such a committee was not necessary then because they knew the problems, could probably find the answers, and he concluded with the following words:

If not, I will be very happy to agree to that request.

Would the Postmaster General be happy now to agree with that request and appoint a parliamentary committee?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I do not think that, as things now stand in the department, there is need for a parliamentary committee. I feel we are fully aware of the problems and that, with the various studies made throughout the years that have been brought to our attention, we can take the required decisions. One very important decision was made by the Prime Minister, the cabinet and the government members, namely to set up a Crown corporation as soon as possible. Then, all hon. members will have the opportunity to express their views before a committee of the House if they so wish.

* * *

[*English*]

TRANSPORT

MOVEMENT OF GRAIN ON GREAT LAKES

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Transport. Having regard to the expressed optimism of the Minister of Transport yesterday that a settlement of the traffic tie-up on the Great Lakes might be reached, and since it did not occur and presumably discussions and negotiations are ongoing, can he bring the House up to date on the progress of the discussions involving the two interested parties and the representative of the government?

Hon. André Ouellet (Acting Minister of Labour): Yes, Mr. Speaker, discussions took place last night. Some proposals were studied by the parties overnight. Discussions resumed this morning and are continuing at the present time.

Mr. Mazankowski: Mr. Speaker, since the statements of the Minister of Transport expressing optimism are hollow, as is usual with his statements about other matters, how many more days of optimism will we have to go through before service is resumed in a normal fashion, which service is necessary and in the public interest?

Mr. Ouellet: Mr. Speaker, the only report I can make at this time is that discussions are continuing and that mediation is progressing at a good speed. I think it is useful for members of the House to allow the normal process of mediation to run its course, and not to intervene with any suggestions or put undue pressure on this normal process which is now taking place.

* * *

PUBLIC SERVICE

INDEXING OF PENSIONS

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the President of the Treasury Board. It concerns the ongoing, comprehensive review which the government is carrying out on the retirement income situation of all Canadians and, more specifically, with the forthcoming amendments to the public service pension program with respect to the indexing of pensions, to changes in the cost of living.

In view of the fact that the last twenty-year Canada Savings Bonds paid 9½ per cent, that the central bank rate is now 10¼ per cent, and since the minister told the House in March, 1978, that he would set the indexation rates for the next three years in the month of October, 1978, will he confirm that there is sufficient money in the superannuation funds from interest earnings which will be realized from pensioners' investments in the program to pay full indexation of these pensions?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, as the hon. member for Ottawa-Vanier has indicated, I announced to the House last March that the review of the rate at which the basic public service pension payments could be augmented, or supplemented, would be examined in light of the funds available to the basic pension fund related to the excess or additional interest paid on those funds, that portion owned by the pensioners themselves. That study is under way by the chief actuary now. I expect to have the report very shortly.

I am very hopeful to be in a position to make an announcement in October as to the proposed rates for the next three years. Also, the preparation of legislation for an amendment to that plan is almost finalized. We hope to introduce it in the House soon. I will be more explicit at that time as to the amount and degree of available supplementation. As the hon. member has noted, the bond interest rate will have its effect upon that.

ROYAL CANADIAN MOUNTED POLICE

ALLEGED SECRET TRIAL OF CORPORAL RADEY

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Solicitor General. According to the Canadian Broadcasting Corporation, a secret trial is being conducted by the Royal Canadian Mounted Police in Toronto of one, Colonel Radey, who turned over to the Laycraft commission information indicating that he and others had been bugged by RCMP officers.

Will the minister inquire into the facts of this case and inform the House the basis of the charges against Colonel Radey? Also, will he look into the question of whether he is being denied counsel, and whether the secret hearing and denial of counsel is not, in fact, a breach of individual human rights conferred by the Bill of Rights?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, that matter was drawn to my attention immediately prior to my coming into the House. I would be pleased to make inquiries and report on those areas upon which reports can be made.

Mr. Brewin: Mr. Speaker, I am told by one of my colleagues that I referred to the gentleman as Colonel Radey. I meant to say that he was a corporal, not a colonel. I did not intend to promote him so rapidly.

An hon. Member: Perhaps he should be promoted.

Mr. Brewin: Yes, perhaps he should be. My supplementary question is directed to the Solicitor General. It is my understanding that the former solicitor general, the hon. member for Argenteuil-Deux-Montagnes, claimed in an affidavit that the information on this entire matter affected national security. Will the minister look into the involvement of the former solicitor general in this matter and advise whether the claim that it involves national security is false, an abuse of the privileges of the solicitor general and, indeed, a sort of cover-up? Can he inform the House about that matter?

Mr. Blais: Mr. Speaker, with reference to the alleged affidavit, as I understand the matter from very cursory information, it relates to evidence adduced before the Laycraft commission. As the hon. member recalls, the then solicitor general filed an affidavit at that time as is permitted under the Federal Court Act. Also, as the hon. member knows, there has been a complete report filed by the Laycraft commission. That report is available to the hon. member. If he wishes to have a copy of it, I will make one available to him. The matter has been disposed of in terms of the Laycraft commission itself.

With reference to the corporal, while I do not have the information requested by the hon. member in his initial question, I would point out to him that in the last session of the House we introduced Bill C-50 which dealt with amendments to the Royal Canadian Mounted Police Act as a result of the Marin inquiry dealing with the question of internal discipline affecting the RCMP. It is the full intention of the government to deal with that bill and reintroduce it at an early time.

• (1442)

[*Translation*]

POST OFFICE

MEASURES TO ASSIST STRIKERS TO RETURN TO WORK

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I would also like to direct my question to the Postmaster General.

In answering several questions in the House this afternoon, the minister has given an idea of his intentions. However, I would like to know, Mr. Speaker, what the minister is actually doing, besides making statements and giving words of encouragement, to help the postal employees who want to work get back to their jobs? Besides words of encouragement and statements, what is he actually doing to help those people who want to work get back to work and to settle the situation?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, may I take the opportunity of this question to clarify a reply I gave a few moments ago? I asked the Deputy Postmaster General if there had been lock-outs anywhere in Canada. There have been no lock-outs up to now anywhere in the country, and therefore any employee who comes to work will be received and paid.

To answer the hon. member's question, all our divisions throughout Canada have been instructed to take all the necessary legal steps to inform our employees that they are welcome to come back to work. And following the statements made by the Minister of Justice and the Minister of Labour, we are making the necessary arrangements so that, if need be, civil forces will be used to keep our entrances open. Those who may want to block the way for our employees at postal facilities will be prevented from doing so.

* * *

FLOODS

MINISTER'S ANSWER TO QUEBEC REGARDING PROTECTION AGAINST FLOODS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the minister of environment.

Last week the minister of natural resources in Quebec informed the press that he had sent a telegram to the minister to make sure that he could go ahead with his flooding protection program. Since he did not receive any answer from the federal minister, would the minister inform his provincial counterpart about the program to which the federal government committed itself last year to protect the Montreal area against floods?

[*English*]

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I will have to check my office and see if a reply is ready. I have been in British Columbia on government business for the last four days. Certain cuts have had to be made in the program. I will be happy to get back to the hon. member.

[*Translation*]

INQUIRY WHETHER MINISTER WILL HONOUR UNDERTAKING GIVEN TO QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary question.

Is the minister prepared to confirm that he had indeed signed an agreement with the government of the province of Quebec on that matter? If so, would be tell the House tomorrow, at the latest, if he is going to honour his undertaking or if that will pass with the constraints we have already experienced?

[*English*]

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, we have a flood protection agreement, as well, with the province of Quebec, the province of British Columbia and some other provinces. We did make cuts in that flood protection program both in the province of British Columbia and in the province of Quebec. These were some of the very difficult measures the government had to take. I will be pleased to look into the question that the hon. member refers to about Quebec's representation. I have not yet had a chance to look at that matter in my office.

* * *

GRAIN

MOVEMENT OF NO. 3CW

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is directed to the minister in charge of the Wheat Board. In view of the large amounts of No. 3 red wheat in the eastern and northern prairies from last year, and again this year, so that some farmers are delivering grain with their deferred quotas this year, can the minister tell the House and the farmers what the chances are for significant movement of the large volume of this grade in the coming crop year?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can assure the hon. member that the Canadian Wheat Board, as always, takes note of the type of grain available and does its best to adjust its contracts and selling practices to that grain. In this particular case, some of the large contracts—including that with the Chinese—allow for an option for No. 3CW, and that is fortunate.

The over-all movement of grain will be excellent and I look forward to at least as much being moved as last year. At the present time, we are something like 20 million bushels ahead of last year's movement when, in the end, we almost hit a record. That should be good news to the farmers in general.

Mr. Ritchie: A supplementary question, Mr. Speaker. Are No. 1 and No. 2 grades being given priority over the movement of No. 3, as many farmers suggest, and is this due to the fact that the transportation system just cannot handle the volume available?

Mr. Lang: Mr. Speaker, the Wheat Board always gives priority to the grain it needs at a particular time. That depends on the contracts they have with buyers all over the world and the dates on which they want to take delivery of a particular grain. Obviously, the Wheat Board has no alternative but to try to put into position at terminals the grain which will be needed in a given month.

* * *

POST OFFICE

ALLEGED LOCK-OUT OF RETURNING STRIKERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I wonder if I might put a question supplementary to those already directed to the Postmaster General. It is a two-part question. If he is certain in his own mind that there is no lock-out procedure being followed by his departmental officials in various parts of Canada, can he explain why the doors of the Dartmouth post office were locked this morning, when to my certain knowledge a number of those employees wish to return to work?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I have just checked with my deputy minister. He told me that after having heard the question in the House, he had looked into that matter himself and that there was no lock-out in Canada as far as he knows. If, unfortunately, there was one, this will be straightened out immediately because it was by no means intended. That is all I can say. We will do everything possible to welcome back our employees in the warmest possible way so that they can resume work as soon as possible and maintain the postal services.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a question for the Solicitor General, who on Tuesday, in reply to a question from the hon. member for New Westminster, indicated that documents that he had produced within the meaning of section 41 of the Federal Court Act to the McDonald commission had in fact been produced, in the legal sense,

if I understood his response correctly. I want to make sure that I did understand his response.

Is it the minister's position that these documents requested by, and now having been delivered to, the McDonald commission have been produced within the meaning of the Federal Court Act and, therefore, are exempt from any provision of section 41(1) or section 41(2) of the act?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the question that was asked of me by the hon. member for New Westminster was of a more general nature than that. I will have to review specifically what the hon. gentleman advances. It requires a great deal of study and it requires a very strict legal interpretation. I will get back to the hon. member.

Mr. Jarvis: Mr. Speaker, while the Solicitor General is conducting this in-depth study, on this side we wonder why he refuses to give the commitment that the provisions of section 41 will not be implemented against the McDonald commission. Will he determine whether these documents have, in fact, been legally produced and therefore the provisions of that section are completely inapplicable? If so, would he then give the commitment we have been seeking for days and weeks, that he will not invoke the provisions of the act? That becomes academic because the documents, legally, have already been introduced.

Mr. Blais: Mr. Speaker, I know the hon. gentleman likes to engage in academic debates. I will seek the opinion he wants from the Minister of Justice and make a copy of it available.

* * *

GRAIN

MOVEMENT OF NO. 3CW—POSSIBILITY OF PLACING UNDER QUOTA

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question arises out of the reply given by the Minister of Transport to the hon. member for Dauphin. All over northern Saskatchewan today farmers find themselves in the position, as a result of the great rainfalls' effect on No. 3, unable to dispose of it except of course on the open market, in which case they lose the 50 cents per bushel.

Is there any possibility of the government facing this situation, to the end so that farmers with No. 3 will get on quota and be assured of at least some return in respect of the crops that they have had?

● (1452)

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the farmers have available to them a cash advance program which is interest-free and which allows them to take a very substantial portion of their final returns, or at least their returns at the elevator, without actually delivering grain and then waiting until quotas open in order to pay back that advance. I would hope that many farmers would rely on this, rather than choosing for other reasons to deliver to the open market when they would prefer to deliver to the Board.

At the same time, of course, the Wheat Board is very conscious of the quantities of No. 3CW grain available now. Obviously, they could not sell 3CW until they saw the harvest situation because farmers do not intend to grow that grade. They have to match their sales after the fact.

As I indicated to the hon. member for Dauphin, because of the quantities available even last year, some substantial sales have been made of 3CW and this should mean quotas will open. I can, however, seek further information from the board on what they may project as to any progress.

Mr. Diefenbaker: Mr. Speaker, that did not answer the question. There was a matter of indebtedness, and I simply asked the question because farmers everywhere are asking for a reply. Is there any probability that number 3CW will go on quota within the next week or two, otherwise they are greatly discouraged in consequence of the fact that they have this wheat on hand. They know, of course, about advances without interest, and the like, but that was not the nature of the question I asked.

I was simply asking for information, not for the purpose of doing anything to place the minister in an invidious position, but simply to be able to let the farmers know whether in the view of the Wheat Board or the government—and that seems sometimes to be an alternative way of expressing the authority over wheat—there is a probability of No. 3CW being given quota position soon?

Mr. Lang: Mr. Speaker, I think it was fully appropriate for me to draw attention to the cash advance, since the right hon. gentleman suggested that farmers were having to sell their grain at low prices rather than waiting for quotas to sell to the board. Obviously, the cash advance allows them to get the cash, hold their grain and deliver it to the board at a later date. So the very point the right hon. gentleman was making was baseless in view of that.

As to the question of whether an indication can be given to farmers about quotas, I will put that question to the Canadian Wheat Board to see whether they would choose to make a forecast at this point about quotas in the future.

* * *

[*Translation*]

URBAN AFFAIRS

POSSIBILITY OF PROVIDING CHEAPER APARTMENTS—GOVERNMENT POSITION

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, I have a question for the Minister of State for Urban Affairs.

Since the government mentions amendments to the National Housing Act in the Speech from the Throne, can the minister tell the House if he plans on introducing special legislation concerning non-profit corporations and housing co-operatives

so that they may offer cheaper apartments than they are now doing in my constituency?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, as soon as the bill to amend the National Housing Act is introduced in this House, amendments to the act will be proposed to make it easier to have more low cost public housing in Canada.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

FORESTRY—CLOSING OF GOVERNMENT LABORATORIES

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is to the Minister of State (Environment). In view of the importance of the forest industry in Canada and the need for research and development to keep Canada ahead in world markets, how does the minister justify the $5 million reduction in expenditure which will result in the closing and privatizing of government laboratories which have been doing vital research that the industry itself has not been doing?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the Government of Canada still maintains a very good research program for the forest industry. There is an important research laboratory at Sault Ste. Marie. There are important research labs at other centres such as Edmonton, Victoria, Quebec city and in Newfoundland. These have all maintained vital research programs.

The two forest products labs that are being privatized, one in Vancouver and one in Ottawa, have been the subject of discussion for some time. The industry has been asking the Government of Canada for more participation in these labs, and it was with that in mind that the President of the Treasury Board made the recommendation that he did that these two particular labs be privatized.

The total budget for those two labs was $7.3 million. The cut covering both of them was $3.3 million. The federal government still maintains a very large contribution to these labs in the way of $4 million. I want to assure the hon. member that the discussions we have had with industry and the provincial governments have been very fruitful. Industry has given us a positive response so far. I ask the hon. member not to look at this matter negatively, but positively. We believe this participation with industry and with the provincial governments will strengthen those labs.

Mr. Symes: Mr. Speaker, the minister should examine the research figures in Canada. The amount of research done for the forest industry is one of the lowest among the various industries in Canada. Indeed, I do not think the lab at Petawawa falls within his definition of forest products labs.

My supplementary question is this: in view of the fact that Canadian and American studies show that those sectors of the economy which received comparatively higher rates of research have had higher rates of employment and productivity, how can the minister guarantee that the private sector labs will carry out the vital research that needs to be done, when experience has shown that these labs concentrate on design of new products and marketing rather than on the vital long-range planning which we need to help our exports?

Mr. Marchand: Mr. Speaker, if the hon. member reads the answer I gave more carefully, he will see that there are two different parts. We will maintain the long-term, vital research that the forest industry depends upon, in the various regional forest research labs that we have. Those were untouched.

As far as Petawawa is concerned, I recently had very good representations from my colleague, the hon. member for Renfrew North-Nipissing East, along with receiving a delegation of mayors and reeves. I am looking at those representations which have been made to me. If there is some way in which we can meet those suggestions, I will be happy to do so.

* * *

URBAN AFFAIRS

STUDY OF PUBLIC OPINION

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is for the Minister of State for Urban Affairs. It is prompted in part by a recent CBC radio report which indicated that the federal government has hired the Institute for Behavioural Research at York University, in Toronto, to do an extensive survey of public opinion at a cost of $700,000.

Can the minister inform the House how the collected data and findings will be used, and when will these findings be made public?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I will inquire into this matter and report to the House.

* * *

FISHERIES

RIGHTS OF INDIAN BANDS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the minister—don't tell me he has gone again!

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): In any event, in his absence I will direct my question to the Prime Minister because this is a matter of serious import within the cabinet. One minister said that another minister had goofed, on Tuesday at page 166. I wonder, in view of the implication of the goof, whether the Prime Minister can tell them—

An hon. Member: Just a regular goof.

Mr. Munro (Esquimalt-Saanich): It was the Minister of Indian Affairs and Northern Development who goofed.

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): I will explain.

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): The problem arose at a result of the failure of the minister to inform another minister about a very serious matter. It concerned an Indian band resolution which gave Indians jurisdiction over fishing on the reserves that would have to be disallowed.

Can the Prime Minister see the long-term implications of this goof, and could explain whether disciplinary action has been taken in the ministry concerned, or against the minister, or by any chance could he explain why these things should occur? Does the disallowance have to be delivered by an order in council, or is it just done by default, by a failure to take some action?

Mr. Hees: Don't goof.

• (1502)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know if the hon. member was here when the Minister of Fisheries answered this question at some length the other day. It seemed quite clear from his answer that there is the fisheries legislation on one hand, and the Indian legislation on the other.

As happens every day in our society, there are conflicting laws that have to be resolved. These conflicts are resolved. They have been resolved by this government. It does not mean that because two laws are in conflict, somebody goofed. Each minister applies the law as he sees it. The importance of government is making sure any conflict is resolved, as it will be and as the Minister of Fisheries said it would.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I was here and I heard one minister say there had been a goof, and the only way the goof could have taken place was because his ministry had not been informed. Is the Prime Minister telling the House and this country that this matter is going to be overridden by statute law, or is it the treaty law which will supervene and take over in this case?

Mr. Trudeau: Mr. Speaker, it is quite clear the hon. member is now asking a legal question. One minister applies the statutes of his department.

An hon. Member: It's a goofy question.

Mr. Trudeau: I agree with the colleague of the hon. member; it is a goofy question.

Some hon. Members: Oh, oh!

ROUTINE PROCEEDINGS

[*English*]

AUDITOR GENERAL

TABLING OF OFFICE AUDIT REPORT

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, pursuat to Standing Order 41(2) and in accordance with section 22 of the Auditor General Act, I have pleasure in tabling the audit report of the office of the Auditor General for the fiscal year ending on March 31, 1978, in both official languages.

* * *

PRIVILEGE

MR. HORNER—EXPORT STATISTICS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I rise on a question of privilege. After question period yesterday, the hon. member for Oshawa-Whitby (Mr. Broadbent) rose on a question of privilege and suggested to the House I had left an incorrect impression by the use of some figures with regard to manufactured goods and agricultural products that are exported. I then rose and suggested I did not believe I had, but that I would check the facts.

I am pleased to see the hon. member for Prince Edward-Hastings (Mr. Hees) and the hon. member for Oshawa-Whitby in the chamber because it should be brought to the attention of both members that the Minister of Supply and Services (Mr. Goyer) is now distributing a document entitled "Canada's Trade Performance 1960-1977". Each member of parliament should have this in his office, either today or very shortly.

On page 20 of the document it can clearly be seen that food, beverages, and tobacco exports accounted for 10.4 per cent of our total exports in 1977. Inedible crude materials, including petroleum and gas, accounted for 20.3 per cent of our total exports. Inedible fabricated materials and finished manufactured goods totalled 69 per cent of our total exports in 1977.

For the information of the hon. member for Oshawa-Whitby, I will give the figures. Exports in the automotive trade accounted for 23.8 per cent. While I am on my feet, Mr. Speaker, I wish to say, with regard to finished products, that when the hon. member for Prince Edward-Hastings was minister of trade and commerce in 1961—

Mr. Speaker: Order, please.

Mr. Horner: —finished products amounted to 8.8 per cent of our total trade.

Mr. Speaker: Order, please. The minister did say yesterday that he would check these figures and bring them to the attention of the House today. The question concerns the one raised yesterday by the hon. member for Oshawa-Whitby (Mr. Broadbent). I see he is on his feet to complete the matter.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I appreciate the fact the minister has brought out some figures, even if he is quoting from a source not yet available to all members of parliament. I am not concerned about that aspect. In fact I do not want any of the data he is providing.

When I rose yesterday, I did not say the minister had misled the House. I said if I understood what he said that he might have, and I asked him to clarify the situation, which he has done today. I do not want to get into that kind of quibbling game.

The issue that seems to be of real substance, and which was raised in the question period by the hon. member for Prince Edward-Hastings (Mr. Hees), really pertains to what we mean by an end product. The minister has removed the problem. I will look with interest at the data in the new book. However, I am absolutely certain at this point that the figures the minister is using to suggest we are now in a position of being a net exporter of manufactured goods or finished products is profoundly misleading. I want to say why, so that the minister can clarify—

Mr. Speaker: Order, please. I am equally certain, with the hon. member for Oshawa-Whitby, that we have met the question of privilege and are entering the area of debate, which can be taken up at some future time. The matter of privilege is clearly closed.

GOVERNMENT ORDERS

[*Translation*]

WAYS AND MEANS

INCOME TAX ACT

Hon. Jean Chrétien (Minister of Finance) moved:

That the ways and means motion to amend the Income Tax Act laid upon the table, Friday, October 13, 1978, be concurred in.

Motion agreed to.

* * *

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, the borrowing authority bill now before the House seeks a supplementary borrowing authority of $7 billion for the fiscal year ending March 31, 1979, and borrowing authority of $10 billion for fiscal 1979-80. This bill also seeks explicit authorization for the government to borrow in foreign currencies as well as Canadian dollars, and amends the Financial Administration Act so as to clarify that use of borrowing authority is calculated on a "net" basis.

As hon. members will recall, the government's cash requirements, exclusive of foreign exchange transactions, amounted to $8.3 billion in fiscal 1977-78, and the current fiscal year's cash requirements, exclusive of foreign exchange requirements, will be in the order of $11.8 billion, as I have said many times in the last few months.

In total, therefore, our domestic cash requirements for fiscal years 1977-78 and 1978-79 will be about $20.1 billion.

In addition to these cash requirements arising out of our domestic operations, the government has, during the last 12 months, arranged foreign borrowings of $750 million U.S. and $1.5 billion Deutschmarks, and has already arranged stand-by lines of credit of $5.5 billion U.S. These financial arrangements have been undertaken in order to add to Canada's international reserves and to provide assurance that the government is in a position to supplement the net inflow of capital into Canada.

As hon. members are aware, the government is now in the process of borrowing a further $750 million through the issuance of bonds on the U.S. market.

Let me now review the borrowing authorities that have been granted from March of 1977 to date, and against which borrowings in this period have been charged.

• (1512)

In March, 1977, borrowing authority of $7 billion was provided to meet anticipated cash requirements for fiscal year 1977-78. A further $9 billion borrowing authority was sought and provided as part of the income tax bill passed in December, 1977. Finally, on March 22, 1978, additional borrowing authority of $5 billion was granted.

This makes a two-year total borrowing authority of $21 billion which is not sufficient to meet the combination of domestic borrowings for the $20.1 billion in cash requirements for the two fiscal years ending next March 31, and our foreign borrowings to date of about $4.5 billion. Nor does it allow a margin to bring our borrowing authority in line with the amounts available under our already negotiated stand-by credit facilities.

As to our domestic debt program to date, during fiscal 1977-78 the Government of Canada raised in the Canadian markets about $3 billion net through the issue of Treasury Bills, about $3.4 billion net through the issue of marketable bonds, and about $1.7 billion net through the issuance of Canada Savings Bonds, for a total of about $8.1 billion.

During the current fiscal year to October 11, 1978, about $1.5 billion net has been raised domestically through the issue of Treasury Bills and $2.9 billion net through the issue of bonds in the Canadian markets.

The bill now before you requests supplementary borrowing authority of $7 billion to cover the balance of the domestic debt program for the current fiscal year, including a new series of Canada Savings Bonds, and as I have said, for the possibility to provide for further requirements in our foreign exchange transactions, including the use of our stand-by lines of credit.

The bill also provides borrowing authority of $10 billion for the new fiscal year beginning next April 1. We have previously indicated that cash requirements excluding foreign exchange transactions, are expected to be $9.7 billion for fiscal 1979-80. The government's cash balances at the beginning of the next fiscal year should be sufficient to allow part of the 1979-80 requirements to be met through a rundown in cash balances. The borrowing authority now being sought will thus provide a margin for contingencies.

Canadian dollars obtained by the government through the sale of foreign exchange reserves may eventually be needed in order to repurchase foreign exchange. For this reason the government intends to raise most of its domestic cash requirements in the Canadian capital markets rather than by running down its cash balances.

I would like now to turn to the section of the bill amending the Financial Administration Act. In the act as it now exists there is some uncertainty concerning the amount to be charged against the statutory borrowing authority in any period. This arises particularly in connection with short-term borrowings under the revolving stand-by lines of credit negotiated with Canadian chartered banks and international banks. When a borrowing is first made under a revolving stand-by credit pursuant to section 37 of the FAA, it is clearly a charge against the borrowing authority. At maturity date the borrower may wish to extend the borrowing for a further period immediately. Pursuant to section 38, this would not be a charge against the borrowing authority, because the borrowing is made to repay a maturing issue. Should the option be exercised after a delay, however, because of the manner in which section 38 is worded it may constitute a further charge against the borrowing authority.

This result would clearly restrict the full use and flexibility of the revolving stand-by lines of credit. The proposed amendment to the Financial Administration Act would clarify that it is only the net increase in outstanding debt from the date of the borrowing authority to the date of calculation of use of this authority that would be charged.

[*Translation*]

Mr. Speaker, the bill we are introducing in the House today aims at clarifying certain situations concerning financial administration and at increasing for the final months of fiscal year 1978-79 the borrowing authority of the government on financial markets, as well as at obtaining for fiscal year 1979-80, the authority to borrow up to $10 billion for government operations.

Mr. Speaker, I would like to move second reading of this bill. I want it to be referred as soon as possible to the committee, where myself and officials from my department will be able to provide hon. members with all the details they may require on this bill. During the past, such bills were generally introduced at the same time as the supplementary estimates. We are now introducing a bill directly in the House, which greatly simplifies the work of opposition members. Very often in the past, these authorizations were given on the same day as the supplementary estimates were passed, and very often—and rightly so in my opinion—hon. members complained that they did not have enough time to analyse these proposals. I therefore wanted to proceed immediately to the consideration of this important bill so as to obtain the required authority as soon as possible, and also to give hon. members the opportunity during consideration of this bill in committee to ask the questions which may concern them.

The Acting Speaker (Mr. Ethier): The hon. member for Edmonton West on a question of privilege.

[*English*]

Mr. Lambert (Edmonton West): Mr. Speaker, would it be possible to get a copy of the statement which the minister has just put on the record?

Mr. Chrétien: I have only one copy here. I could have it copied right away rather than send it—

Some hon. Members: Oh, oh!

Mr. Chrétien: Well, between the people and members of parliament I will give it to the people. I will have other copies later on.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, the bill which is before us, though small in size, is of tremendous importance to the nation and to the people of Canada.

Mr. Peters: You are right. It is a disaster.

Mr. Stevens: What the minister has expressed in a ten minute speech is his wish for parliament to give him authorization to borrow a further $17 billion in the name of the people of Canada. To put things into perspective, what the minister has asked is that we agree, by passing these few simple clauses, to give him, along with his colleagues, authority to borrow an amount which is greater than the entire national debt at the conclusion of the second world war. We are asked in this one bill to grant the minister authority to borrow funds greater than the entire nation borrowed in its fight for survival against Hitler and the hordes against which we were engaged in conflict in that horrible war.

Again, to put the matter into perspective, how many of us realize that when the "emperor" first took control and became Prime Minister of Canada in 1967 the total unmatured debt amounted to $19,900 million? At that time the debt carried an average interest rate of 4.71 per cent. When the "emperor" first took power, this nation had less than $20 billion in total debt, which was costing us an average of 4.71 per cent interest. If this authority is now granted and if this government goes

ahead with the borrowings, which presumably it intends to go ahead with, we will find that the total debt in Canada will jump from the $20 billion to which I referred to $74 billion. Not only will that be the total debt, and the impact on future Canadians is obvious, but the interest rate will also rise from the 4.71 per cent to which I referred to an average of approximately 8 per cent.

● (1522)

What I am leading up to is that this House must come to grips with the economic blackhole which liberalism has sunk us into in the last 15 years. This government casually sought and obtained authority to borrow $7 billion in March of 1977. In December of 1977 this minister sought and obtained authority to borrow an additional $9 billion. In March of 1978 he sought and obtained authority to borrow another $5 billion. He added it up for us today. He said the total came to $21 billion. That is one figure he has right. Let us add the $17 billion he is requesting today, and we find that since March of 1977 this government has sought authority to borrow $38 billion. One thing which I think is perhaps often overlooked, or perhaps misunderstood, is that the authority which has been requested is additional authority. As the minister has made clear on previous occasions, any outstanding bonds can be re-financed, so what we are being asked to approve today is additional authority for $17 billion. On the minister's own admission, since March of 1977 the government has already received authority to borrow $21 billion.

Once again the minister has said that this bill should be expedited and passed quickly. This should arouse our interest. Why is it so important to interrupt the throne speech debate in order to put before this House a measure which is not an economic measure or a budgetary measure but which is a request that we quickly approve borrowing authority amounting to a further $17 billion? The reason I ask this is that I think this question of urgency shows the ad hoc nature of the dealings this government is engaged in, month in and month out.

I know that the minister is conveniently forgetful, but he did refer to authority which was obtained in 1977 and 1978, and it is interesting to go back through *Hansard* to see exactly what he said at that time as to what would be the effect of those borrowings and why they were needed.

The borrowing requested by the minister on November 7, 1977, is described by him at page 646 of *Hansard* for that date. The minister said that the government was rapidly running out of borrowing authority and that the government needed money for various reasons. He went on to say that it was vital to avoid any unnecessary delay in proceeding with the bill at that time. He said that, to a considerable extent, the economy depended on business confidence and that the measure then before us was extremely important in order to secure that confidence. At that time the government was seeking authority to borrow about $9 billion.

After describing that bill the minister went on to say that the increase in borrowing authority sought at that time was to cover estimated financial requirements into the next fiscal year, and to provide a substantial margin for contingencies. We granted that authority on the understanding that it was not only enough to cover that fiscal year but that it would contribute a substantial amount for the next fiscal year.

That brings me to March 16, 1978. At page 3859 of *Hansard* for that date we find the debate on the new request for authority to borrow $5 billion. The minister had this to say:

> The authority in this bill to borrow a further $5 billion, together with the unused portion of the $16 billion authority granted in March and December of 1977, should provide the government with sufficient borrowing powers to meet all cash requirements for the fiscal year 1978-79, and provide a margin as usual for contingencies.

Surely the House must ask this minister what went wrong? Why were we told in March that if we granted borrowing authority for $5 billion that that could be sufficient for the current fiscal year, when we now find that a further $7 billion is being requested? Think of the magnitude of what this minister has done. He told us in March that in the current year he needed a further $5 billion, and now we find that he needs an additional $7 billion. In view of what I have said, asking us to give speedy passage to this bill is absolutely irresponsible and an affront to this House.

Let me clarify one thing. Certainly most of us—I know I am one—cannot comprehend billions of dollars, but let us not allow that to distract us from the hard truth of what this government is doing.

This government has allowed its spending to get so out of control in relation to its revenue that we now have an ever-mounting deficit on the budgetary account which, in turn, has to be financed in one way or another. That is the simple truth. We are being asked to authorize borrowing of $7 billion for this current year and another $10 billion for the next one, and we are not being given the slightest indication as to what the picture will be in fiscal 1980. That is something we should not tolerate.

Where are the facts and figures? Why does the minister need this blanket borrowing authority of $10 billion for fiscal 1980, which is the period from April 1 of next year to March 31, 1980? The minister slipped into a press conference here in Ottawa, misled the press and tried to mislead the Canadian public by boldly saying that the government cut back its fiscal 1980 spending to $52.6 billion, that our cash needs are $9.7 billion and that "Isn't that great?" Hon. members will note that the minister did not reveal his revenue estimates for fiscal 1980. He did not make it clear to the press or to the Canadian public that, according to his own internal figures, revenue will be less than $40 billion, resulting in a shortfall, by the government's own figures, of $13.3 billion in fiscal 1980.

Mr. Chrétien: False.

Mr. Stevens: The minister says "false". Let him do two things. Later in the debate let him put his revenue and expenditure estimates with respect to 1980 on the record. The minister says what I say is false, but an official in his own department released those figures. Let the minister argue with

his own official. Perhaps he does not understand what his officials are trying to tell him.

Mr. Lumley: Who was the official?

Mr. Chrétien: What is the name?

Mr. Paproski: Ed Lumley.

Mr. Stevens: Ed is as good as any.

● (1532)

What I have indicated is that we are now, thanks to 15 years of misrule by the Liberals, in a position where 75 cents of every $1 that they are spending on the current account is having to be financed in one way or another. That is what is happening; let us not kid ourselves. The money they are asking us to allow them to borrow is not going into, say, building an Alaskan pipeline, is not going into helping to solve the grain transportation problems in the Canadian west, and is not going to help the fishermen on our east or west coasts. It is literally covering the expenditures of last year's or this year's consumption. That is where they need the money. It is money that is gone.

Let us take a look at what we are being asked to finance by this government. In this regard I guess we were inadvertently helped by the government because on October 10, in its anxiety to clear many of the questions that had been on the order paper for some time, it answered some of them, and I invite hon. members to go through some of the answers because they will find some revealing statistics on how the government has been spending our money and why it is now asking us to allow it to borrow more money.

Here is the type of thing we will be financing if we approve this bill. In the 1978 fiscal year the total telegram bill incurred by the Ottawa government was $5 million. Where did they send their telegrams to? What is involved in that $5 million bill they ran up? Here is another really funny one, Mr. Speaker. In spite of the fact that we have a Post Office which is running a deficit to the tune of $700 million, guess where they spent $8 million? They spent $8 million on courier service that year.

Some hon. Members: Oh, oh!

An hon. Member: No confidence in the Post Office.

Mr. Stevens: They spent $8 million on courier service on the excuse, which they gave when they were questioned, that they had to use that service because, to use their words, the Post Office does not provide similar day or overnight service.

Some hon. Members: Oh, oh!

Mr. Stevens: Let me put this into perspective. I indicated that they spent $5 million on telegrams and $8 million on courier service, which makes $13 million, which presumably could have been used on the Post Office to some extent.

What they are really doing now is saying, "We do not have any money in the till to pay that $13 million, so would you let us put it out in the form of a debt?" However, the minister does not say—and here is the crux—when the debt will be repaid, and judging from their past record, if they find it hard to balance a budget, guess how hard this "emperor" and this crowd would find it to have a budgetary surplus! So, if there is no budgetary surplus, the debt we are being asked to approve will obviously have to be incurred for an indefinite period. Let me put it into perspective: the type of money that the government has been spending, or wasting in many cases, will now be financed.

The Canada Savings Bonds issue is now at over 9 per cent annually. Do you know that at a 9 per cent interest the cost of what we are now approving will double every eight years? That is the cumulative effect. At 9 per cent interest, within eight years you will have to repay twice the original amount. Let us not lose sight of that. The $13 billion shortfall, which the minister will have to reveal sooner or later, between his expenditures and his revenue sources in the coming year, will result in 25 cents on every $1 they are spending having to be financed some place.

Basically what the government is doing is to consume and spend today, and expecting future generations of Canadians to live with that debt. Every eight years the entire amount will have to be repaid in interest alone.

Let me give you some other examples of the amounts the government has been spending and is now asking us to authorize it to borrow to keep the till filled. In the 1978 fiscal year the government had vacant buildings, many of them right in this area, which cost $1.5 million in rent. We are now being asked to approve a $7 billion borrowing which will cover that $1.5 million in rent for vacant accommodation.

There are other such expenditures. For example, the government has spent on briefcases alone—and boy, some of their offices must be lined with briefcases—some $70,000 in one year.

An hon. Member: That is for their bagmen.

Mr. Stevens: Let us keep our eyes on the ball. It is great for the minister to stand up for ten minutes and say, "I am out of money, please get on with it and give me authority to borrow $7 billion, no questions asked." I think it behooves every member of the House to dig in and say, "First, before you ask us to okay your borrowings, tell us where you spent all that money." For example, not only did they have all those briefcases—

Mr. Chrétien: You have approved the spending.

Mr. Stevens: The minister says we have approved the spending. You see, there he goes; he is forgetful again. On March 16, when we approved the last $5 billion in borrowing authority, the minister—I will remind him of that—said that that would meet all cash requirements for the fiscal year 1978-1979.

Some hon. Members: Oh, oh!

Mr. Stevens: That is what we approved on March 16. Now we are being asked to approve for the same year another $7 billion. I ask the minister to get his facts a little straighter.

I am just giving a small tip of the iceberg regarding where the government has been spending money in Canada. As you know, the government has some very friendly advertising agencies on which it depends a lot. I do not want to draw any particular inference from this, but I find it very interesting that one advertising agency alone, on behalf of the Anti-Inflation Board, was paid $445,000 to tell us what inflation is all about. There is no mystery about where inflation comes from—we are dealing with it right here. It will come out of Bill C-7.

Inflation, basically, is the result of the government running too big a deficit, which in turn means it has to borrow funds, which in turn means the Bank of Canada has to borrow some of those funds, which increases the monetary system in the country and gives us the inflation. So how wonderfully odd it is that the government has spent $445,000 on McClaren Advertising which is telling us what causes inflation, without, presumably, realizing that that $445,000 will increase the government's deficit, which means it will have to borrow more money, which in turn creates more inflation in this country.

It is not only people like McClaren who have contributed to our problem. We have all heard of Goldfarb. Apparently Goldfarb did some very useful work for this government. That company told the Prime Minister (Mr. Trudeau) that the water is hot and he should not try an election or he will get clobbered. I wish Mr. Goldfarb had taken a trip to the far south or gone some place else, because the greatest thing that could have occurred, both economically and politically in this country, had Mr. Goldfarb not so instructed the Prime Minister, would have been for the Prime Minister to have tested the water some time this month or next month.

Some hon. Members: Hear, hear!

Mr. Stevens: I think it is interesting to take a look at where the money we are now being asked to authorize was spent. Goldfarb picked up $100,000 of it—that was his fee for one assignment alone.

As I come to the Parliament Buildings every day, month in and month out, I watch the construction of the steps going down to the Bytown Museum. Even to my untrained eyes it looked like a pretty expensive job, but I must admit that when I asked what those steps cost—and there are about 40 of them—I was flabbergasted to find they cost $410,000—just steps to go down to the Bytown Museum a few months of every year.

● (1542)

There are various examples of what the government has been up to, Mr. Speaker. How many of us recall the $200,000 which was spent on a study to determine how long people spent in public washrooms? Let us not lose sight of that. Because the government is now faced with a deficit, that $200,000 must be financed at 9 per cent, and every eight years that $200,000 doubles. The silly little study will cost the Canadian public $400,000 in eight years, and $800,000 in 16 years. As a result of that study, we have knowledge as to the amount of time used by males and females in public washrooms. As far as males are concerned, it was an average of 41 seconds, and as far as females are concerned, 75 seconds. This is the fiddling around that the government has been engaged in while the nation faces one of the most serious economic crises faced by any nation in the industrial world.

Not only must the minister explain more fully why this borrowing is needed, but he should deal with some other interesting questions. One such question relates to borrowing in foreign lands. There should be no doubt that clause 4 of the bill has a very good purpose. The money lords of Wall Street told this little minister that they wanted the authority of the Parliament of Canada behind the borrowing, that they do not trust him. They want parliament to confirm that the authorization to borrow $7 billion, and eventually $10 billion, is in fact backed by the Parliament of Canada, not just by a government which will hold office for a few further months.

The minister chose not to explain why the bill included an authority to borrow $10 billion in fiscal 1980. We know nothing about fiscal 1980. The House has been furnished with no figures. We do not know what the expenditure and revenue forecasts are, or what the budgetary deficit will be for that year. Why should we be asked to hand him blindly an authority to borrow $10 billion during that year? What is the rush? We know the government is planning an election. Perhaps it would be embarrassing in April or May of next year to request that $10 billion authority. If that is the only reason, I wish the government would admit it. It is not good enough simply to ask us to okay blindly a $10 billion authority without giving the usual, expected budgetary figures before any fiscal moves are made by parliament.

Some hon. Members: Hear, hear!

Mr. Stevens: We must put into perspective how well or how poorly the country is doing. I could quote from many economists and analysts, but I should like to refer to the relevant quarterly report by Wood Gundy, the largest investment dealers in Canada. In September, 1978, that firm had the following to say about our economy:

> Despite an official commitment by Prime Minister Trudeau to a 5 per cent real growth rate, our August Forecast looks to no more than a 3.3 per cent increase in real GNP this year, with the rate falling further to only 2.2 per cent in 1979. Some improvement is likely in 1980, largely as a result of a pickup in capital spending, . . . We therefore expect unemployment to worsen over the next two years, averaging 8.7 per cent in 1978 and 9.1 per cent in 1979 before moderating to 8.9 per cent in 1980.

We are being asked to give a borrowing authority for 1980, yet a reputable investment house told us that our economy will be so sluggish that there will be 9 per cent unemployment for the entire three years—1978, 1979 and 1980. We have ended up with huge deficits, huge debts and the highest unemployment since depression years. That is the culmination of this

black hole of Liberalism. That is how far the government has pulled the nation down in the 15 years of its rule.

It is important to analyse what this vicious inflationary spiral looks like. We find that the federal government incurs deficits which must be financed by selling securities. The government has found that it can no longer sell sufficient securities in the Canadian domestic market, because obviously interest rates are driven up the more that is done. Thus the government resorts to selling securities to foreigners in foreign currencies. There are only three other countries in the world which resort to such financing to cover consumption deficits in their home economies. Those three countries are Zaire, Panama and Spain. That is the level to which our economy has been dragged by the government extending our borrowing into foreign jurisdictions.

This is a serious matter, because when a debt in foreign currency is incurred, one must speculate as to how much that debt will be currencywise when it is time for repayment. For example, the German loan which was incurred in May of this year provided a little less than $800 billion Canadian. It would cost an additional $130 million Canadian to repay that loan today. The government undertook to repay that amount of interest when it borrowed the $800 million Canadian. The more we borrow in foreign currency, the more the risk will be extended.

The minister should have come into the House requesting a $17 billion borrowing authority to put capital investments into place. What would $17 billion do? I understand that it would build 150,000 homes in Canada. Perhaps it would build two Alaska pipelines.

Now that the government basically has drained the domestic market, it is resorting to borrowing foreign funds to cover consumption deficits in the country. Deficits are being incurred which result in financing by selling securities. Then the Bank of Canada is forced to buy many of the securities to stabilize the market and to ensure a success as far as government issues are concerned. In so doing, the Bank of Canada pumps reserves into the banking system, which leads to a multiplied level of money and credit in the system. Excessive credit expansion then leads to a long trend in declining liquidity among our banks and corporations, which raises the level of risk which, together with the continuing rise in loan demand, raises the level of interest rates through the economy.

● (1552)

That is the cycle they are putting us through, Mr. Speaker. In our late stage of liquidity deterioration, companies have become less able to withstand business downturns; they are less resilient on the recovery. This is demonstrated by our increasing level of bankruptcies, especially among small businesses. According to Dun and Bradstreet, in the first six months of this year bankruptcies were up 40 per cent over last year. Bankruptcies in Canada have jumped to the point that today, rather than having one bankruptcy in Canada for every ten in the United States, the ratio one would normally expect, we have seven bankruptcies in Canada for every ten in the United States.

The problem caused by the federal government's massive federal funding is also reflected in our mortgage field. This week we have seen interest rates on mortgages go still higher. We are also faced with a rising foreclosure rate in home mortgages. Central Mortgage and Housing Corporation, for example, paid out insurance claims on 1,051 residential units to the end of August this year, against 405 for the whole of last year.

I would suggest that fiscal discipline has clearly broken down at both the cabinet and administrative levels of government. This is partly a problem of philosophies that must be changed, and it is partly a problem of structure which must also be altered. A general election will presumably rectify the problem of philosophy, but even here one important barrier to any solution is the lack of understanding by many voters of the true origins of inflation to Canada. And not only inflation, but all the other problems associated with that phenomenon.

Not only has the government misled the Canadian public concerning the causes of our inflation—high unemployment, lack of real growth, and current account deficits—but this misrepresentation has been pounded home by the New Democratic Party who have deliberately told the Canadian public that we need more of what has already made the nation so sick.

If there were a better public understanding that it is the national cumulative deficit, the public debt, which becomes our public debt, that has caused inflation, people would not be picketing supermarkets, but would be picketing the Parliament Buildings. They would not complain to their members of parliament about taxes, they would complain about the Bank of Canada building that has been a-building for five years at a cost of $53 million. They would be complaining about the mammoth spending programs launched by this government.

There is something we must not lose sight of, Mr. Speaker. Year after year we subsidize the CBC. It has cost the nation over $3 billion in total. To the degree that the government has to finance those subsidies, it is now putting us on the treadmill of not only having to pay for the initial subsidy but to pay 9 per cent interest per year. That is what it has led us into, Mr. Speaker.

We must bear in mind that higher taxes and inflation are only the symptoms; spending is the problem with this government. In the short term the government must go on a diet to avoid a severe coronary later on. In the long term, structural and philosophical changes are required.

In the United States the Legislative Reorganization Act of 1970 makes it necessary for the administrative branch in that government to price out the cost for new legislation for five years into the future. We need that approach here, not only for new legislation but for old.

In the past 15 years all governments in Canada have increased their share of the GNP by over one-third. Let me repeat that, Mr. Speaker. In the past 15 years all governments

in Canada have increased their share of the GNP by over one third. No other industrialized nation has had that type of escalation in governments' take. One half of this spending is at the federal level. In terms of actual levels of spending, the federal government's expenditures will amount to $52.6 billion in 1980, compared to $6.4 billion in 1960, an eightfold increase in 20 years.

In a recent special study by the C. D. Howe Institute, H. V. Kroeker summarizes his suggested improvements which I think we should consider. He said:

Ultimate control of, and accountability for, the expenditures of government must be exercised by the legislature. The Canadian House of Commons is hampered, however, in effectively carrying out this role because it has not adapted quickly enough to the demands placed on modern government. To enhance and reinforce parliament's role requires a number of improvements which parallel those proposed for the internal expenditure process of the federal government. These improvements include—

He then itemizes a list of things he would like to see improved. One is a general assessment of past and future trends of government expenditures covering a span of ten years, five years into the past and five years into the future. He would also like to see the preparation of the economic basis on which future projections have been made, such as the expected rates of growth in the gross national product, rates of unemployment, inflation, wage increases and so on. He would like to see the preparation of comprehensive government overviews of programs, along with an indication of how these relate to government policy and other programs. He would like to see the introduction of the right of parliamentary committees to investigate, at their initiative, matters that fall under their mandate, and to call public servants as witnesses on technical matters or in relation to the implementation and funding of programs. He would like to see the creation of a parliamentary committee on economic and expenditure policy to review longer term projections and trends, and finally, he would like to see the introduction of the accounting-officer concept as part of the mandate of the public accounts committee. I think these things, or perhaps modifications of them, are badly needed.

This is getting out of hand. It is not a matter of trivial deficits any longer; it is a matter of the government literally being able to finance out of current revenue only 75 cents of every dollar it is spending. Yet I do not see the slightest indication by this government, and certainly not by the minister, of an attempt to facilitate the types of review I have summarized and which, presumably, have been endorsed by the C. D. Howe Institute.

In his contribution to the throne speech debate the Prime Minister (Mr. Trudeau) said that we ranked sixth or seventh behind various other countries. Presumably that was an attempt to contradict what we in this party have often said, that we have dropped from second to seventh in the world, but I think he had in mind that first, second and third were Kuwait and countries like that. Just the odd time the Prime Minister is of help. In his speech he listed the six countries that are actually ahead of us. If we take the Prime Minister's six, plus the six we were referring to—West Germany, Belgium, the United States, Norway—we would find that we are thirteenth. Something must have got through to the Prime Minister. In fact Canada has dropped to thirteenth, if you include the countries he named, compared to second—

Mr. Martin: Specify your six.

Mr. Stevens: If you want, I will be glad to—Switzerland, Sweden, United States, Denmark, West Germany and Belgium. I know the parliamentary secretary is greatly pleased with his new appointment, Mr. Speaker. I wish him well in it, but I suggest that if he needs any more information he should go to the Prime Minister for it. He knows the names of the other six countries which are also ahead of us.

This is what we are faced with in this bill, Mr. Speaker. We are faced with the fact that the government only last spring told us they needed $5 billion more borrowing authority to get them out of this year. Now in October they find they need another $7 billion, and they want specific authority to borrow part of that $7 billion in a foreign currency. They have even gone further and said, "For good measure, throw in another $10 billion for fiscal 1980; we will probably need that too."

● (1602)

Obviously, the situation is out of control. I believe that we must, in order to put it into perspective, vote against what the government is asking us to approve. Before I sit down I intend to move a motion. My motion will be that we not now read this bill but that it be considered objectionable in principle for the mere fact that the government is requesting us to grant an authority for massive borrowing in a future fiscal year and yet we have no proper budgetary presentation to allow us to judge whether that authority should be granted or not. But, Mr. Speaker, in truth we need some figures. We need information. Why did this borrowing authority request come before the budget? Surely the proper sequence would have been to bring in the budget, let us see whatever figures the minister is willing to put before us, and let us then come to our own conclusion whether a borrowing authority of $17 billion is warranted.

We know the reason for the urgency. They are in trouble. They are in trouble in New York because they have to satisfy some legal firms in New York that they have the authority to borrow the money they would like to borrow now. That is why they want to put this bill through. Surely they owe it to us to give us a lot more detail. They owe it to us to show us, for example, what the future trends are in Canada, assuming that they allow this 9 per cent increase per year to follow up to, say, 1984, and revenues to continue to grow. If those figures are projected, it will be found they are very startling. One will find that the budgetary deficit, rather than contracting, is going to get bigger year by year. In short, if the government can only be as restrained as they indicated in their press conference, and if revenues are maintained at the level that they have been in recent years, the deficit in 1984 will be considerably bigger than it is today, and today it is totally unacceptable.

Put it again into perspective. This government have the audacity to hint or to say that they are being restrained, and

yet they admit that the deficit is somewhere around the $10 billion level. That deficit in relation to our federal government spending is triple the deficit that the United States government is living with now. It is triple in relation to our spending compared to the American deficit in relation to their spending. The Americans are worried. But I do not sense that this government are worried about anything other than getting re-elected. That is all they are concerned about. Whether the country is economically in good shape or bad shape becomes secondary to them in their anxiety to try to win favour once again with the Canadian electorate.

In closing, perhaps Thomas Jefferson, many years ago, put this type of situation squarely. He said:

> I place economy among the first and most important virtues, and public debt as the greatest of dangers . . . we must make our choice between economy and liberty, or profusion and servitude. If we can prevent the government from wasting the labors of the people under the pretense of caring for them, they will be happy.

Some hon. Members: Hear, hear!

Mr. Stevens: Having said that, I would like to move the Amendment to which I earlier referred. I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

> That all of the words after "That" be struck out and the following substituted therefor:
>
> "this House holds the opinion that the granting of an authority for massive borrowing in a future fiscal year, in advance of any budget presentation for that year, is objectionable in principle and this House therefore declines to give second reading to Bill C-7."

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): With the permission of the House I will reserve judgment as to the acceptability of this amendment and render judgment at a later date.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, the idea of borrowing $17 billion must really do something to the imagination of the people who contemplate it. If we have to borrow that kind of money, something is seriously wrong in this society.

One has to look at the need to borrow the money. There is no question that, faced with the kind of slackness in the economy that we have, a deficit under the present circumstances is probably unavoidable, and that the alternative to not having a deficit and having a balanced budget—and I am not sure that my friends to the right are suggesting that we have a balanced budget—would be to make the unemployment rate of the thirties look like a picnic.

As a matter of public policy the borrowing has to be carried out. But it is sad to think that this is the only way it can be done.

While I was listening to the hon. member for York-Simcoe (Mr. Stevens) use the figures from Woods, Gordon, an interesting thought occurred to me. The thought did not occur to me when my own leader was using those figures the other day.

Mr. Stevens: I am using Wood Gundy figures. The hon. member for Oshawa-Whitby (Mr. Broadbent) was using Woods, Gordon.

Mr. Saltsman: Thank you. It is the same thing for Wood Gundy because Woods, Gordon is somewhat tainted with Liberal tendencies; Wood Gundy is not. Therefore, it makes it more useful to talk about Wood Gundy.

I presume Wood Gundy have been reading the polls, like everyone else, and I presume that they are making the assumption that perhaps the Liberals will not be in office in 1980 and that the Conservatives will be in office then. Yet despite that kind of possibility, Wood Gundy is saying that "we are still following the same disastrous course that we are on at present." With that in mind, I think the hon. member for York-Simcoe has one or two conclusions to reach. First, his party is not going to form the government in 1980, and Wood Gundy is making these predictions based on the Liberals remaining there and continuing their policies. Second, they are going to form the government, and it isn't going to make a damn bit of difference if they do or not, because the predictions are not going to be changed. That is really the point I want to make.

When one looks at $17 billion one has to ask and tell oneself that this is a serious problem. When you deal with the magnitude of that problem, what sort of suggestions are made as to the cause of it? We hear about a misspending of $5 million on telegrams, $17 million on courier services, and $400,000 to an advertising agency. Even when you add up all these little figures, you do not come anywhere close to $17 billion.

● (1612)

Even assuming there is some waste and mismanagement, as there tends to be in all large organizations, the way to correct it is not simply by being more efficient in government. As desirable as that may be, it is not going to knock out the $17 billion loan requirement.

When we talk about the economy it reminds me of a skit that sometimes appears over television. I think "The Honeymooners" used to use it. Someone walks in and goes over to the stove. When he turns it on, instead of getting a flame, he gets a shot of water in the face. When he rushes into the bathroom and flushes the toilet he gets the triumphant march from "Aida" bursting forth in the living room. Something is not working. The whole economy is mixed up. The blue plumbers are sent for. They come with their wrenches and tinker with it. The whole system breaks down, and there is water all over the place. That is like the shape of our economy. It just is not working. Something is dramatically wrong with our economy and it will not be corrected by looking at an advertising or telegraph expenditure, or something similar.

The importance for parliament in trying to deal with this subject is to look at some of the underlying causes and some of the choices that face us with regard to what we can do with the economy. We have the blue choice, the one put forward by my

friends on my right, that the only thing wrong is with the present government and the fact that government expenditures are out of control.

We also have a pink choice, the choice of the New Democratic Party, as to what can be done. We feel that the problem is not in government expenditures. The problem is essentially that the market system in this society has broken down. It will not be corrected by the government getting out of and not managing the economy. That would only make it worse.

We have reached the point in the development of our society where we need more government management, rather than less. To the extent that the private sector has failed, and it has failed, the public sector has to take up the slack.

In that regard I must ask my friend from York-Simcoe if he really meant what he said when he stated that if the government were borrowing $17 billion for housing, it would be a different matter. I presume he is saying he would support a $17 billion public expenditure on the part of the government. If it is for current needs, he will not support it; but if it is for investment, he will. I am not sure he meant that and, therefore, I do not know why he introduced it.

Let us look at some of the problems and how this government and, to a very large extent, my friends on the right would handle it. At the moment we have a need to bolster the Canadian dollar. There are a number of ways in which that can be done. The government has chosen to increase rates for the fifth time.

What is the consequence of increasing interest rates in order to keep money in Canada? They have come to the conclusion that much of the devaluation of the Canadian dollar is because of the outflow of capital and the importance of inflowing capital. Raising interest rates has not worked in the past and it will not work now. However, the government is going to do that in order to stop some of the outflow. The consequence will be to slow down the whole economy. Raising interest rates will slow down the housing industry, investment, and all those other things about which they are concerned. The justification will probably be they had no choice, there was nothing else for them to do.

But there is a choice in these matters. It is not an easy choice or a perfect choice. However, it is preferable to raising interest rates. I refer to imposing exchange controls. I think the problem is that there is too much money in this country for gainful investment. The government have been too generous to people with high incomes, to people in businesses, particularly in the large business sector, and they have more money than they know what to do with. It is leaving the country for that reason. It must be stopped. There is a responsibility on those who make their money in this country to have some response to national needs.

The figures that we have bear out where the problem is. I agree the trade deficit is important and that it has something to do with it. However, what is more important is the fact that so much money is leaving the country in large amounts. Small amounts, such as those for people going on holidays or buying a home in Florida, are not the real cause of the problem. Rather, it is that there are large sums of money leaving the country in an attempt to find more gainful interest rates somewhere else.

If we look at the section of the quarterly estimates, the Canadian balance of equal payments, page 56, under the heading of "Interest and Dividends", we can make a comparison. In 1969 we had a deficit on that account of $915 million. In 1977 the deficit was $3,480 million, almost four times as much in eight years, leaving this country.

When I discussed this matter with the people at Statistics Canada in order to try to get an accurate picture they said they could not give an accurate picture because the statistics were not good enough. They had to lump it under various headings, and they were not sure how much was private money and how much was business money.

They have an item called "Net Errors and Omissions", a very exact thing. Under that heading is shown a deficit of $219 million in 1969, whereas, in 1977 the outflow was $2,746 million, an incredible increase.

If you look at the offsetting amount of capital coming into Canada you find that, while it has increased, and I do not want to put the figures now, it has not increased at nearly the same rate as the outflow of money from this country.

Money does not flow out of the country just because there is no confidence. Anyone who does not have confidence in this country has to be out of his mind! I cannot think of any country in the world that has a more brilliant future than Canada. Any investor who does not see that does not deserve to be called an investor.

You cannot say this money is leaving Canada because there is no confidence in this country. It is leaving for other reasons. I suggest it is leaving because of public mismanagement. There is so much money around that it is just trying to find a place to light down. It moves back and forth on a quarter per cent rise in the interest rate.

The liquidity in large corporations is so great that some of these corporations make more money by placing their money for interest than they do on their own operations. A lot of this has arisen because of the very generous capital allowances we have allowed to large corporations. It has increased the liquidity and enabled them to do this kind of thing.

This is the kind of thing we have to examine. Therefore, you impose exchange controls. The minute you say that, however, someone says, "That means that if I want to go on a holiday I cannot do it without going to a bank or agency." But you do not have to do it that way and in most countries where there are exchange controls it is not done that way.

You can impose these controls on any sum of money over $50,000 in order to ensure the large sums of money—those that are affecting these figures—are taken into account. It will be much more desirable to try to deal with the dollar problem in this way than to keep raising interest rates in a losing battle of one-upmanship with the United States. This is a battle we

cannot win. Why is it not done? It is not done because the government does not want to manage the economy.

● (1622)

It is not easy to impose exchange controls. It means a government has to accept responsibility, and the present administration does not want to accept that kind of responsibility and it is this reluctance to do so that is at the heart of our economic problems.

The government has been cutting taxes over the years. One of the reasons we have borrowed to this extent is because the government has cut taxes, but they have cut them for the wrong people! The cuts have stimulated saving by those at the higher income levels. Taxes were cut for the more fortunate to such an extent that the people concerned could not spend all their money. The Minister of Finance (Mr. Chrétien) himself said we were saving ourselves into a depression.

The New Democratic Party has said that cutting taxes might be necessary in the short term but, if taxes were to be cut, they should be cut for those at the lowest income levels so as to help those with consumption needs. In that way we derive a double benefit. Surplus funds are not created and the extra purchasing power stimulates the economy, putting people back to work. Revenue from taxes is greater, and the deficit is reduced at the same time. This is not only a more decent way to do things, it is a more efficient way. Why is it not being done? Because it means you have to make a decision in favour of the poor rather than the rich and at the moment there seems to be a blue tide running—the people who "have it made" are insisting on retaining their position, a position endorsed by the government.

It is not only tax benefits that are greater at higher income levels. The trend to more favoured treatment extends to such things as registered retirement savings plans and various other premiums. The Minister of Finance has, on occasion, pointed out that it is not just the rich who benefit from these programs. He tells us that some people from the middle income levels also benefit. But the benefits to the rich are disproportionate to the small amounts received by those at the lower end of the scale as a result of which the system works to increase savings at a time when we really need an increase in consumption.

The only solution proposed by hon. members to my right is that we should cut the public sector. Mr. Speaker, cutting the public sector simply exacerbates the problem. We are all familiar with examples of too much fat in the public sector, and to the extent that this is identifiable it should be cut out. But that is not the mood of those who sit on the government benches. Their idea of cutting the public sector is not to trim the fat but to make cuts across the board on principle, and this principle might be described, more or less in these words: we are going to get out of the economy, we are going to show the people we do not want to be in the economy, we are going to leave room for the private sector.

The other day my leader asked the Minister of Finance whether it was true that a recent study showed that the cuts made by the government would result in close to 100,000 being unemployed. The minister had to do some mental gyrations before answering that question. He attempted to demonstrate that by making 100,000 people unemployed in the public sector he would create jobs in the private sector. Yet the hon. gentleman has himself expressed disappointment with the performance of the private sector in this regard. Every time cuts were made on the assumption that the private sector would take up the slack, it did not happen. Unfortunately, the private sector increases the problem instead of diminishing it.

How could anyone in his right mind conclude that just because the government stops employing people the private sector would suddenly develop confidence and hire them? Business does not expand its operations in proportion to the number of employees the government has dismissed. The only reason business expands is because there is a market for what it is trying to sell, or the services it is providing. The actions of the government in this area are of no consequence to a businessman beyond becoming the subject, possibly, of conversation at the golf club.

We have much more compelling difficulties to face. It seems to me we are living in one kind of society, a society we think we understand, while moving rapidly into another kind of society, one we do not understand and one for which the government is not prepared. The government is attempting to manage by crisis, by election dates, and the official opposition is not being of much help in that regard though one would not expect them to be. The reason we find ourselves in this great economic difficulty is our reluctance to face the fact that the world is changing before our eyes and that the solutions we were once able to apply are no longer as useful as they were.

It seems to me that when we debate as parliamentarians we should try to understand the changes which are taking place and to listen to arguments in favour of one course of action as against other courses of action, arguments, if you like, of a philosophic nature; I recognize that philosophy is regarded as somehow unparliamentary, but I feel, nevertheless, that parliament should be a forum for philosophy. A great many things are changed in our society.

My hon. friend, the hon. member for Winnipeg North Centre (Mr. Knowles), reviewed what has happened in our society, when he spoke last week. He spoke of the changes that have taken place, many of them because of the presence of a social democratic party in Canada. There can be no comparison between the society into which he was born—and into which I was born for that matter— and the society we see today. For want of a better term, we call it the "welfare state". Nobody is going to dismantle the welfare state because, whatever faults it may possess, we are not willing to go back to the kind of jungle which existed before, in all its insensitivity. In our desire to be a more humane civilization we have removed many of the pressures which pushed civilization in a certain direction. We have removed combative presssures; pressures of poverty and pressures of illness and desperation.

• (1632)

This is not a desperate society. It is not the world of Adam Smith, if there ever was such a world. It is not a world of small shopkeepers competing against each other. We have a different society. Because it has been gradual and because we have fought every step of the way in order to attain this society, we have not stopped to analyse and ask what the implications are for the future, now that we have this kind of society. Ours is not the only welfare state. I do not think there is a country in the western world, including the United States, which does not devote much of its resources to the field of medicine, education or pensions, all of which are associated with welfare states.

Another thing that is happening is that growth in the western world is slowing down. That is not so just in Canada, but in the whole western world. Those of us who have been travelling to Japan, Germany, France, Britain, or even Sweden, will note that the preoccupation of those countries is the same as the preoccupation here: what happened to growth? What we tend to forget is that we have come through a period of the most rapid growth in human history. The last 30 or 40 years have been a period of incredible growth. This is not usual for the world. The world did not grow at that rate before, but because we have been living in this period we think it is going to go on forever. But suppose it is not going to go on forever, and suppose we simply have to adjust to making a decent society which is not constantly being prodded and pushed into consumption? I think that is in fact what is happening.

If we look around at people today, we find that they have changed a great deal. Their attitudes toward clothing, cars, and security have changed. Out of the old society a new one is emerging. The great difficulty is that, whatever we say about the old society, it is both true and false. Whatever we say about the new society is both true and false. But a government which continues to ignore the fact that it has a double problem, how to manage the existing society, and how to make the transition to the other one, is doomed to failure.

I will give some examples of failure. The government cuts taxes. I say the cuts are being made in the wrong places. Perhaps that is part of the failure, but it is a general failure in a relatively affluent society and in a welfare state. The Keynesian idea is that if we cut taxes we stimulate demand enormously, but instead, when we turn on the stove, we get a shot of water in the face, and the government stands there wondering what happened. Governments think they are doing the right thing but then wonder what happened.

Mr. Chrétien: We cut sales taxes.

Mr. Saltsman: Cutting sales taxes is somewhat more efficient, but that too poses a problem. Besides, that cut is going to be rescinded.

Mr. Blackburn: It already has been.

Mr. Saltsman: The government still has not shown that it understands the problems sufficiently to forget about tax cuts and to initiate other things such as grants, payments, increased old age pensions, increased family allowances, or earlier retirements, as ways to stimulate the economy.

Increases in public expenditures are positive and direct, and the outcome can be predicted. We are now entering a slow growth period. I do not want to go into all the reasons we are in a slow growth period, but I think we will have to face the fact that we will not continue to grow at the same pace as we have. To some extent we should not deplore that. We grew too fast for too long, and very often we grew at the expense of humanity and the environment, and people no longer want to do that. We are becoming a more stable society, and we have to make the necessary adjustments.

There is far less demand today for traditional goods and far more demand for services. This is becoming quite obvious, and it has an effect. Much of the inflation we experience in our society is a direct consequence of the switch from the production of goods. Productivity figures are totally misleading because they do not take this factor into account. When we switch from the production of goods to the consumption of services, we have what amounts to a productivity drop, because in providing services we cannot use labour-saving devices and inventions to the same extent as we can in the production of goods. Therefore we have what looks like a productivity drop.

As people in the goods sector increase their incomes, usually in line with productivity increases, which cannot be matched by the service sector, and the service sector wants to catch up—it is about 60 per cent of our economy now—that catch-up is inflationary. That may be fair and just, but it is inflationary. A permanent inflation is built into a society which is in the process of this kind of transition. We hear very little about the consequences of that and of what needs to be done.

I am proud that my colleagues have had an important role to play in the redistribution policies of the last 30 years. Looking back now, redistribution in those years was relatively painless because people's incomes were growing very rapidly, and the gross national product was increasing enormously. This enabled our society to improve the situation of virtually everyone, not on a relative basis, but on an absolute basis. In addition, those who had some of their money taken away did not find it too painful because they were still improving their situations, and therefore we were able to effect redistribution domestically as well as internationally. But, what happens when the gross national product does not rise at the same rate? We get a right-wing conservative reaction because, in order to redistribute, something must be taken away from somebody, and people do not like that.

The money cannot come out of the surplus any more. There really must be a redistribution of existing resources. Some people must be told that they cannot become as rich as they did before, because some of the wealth has to be set aside for those who are not as well off. Then we go through this painful experience of moving to the right because people start to feel the effects of redistribution.

I think that there are now two moves taking place. We all know that there is a move to the right. Those of us who are in politics experience that, but I think the results in Saskatchewan, and the election of an NDP federal member of parliament in Newfoundland, indicate that there is also a willingness on the part of the public to look at more progressive ideas, if they are articulated. We are hoping to have the kind of debate in which there is no room in the middle, where the Liberals find themselves. They are right in the middle, trying to be all things to all people, and I do not think that is possible any more. We must take a stance on these changes which are taking place in our society, and decide which way we want to go. Should we stand in the way of these changes, or move with them and make the transition to a different kind of society?

We can call this society anything we want. We can call it the conserver society, as some people have, the post-industrial society or, as the Prime Minister (Mr. Trudeau) did, the new society. One of the few times the Prime Minister has been right in the last four years was in a speech he made a couple of years ago when he said that our society is changing. The idea of a Liberal Prime Minister finding that he is on the right side of history is enough to shock him back to reality and to go back to where he was before. The Prime Minister could not take it for very long, but our world is in fact changing. A new world is coming, and it will be a reasonably good world, as long as we adjust to it.

The reason the government seems so helpless in the face of what is happening is that it is not taking the dramatic changes into account as we become a new society. The government is still trying to deal entirely with the society which is dying away.

● (1642)

What is clear when we talk about this new society—it is easy to talk about a new society—is that more and more people who are looking at it are saying that the market system is breaking down. It should be obvious that we are not talking, as I said earlier, about Adam Smith's small shopkeepers; we are talking about large scale multinational corporations that can set their own prices and that, in fact, are sometimes bigger than governments and act as if they were governments. We are talking about large combinations of workers, not workers acting in isolation, workers protected by trade unions whose decisions affect hundreds of thousands of people, not just one man, two men or half a dozen men and women. This is a different kind of world.

We are talking about the welfare state where people no longer want to live by the law of an economic jungle. It operates at both levels; domestically and internationally. To some extent the only market that is left is the international market, and again some interesting things are happening there. What is happening is that, as the result of the spread of technology around the world, we are competing with everyone and nobody has a comparative advantage any more except in a very few things. We are competing internationally.

What is happening when we compete internationally? The very people who talk about competition in the domestic society are saying, "Protect us internationally. We do not want to compete with Taiwan, with Korea or with Singapore. We do not want to be thrown to the winds of international competition." The fact is that most of us are not and will not be.

A new kind of co-operative arrangement has to develop. In some ways a reverse colonialism is taking place. For centuries the west derived a net benefit from trade with the third world, with underdeveloped countries. We grew richer at the expense of the underdeveloped countries. Now the shoe is on the other foot. There is a real transfer of income from the western world to the third world. This is very obvious when you come to the oil producing countries; it is less obvious when you look at other countries. While this transfer of income does not show up as a per capita increase in wealth among the populations of those countries because their birth rate is so phenomenal, there is a real transfer of wealth from the west, and it is no longer in jute bags. Because of the multinationals and because of the foreign aid we have provided, we have given technology to many countries in the world.

We do not have much in the way of comparative advantage any more, nor does any other country have it. The Swedes and the Americans complain about it. It has to be faced that not only must we reorganize our internal economies to take into account the changes that are taking place, but we also have to do it internationally, otherwise there will be serious conflicts in that area as well.

What is the answer? No one is certain what the answer is beyond knowing that what they are doing now is not worth a darn, and what is being proposed by my friends on the right is no help either. For all practical purposes it does not represent any real kind of change. It seems to me that the problem is the same as it has always been, except that it is more acute, more urgent, more compelling, and we have to seek redistribution at two levels. Not just redistribution at the level of income. Certainly that will help, it is necessary, and it should be done. Now we are faced with the problem of redistribution of jobs as well. In his book entitled "Social Limits to Growth", Fred Hirsh talks about positional goods.

There are hundreds of thousands of bright young people coming out of university for whom there are no jobs. You can tell them to go pick apples or go pick tobacco—maybe there are jobs in those areas. But is this why we sent them to school? Is this why we told them to get an education? How can we ask people to do that? We can ask them to do it for a short period of time—and certainly it does not do anyone harm to do any kind of work because all work is worth-while—but the frustration of that kind of situation is becoming very obvious.

I think that much of the problem we have in the Post Office today arises from the fact that many of the people who work in the Post Office came out of school with a good education. They are not people who came out with just grade two or

grade three—these people are well educated. Now they are being asked to do hum-drum jobs, they are being asked not to share in decision-making. I think it is that level of personal frustration, that struggle for an assertion of the dignity to which they think they are entitled, that is creating problems in the Post Office and, I think, in many other occupations as well. That is very important.

There will have to be a sharing of power. A rise in the number of neighbourhood groups, of citizens' participation, is an indication of the fact that people want to share. They feel they need to have more than just goods alone. They need to have access to good positions, to stature, to where the power is. For instance, look at an MP's job. It is not a bad job in many ways, but it is not the greatest job in terms of how hard we have to work for the money we make in comparison with other jobs. Presumably if we did as my friend, the hon. member for Winnipeg North Centre, would have us do, that is, reduce our salaries below what they are now—

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

Mr. Saltsman: —I am sure he would work for half of that—and I think all the rest of us would do the same thing—there would still be no shortage of candidates because, when all is said and done, we might not be as important as some of us think we are, but we are not unimportant either, and the kind of work we are called upon to do is very special. It is the kind of work that I certainly am very proud and happy to do. There are many people in this country who would be willing to do it. These are called positional goods.

I do not think there is a man or woman in this chamber today who could not make more money outside this chamber. So why do they do it? They do it because there is something more in life than just money. They do it because they feel that they are useful to society, that they make a contribution, and that they are where some of the power is, though again we might not have as much power as we think.

What this leads to is not that the government should get out of the economy, and not that they should say, "We will turn it back to the private sector", because this cannot be done. I saw my friend, Lubor Zink, earlier today in the corridor. He would say, "I told you so; you cannot have a little bit of socialism. There is no such thing as a little bit of socialism". I think he is right; we cannot go on the way we have. We need a managed economy, and we need the government in the economy rather than out.

• (1652)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Perhaps it would be appropriate at this time to inform hon. members of the proceedings on the adjournment motion tonight. So it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Churchill (Mr. Smith)—Transport—Grain shipments through Churchill, Man.; the hon. member for Victoria (Mr. McKinnon)—Air transport—Hiring of consultants outside Canada—Possibility of charges being laid; the hon. member for Nickel Belt (Mr. Rodriguez)—Fisheries—Proposed transfer of weather forecasting services.

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[*English*]

BUSINESS OF THE HOUSE

The Acting Speaker (Mr. Ethier): It is customary for the House at 5 p.m. to proceed to private members' business. However, in view of the point of order raised yesterday by the hon. member for Grenville-Carleton (Mr. Baker), the House leaders have agreed that the balloting for private members' business will take place one week from tomorrow, on Friday, October 27, 1978, at 9.30 a.m. As no private members' business is listed on today's order paper, the House will continue with government orders.

Mr. Pinard: Therefore, Mr. Speaker, I ask for a special order of the House suspending the proceedings on private members' business until Monday, October 30, 1978.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there have been some discussions respecting that, and we agree.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, the request is in line with the agreement already reached.

[*Translation*]

Mr. Gauthier (Roberval): We agree, Mr. Speaker.

[*English*]

The Acting Speaker (Mr. Ethier): Is it agreed and so ordered?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

FINANCIAL ADMINISTRATION ACT

MEASURE TO PROVIDE ADDITIONAL BORROWING AUTHORITY

The House resumed consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I am pleased to take a few minutes of this House to give my opinion on Bill C-7 introduced this morning, which did not give us much time to consider it in detail. We did not take much time to consider it because it is not long. When the news was announced yesterday I thought that it was a borrowing of $7 billion. But I realize from reading the bill that borrowing authority is requested for $17 billion and when 1979 will be over the government will have borrowed a total of $28 billion, and that will increase greatly the debt of the country. Mr. Speaker, we have already made several borrowings to bolster the dollar, that famous floating dollar which has been diving like a submarine. The latest borrowings are for $750 million.

I am talking about the bond issue worth $750 million to bolster the dollar, and more recently, about another loan of $1.14 billion for the same purpose, which means that if we add up all the loans issued to prop up the dollar, we reach a total of $4.5 billion. Mr. Speaker, I find these loans enormous. Even then, our dollar has not been saved. If only the dollar had been bolstered and had regained its normal value, but this is not happening.

Mr. Speaker, this is another proof of the falseness of our debt system. For 15 years, we have been coming to this House and telling the government that it is time to get out of this system of running up debts continuously. After all, what are we now doing? We have to borrow to pay off old debts. We simply put the account in another name. The only difference will be that the interest charges will increase. Instead of paying 7 per cent or 7.5 per cent as before, we will pay 10 per cent, 10.5 per cent or 15 per cent and even more. This little game has been going on since the beginnings of Canada, to such a point that we are now saying that a debt is an asset. For my part, Mr. Speaker, I have never believed that getting into debt was becoming the owner of anything. I consider that I own something when I no longer owe anything on it and when it is no longer mortgaged.

Canada is now mortgaged for over $67 billion, and if we add the $28 billion to that, we will have reached $95 billion at the end of 1979. That is a mortgage. No one should say that we own Canada. We do not. We are living with a great many debts which we cannot repay because we will have to borrow each year if not each month to pay the interests one the old debts. We no longer have enough even to pay off the interests. We must borrow to do so. Where will all this lead us, Mr. Speaker? I suggest that it will simply lead to a crash such as occurred in the thirties, which was caused by the fact that the government had completely lost control over the Canadian money supply. I say that is what we are heading for today. The Bank of Canada controls absolutely nothing. It seems to control the amount of debts, but with all the changes made in the Bank of Canada, even though it has raised the bank rate to 10¼ per cent on the reserves, that does not bother the chartered banks one bit because when they run out of money, they could not care less; they do not need the Bank of Canada: they go to the client, because today the client who borrows can create the bank reserves.

That is what is happening today. Let no one say that the Bank of Canada is going to control the chartered banks by imposing 10¼ per cent on illegal reserves, when they fall below the allowed amount. In any event, the 10¼ per cent applies only for three days because we know full well that after three days, the chartered banks go to their clients to borrow the $500 the latter will deposit in their savings account and on which the banks will pay 9 per cent interest.

• (1702)

It does not take long to build up reserves. That is how it works, Mr. Speaker, and today we try to cope with our debt. The issue should be studied in depth because there is an inconsistency in Canada. Our country is the largest borrower in the world and one of the most industrialized countries having the largest debt per capita. See if you can understand that! We have the largest debt per capita. To my mind it is because the government does not take its responsibility which is to control credit in Canada. This is the reason of the problem.

As I said earlier, we are on the path of another crisis like in the thirties. Let us remember what happened in the thirties. The government had lost all control over the issue of credit and money and at that time every chartered bank was allowed to print its own money, provided it kept gold in its vaults. Eager to make profits like others, they did not care whether or not they had gold in their vaults; even if they had no gold left they printed money, they issued credit and they granted loans. When they realized there was nothing left, they kept on lending anyway. Then, there was the crash of the thirties and who saved the situation?

Mackenzie King saved the situation by creating the Bank of Canada in 1935. In the Bank of Canada Act, it was prescribed that henceforth no chartered bank would be allowed to print money. That goes for legal currency, but our monetary system is divided into two parts: a legal currency which we call our

dollar and monetary credit. But the legal currency represents only 8 per cent and the monetary credit 92 per cent of the money supply.

Mackenzie King did the right thing when he put the issue of monetary credit and legal currency under the control of the Bank of Canada. Only the Bank of Canada—and it is still the same today and it has stabilized the monetary system at that time—issues the currency, the paper money and the coinage, and if the chartered banks need some, they must buy it from them. The Bank of Canada is the sole authority and has complete control over all this. So much for the 8 per cent of the paper currency. However, he had forgotten a small detail. It may have been intentional, but he had forgotten a detail.

If he had done the same thing in the same legislation for the monetary credit, if he had instructed the Bank of Canada to control monetary credit as closely, the new credit for the new production that has to be minted by the bank each year, if the same act had been applied to monetary credit, we would not be in trouble as we are today. Indeed not, and I think several members will agree with me. It is realized today that if we are in debt up to the eyes, it is because the Bank of Canada has never controlled monetary credit, has never minted the yearly production. Never! It has left it to the chartered banks. The chartered banks are the ones that mint the production.

Let us suppose that last year we had $75 billion in gross national product and $40 billion in national revenue. This amounts to $35 billion in new products which must be minted. This is what is called minting new credit. If the Bank of Canada had any authority on that just as on legal currency, the Bank of Canada alone would issue that credit. No chartered bank would have the right to create a single dollar. The Bank of Canada would create these new credits to the benefit of the country and individual Canadian citizens and not the chartered banks to their own profit. This is what we of the Social Credit party advocate.

It is legalized theft by the chartered banks. This is why there is still misery today. So long as the government does not regain authority over monetary credit, new credits, we will be faced with this difficulty because as soon as we produce something, as soon as we declare a net production we borrow its value the day after. We have to borrow to put it on the market. How ridiculous! Goods are worth the cost of production plus 10 per cent because chartered banks do not lend without interest. This is where the evil lies because our debt which adds up to $67 billion represents only the interest on a capital which we should not have borrowed because it belonged to us in the first place. This is why we have been saying for so long that we must absolutely bring about a separation between these two things, that the public sector must be financed by public capital, by the Bank of Canada, and that the private sector must be financed by the private capital.

[Mr. Gauthier (Roberval).]

The fact is that the public sector these days is financed by private capital. The public sector must necessarily pay the interest charges. There is a total change of economy. Within a single economy we do not have the right to charge interest because this would unleash a galloping inflation, but between two different economies one can charge interest and that is why the chartered banks charge interest to the federal government. They charge interest on something which belonged to the federal government and which the federal government should have injected in the financial circuit. There lies the secret. It is not as complicated as it may seem. There are some people for whom money represents a mystery. They make a mystery out of it but it is not so at all. I think that as long as we fail to get back to reasonable ways of doing things we will encounter problems in bolstering the dollar. It just will be impossible to do it.

It will be still more difficult to pay our national debt because we should keep in mind that we have both a public and a private debt. Our federal debt amounts to $67 billion; we should add to that the $28 billion I already mentioned if we want to go as for as the end of 1979, which will amount to $95 billion at the end of 1979. There are also provincial debts which amount to $16.825 billion, consumer credit which represents $25 billion, corporation credit which totals $31 billion and mortgages which stand at $13 billion, which adds up to a total national debt of $152.825 billion.

Those figures do not include the debt of all Canadian municipalities. The federal deficit alone increases at the rate of $13,700 per minute—I shall come to that later—$222,000 per hour, $20 million per day. Right now the average debt per capita in Canada, including people from all categories, children, and senior citizens, amounts to $6,900. You should add to this the interests on the $28 billion, and the debt is going to go up from $6,800 to close to $7,500 per capita, and $27,600 per family.

● (1712)

Interests we have to pay on the Canadian debt amount to $6.5 billion a year, on provincial debts $1,228,225,000, on consumer credit $2.5 billion, on finance company loans to corporations $3.1 billion, on mortgages $1.5 billion. In the end, total interests are in the order of $14,628,225,000. This means Canadians will be paying $1,693,000 a minute on the total debt, or $40,633,944 a day. In 1978 the interests on the total debt will be $665 per capita, and with the $28 billion they will be $1,000 per capita. I said earlier we were the most heavily taxed and most interest burdened nation in the world, well the figure is $2,660 per household.

Mr. Speaker, I would like to read more of that, but I will now turn to the deficit. I simply wanted to give an idea of how far this country is now into debt. We are wrestling with deficits and that fight is not over yet because as long as we do not get out of that "gimmick" there is no hope. We do not control our credit, we control nothing here. Our lives are

controlled by financial circles and chartered banks. I blame nobody. Whoever the minister may be, whether he is a Conservative or a Liberal, he will be doing the same thing under that "gimmick". They can do no better. The "gimmick" has to be changed. Today we are wrestling with large deficits, including the balance of payments deficit. Where do those balance of payments deficits come from? In the first place there is the merchandise trade. We export too much raw materials and not enough finished products. When I think we have to import food products, we produce some 40 per cent of our food. Imagine, in a country like Canada, 40 per cent only. When it comes to furniture and other products, it is even worse. All we export abroad is raw materials—our iron, our aluminum, our steel, all this goes abroad then comes back as finished products.

As long as governments do not care for and do not invest in secondary and tertiary industries, as long as they are content with encouraging primary industry, we will have that kind of balance of payments deficits. When it comes to encouraging small businesses, the government may suggest they must have the will to invest. My suggestion is we must give them a break so they can invest.

Here is another contradiction. Canada is practically the country with the highest savings; why then do Canadians who could venture in industry, keep their savings? Because they are afraid. They are afraid of the government. They are afraid of the tax system because if they invest today in industry thereby risking certain amounts of money already invested in fairly safe enterprises to prevent tax people from "swallowing" them up, in two or three years the taxman will eat up their capital. So they prefer to sit on it rather than break their necks.

They will not invest as long as the government does not give premiums to the industry and protect primary and secondary industries. It can very well give subsidies for two and three years and it is done. Small subsidies are paid to encourage them, to save face but after three years, taxes are levied. Tax deductions are granted for a couple years, then three years later . . . Some of my friends followed the suggestion of the government and launched some projects but in the fourth year they were ruined by taxation. The government had taken back its subsidy and at the end of five years, they were bankrupt. Is that to encourage industry? No, Mr. Speaker. Some favours are bestowed on powerful industrialists and on multionationals. The fact is not always disclosed. It is concealed. Take for example the $40 million paid to the Ford Company. I say that those $40 million would have been more effective in our areas to develop secondary and service industries I can assure you. That is the worker's tax that went there, to a multibillionaire multinational company while they urge our small investors to invest their money and build industries which they will destroy in three or four years. Meanwhile, the government is going to protect the multinationals because they are the ones which put it in power and I suggest, Mr. Speaker, that the government will have to change its attitude towards industry.

They give incentives to encourage small businesses but for one year or two only, which is not enough. They offer them money to pay for two or three years, interests on the money they are going to borrow. Let us be serious! To encourage industry means to support and assist it, as long as it is not profitable. Municipal and other levels of government, as well as big business are allowed to go tax-free for up to 20 years. Why not do the same for small businesses because, next to the farming industry, they are the ones who create steady employment for our workers. I think that point deserves some consideration. From then on, we could have finished products and exportable goods. And what about the milk industry? Even they, do not receive any help. I know some cheese producers who are forced to reduce their export orders by 50 per cent because they cannot obtain the milk they need to to meet the demand. What a joke! Milk producers who exceed their quota are fined.

I have seen some milk producers pay a $2,000 fine in a month because they had gone beyond their quota, yet there is a cheese producer desperate for milk which he cannot get and because of that his contracts are cancelled. This is what is called encouraging exportation. No wonder our balance of payment is showing a deficit. During this time, we import foreign cheese. Our milk goes down the drain and we cannot produce cheese. We see such utterly disgusting and revolting things in Canada that I wonder why the government does not react, why it does not take action to put an end to it. And now they come crying to the House, saying: "There is a deficit in our balance of payment". But they are not doing anything to boost exports in order to balance our payments.

● (1722)

I was referring earlier to individuals who would have risk capital to invest. It will be noted that in the province of Quebec—I have not been in other provinces—large investments—investments dealers surely know that—are safe. Municipal and school board debentures are safe investments. But people will not risk money in business or industrial ventures because they know their investments would not be guaranteed. Those are not safe investments. They witness so many bankruptcies, I do not blame them and I tell them: You are right!

Let us wait until such time as we have sensible laws that can protect us, because I took a chance myself and lost money on some industries, but never again. Yet I was confident. But income tax has ruined industry. I suppose that all other private investors are like that. They go for what is safe. Anyone who owns a business, who runs it day by day and who is careful will wait for the tax inspectors and watch them so that they will not steal too much from him. Some people think that tax inspectors will only try to catch cheats in business or industry.

I can tell you that I personally won a battle against such inspectors, because I was not the one who cheated, they were. And they thought they would get me. That is what prompts

people to say: Well, sometimes you win, sometimes you lose. It will always be like that as long as people have such a mentality, as long as they are not honest enough to recognize the efforts made by some for society and their fellow citizens, in order to create employment. Some civil servants think that they are paid to collect taxes.

When after five years of easy-going management someone comes to a small businessman for a check and he must show the receipts for a five-year period. Imagine! That is the end and the only solution left to him is to shut down his shop and clear out his stock. This is what happens.

Mr. Speaker, once again we do not ask ourselves why private investment is lagging in Canada. As far as interests are concerned, that is another problem. We are told that the Bank of Canada and the other banks increase interest rates to avoid a flight of capital out of the country. Imagine! But they do not realize that by trying to do so they paralyse the whole market.

Money is too expensive, industries cannot operate any more, neither can businesses; they paralyse everything by trying to prevent capital from flying out of the country. I think it would be much better, as I said earlier, to throw the dice, to prevent that flight of capital, to help protect the capital invested in Canada, and so investors will not think about investing elsewhere. Let us not be afraid. They invest abroad, because they are afraid to see the government take what they have left. That is why they take their money out of the country. When the government passes legislation to protect that capital, I think we shall begin to reduce our deficits.

Once again, I should like to invite the government to separate both sectors, namely the public and the private sectors, and to have the public sector financed by public capital, by national revenue and the private sector financed by private capital.

Today I can understand why the Prime Minister (Mr Trudeau) says that there are only two ways of financing a country, taxes and income taxes. Can you imagine, Mr. Speaker! I was so surprised to hear that, it floored me. Only two ways, yet we know that Canada is a producing country, but what happens to its products? I think we should start using production like a father does with his household, and if at year end there is not enough, then you resort to taxes, if there is a deficit, but before that you have to use the product that you have.

And what is that product? Well, it is the revenue generated by each year's new production that the government, through the Bank of Canada, must transform into money, and give to the people. Really! If the country has produced 45 billion, well you have to start using that before taxing everyone for 45 billion. That is where I understand the Prime Minister's statement. He does not give a hoot about revenue. He ignores it, that belongs to the chartered banks. We are going to have to claim our goods and tell the Bank of Canada: Now, that new production, you are going to create it, then deposit it, and register it in the books of the Bank of Canada. What is it going to be used for? For Canadian expenditures. The federal government, instead of borrowing as it does, is going to have $45 billion on hand, and if the provinces need it, they are also part of the national economy and they are going to borrow there. If they need $50 million, they will get it interest free, of course. This is an economic principle whereby if you use money within the same economy you do not even have the right to charge interest because that is going to create galloping inflation. But why are governments borrowing today? Because they have given up the goods of the people, and then they are force to borrow them and put them on the market. That is all. It is clear.

Well, listen to what an economist has to say:

> Another economist looked into that problem of government financing and came to the conclusion that Social Crediters discovered long ago, namely financing public capital with new interest free credit.

Interest free, of course. Take a father within his household economy. When he goes and gets $200 from his bank account, does he think about paying interest into his own account? No, it is within the same economy. He would be making a mistake if he paid interest to himself. For a country, it is the same thing; the economy is much larger, that is all. It is the same thing. If the money is there at the Bank of Canada, it belongs to the country, the nation. The government has no business paying interest to itself if it is required for the nation. But they should be the ones and the only ones to have the right to create money, not chartered banks. All chartered banks today think they have the right to monetize the production of the people of Canada by multiplying their assets by 16; they take over the production of the people of Canada for personal purposes—chartered banks are private industries. I do not blame them for that.

When we can make people understand that that system must be corrected, chartered banks will become like caisses populaires. Caisses Populaires are doing very well, as well as chartered banks, but what is straining chartered banks today is that they have to create so much because they have to finance the public sector. But should the public sector ever manage to finance itself through the Bank of Canada, chartered banks will have only the private sector left, and that will be enough.

Everything will work out and the Canadian people will be able to benefit from the credit of their country. This is not the case now as only banks and trusts benefit from Canadian revenue. About ten big companies benefit from the national credit and everyone else is taxed. When the worker produces for a value of $1,000, for instance, he is taxed for $1,000. This has been said by an economist. This theory is explained in a volume entitled "The Challenge of Abundance", by Mr. Robert Thoebald, which can be found in the Library of Parliament. This is what Mr. Thoebald says in this regard:

A government may use three methods to obtain the funds required to meet its commitments. First of all, it can tax—

—and this government knows what it means to tax, like all its predecessors.

First of all, it can tax the citizens and the institutions to gain control over their money. Second, it can borrow the money from the people and the institutions and pay interest on the sums borrowed. Third, it can simply create the money and use the funds generated to make its purchases.

This is what I was saying earlier, and it is very simple. You simply have to follow up on Mackenzie King, who ordered that in future all legal tender would be controlled exclusively by the Bank of Canada, and add that the same would apply to monetary credit. That is all you would have to do to set the whole thing straight. Chartered banks would remain and have the same function; they would remain commercial banks, but Canada would be in a much better situation and Canadians would stop having the product of their work stolen each year, and I say "stolen" because I believe that this is a national theft that benefits chartered banks. As long as this is not done, Mr. Speaker, we will continue to complain about deficits and borrow to pay off the interests, and ten years from now, we will not even be able to borrow to pay off these interests.

● (1732)

[*English*]

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in joining this debate on the motion put forth by the Minister of Finance (Mr. Chrétien) for the additional borrowing authority the government is seeking I should like first to make reference to some of the points made by the hon. member for York-Simcoe (Mr. Stevens), the financial critic for the official opposition and presumably the senior financial spokesman for the Conservative party. Some of the points he made were a little surprising to me bearing in mind the importance of the position the hon. member for York-Simcoe occupies. The nation is looking at the official opposition rather carefully this week. Hon. members on that side of the House are gleeful as a result of some developments of a very temporary nature a few days ago; people are looking more closely at their senior spokesman and I think the hon. member for York-Simcoe stands out as their spokesman on matters related to finance.

The hon. member knows very well that the additional authority sought through this bill is not intended to cover additional spending by the government. In fact, as the Prime Minister (Mr. Trudeau), the Minister of Finance and the President of the Treasury Board (Mr. Andras) have repeated over and over again since the declaration of last August, it is the intention of the government to reduce substantially expenditures over the years ahead. The hon. member knows this. He knows authority is being obtained now to cover the government's needs not only for the balance of the present fiscal year but for the next fiscal year so as to avoid our having to come back to parliament time and time again for the necessary legislation if we are to meet the expenditures which he himself, along with other members of the finance committee, examined in detail when the estimates were before the committee last spring and supported there. If expenditures are made, they have to be paid for. That is the purpose of this authority. It is of a routine nature. It is the kind of thing which must be brought before parliament from time to time to make sure that sufficient funds are on hand to meet commitments.

The hon. member referred to briefcases and to washrooms, presumably in the course of what he considered to be mature and deliberate comments. He gave us some figures which are of small significance in relation to total government expenditures. I am not sure why he mentioned briefcases; they are used, I suppose, by a large number of the 300,000 civil servants engaged in government and agency work. But the hon. member did not refer to the full four billion or five billion which he and his leader have recommended should be spent and added to the country's deficit in the course of the recent election campaign. Add up all the goodies the Leader of the Opposition (Mr. Clark), supported by the hon. member for York-Simcoe and others across the way, indicated they would hand out if they formed the government of this country and one would be coming forward with a bill seeking authority to borrow not the amount mentioned in this measure but $4 billion or $5 billion more.

An hon. Member: Nonsense.

Mr. Martin: I perused some of the literature put out by the party opposite, full of doom and gloom and references to the terrible situation we are in, but I do not recall the cost of those promises being shown as an addition to the deficit which we all agree is already too high and must be reduced. The attitude was: If you buy these goodies there is a price tag but we will tell you what it is later on. We believe the people should be told about the price tab now and I assure you, Mr. Speaker, we shall make a point of doing so.

The official critic for the Conservative party indicated we were fiddling around in foreign markets borrowing money and gave the impression that this was a very strange thing to do; I think he said only two countries had made such loans before. The point he did not bring out was that the Deutschmark loan this government made was taken out at a rate of 5 per cent. He did not mention that for the obvious reason that it was a darned good deal; it is not in the interests of members of that party to indicate to the public that anything done by this government is in the interests of the Canadian people. That loan was a good deal.

An hon. Member: A good deal of money.

Mr. Martin: The hon. member also gave the impression that all the money that was being borrowed was being frittered away on day to day expenditures, that the government was borrowing these great amounts of money just to pay salaries and current expenses. He made no reference to the fact that part of the government expenditures in this two-year period is being devoted to a number of major capital projects which will bring long-term benefits. Large amounts of money are being invested in tar sands development. Money is being invested

through CMHC in houses for senior citizens, co-operative housing and other types of housing projects involving direct financing.

Nor did he mention many other areas where capital expenditures rather than current spending is involved, among them, transfers to the provinces involving capital programs such as the building of hospitals and other facilities under shared costs arrangements with the federal government.

It is obvious we have been obliged to use some long-term funds to deal with the U.S. exchange problem, again, as the Minister of Finance has said so often, to ensure an orderly market. The hon. member made a great point of emphasizing that we were applying now for money for the next fiscal year. Mr. Speaker, the bill is presented in this form so that no more parliamentary time will be taken up than is necessary and we can get on with more positive things which need to be done. The funds will not be used until actually needed, but the authority will be there.

● (1742)

I would like to refer again to the comments of the hon. member for York-Simcoe who ridiculed the fact that the Prime Minister objected to comments made by the Leader of the Opposition when, in his lead speech in the throne speech debate, the Leader of the Opposition said that Canada had dropped to seventh place among the world's richest nations. The Prime Minister asked him to specify which countries were involved, but no specifics were given. The Prime Minister referred to some small countries which indeed might be ahead in terms of the riches that they have enjoyed in recent years.

When the hon. member for York-Simcoe went into that subject this afternoon, I called across the floor from where I was sitting and asked him to specify the countries he was talking about, if we are in seventh place. He did so, and I will repeat them because I want to discuss those countries and our position among them. The hon. member mentioned West Germany, Belgium, Norway, Sweden, the U.S.A., Denmark and Switzerland. He said that Canada fell behind all those countries, again conveying the notion to the public at large that Canada is in a much worse position than any of those seven countries and that we have fallen behind them.

Let us look at some of the factors involved with which I assume it would be deemed fair to deal in considering where we stand as far as economic progress in concerned. Let us talk about job-creation. I may be repeating some of the information already put on the record by the Prime Minister, but it must be done because the average Canadian is not getting this information through the media or from members of the opposition, whose plan has been for a year or more, and certainly will be for the next six months, to put before people the ideas that they are in a doom and gloom position. They will not mention any positive facts. It will be up to us to put this information forward over and over again.

Let us talk about job creation, which is a very important matter in any country which considers itself to be doing reasonably well. From 1973 to 1977 Canada outpaced the U.S.A. and the OECD nations. We were three percentage points ahead of the United States and eight percentage points ahead of the OECD countries.

One of the countries referred to by the financial critic of the official opposition—I am not picking these countries out, he picked them out and I am merely making a comparison—was West Germany. From 1974 to 1977 job creation in West Germany went down 4.1 per cent. In the same period job creation in Switzerland went down 10 per cent. Those are two of the countries the hon. member for York-Simcoe indicated were ahead of Canada in terms of over-all economic progress.

There were 10,635,000 job holders in Canada as of the end of September, 375,000 more than in August of last year. On a seasonally adjusted basis some 279,000 new jobs were created in Canada in the first eight months of 1978. From 1950 to 1976 the labour force here grew at an annual rate of 2.7 per cent. Hon. members opposite laugh. They should be hiding their heads in shame because they are not telling people about these figures. The U.S. rate was less than half our 2.7 per cent rate; it was 1.3 per cent. Hon. members opposite do not like to hear this because it goes against what they are trying to shove down the throats of Canadians.

Mr. McKenzie: You couldn't sell that in Scarborough.

Mr. Martin: Let me turn for a moment to food prices.

Mr. McKenzie: Tell us about the vote in Scarborough.

Mr. Martin: I will tell the hon. member about the vote in Scarborough after the general election.

Mr. Ellis: No, you won't.

Mr. Martin: In a comparison of least costly food Canada stands in second place and, for the edification of the hon. member for York-Simcoe, not seventh. West Germany is in ninth place, Belgium in seventh place, Sweden in tenth place, the U.S.A. in fourth place and Denmark in eleventh place. The general statements made by the hon. member for York-Simcoe and originally by the Leader of the Opposition in this context have to be considered irresponsible because they simply do not coincide with the facts I am putting on the record now.

Canada stands in second place in connection with the cost of living. West Germany is in tenth place.

Mr. Munro (Esquimalt-Saanich): What do you mean, second place?

Mr. Martin: In terms of lowest increases in the cost of living that is where we stand in relation to this group of 15 industrialized countries. We stand in second place. The hon. member for Esquimalt-Saanich (Mr. Munro) shakes his head, but that is because he has not been told about this. He is going by what the official critic of his party has told him. He has been given incorrect information. He should tell the peole back in Victoria that he is getting incorrect information. West Germany is in tenth place, Belgium is in thirteenth place and Norway is in fifteenth place. All these countries are supposedly doing better

than Canada, according to the hon. member for York-Simcoe. Sweden is in eleventh place, Denmark is in ninth place and Switzerland is in twelfth place.

I hesitate to go into any more of these statistics, but I think it is important that we do because hon. members opposite are doing so. They named the countries. They now want me to go back to what I was talking about earlier because they do not like what they are hearing.

Mr. McKenzie: What about Scarborough?

The Acting Speaker (Mr. Turner): Order, please. The hon. parliamentary secretary has the floor. Hon. members will have their turns later on.

Mr. Martin: In the difficult years from 1974 to 1977 where did Canada stand with regard to trade balances? Canada stood in fourth place. We hear much about trade balance problems. Yes, we have some, but we were in fourth place. Belgium was in thirteenth place, Norway was in fifteenth place, Sweden was in seventh place, Denmark was in fourteenth place and Switzerland was in tenth place. I wish the hon. member for York-Simcoe was here to hear this because he has given completely wrong information to people who may read his speech, have watched or listened to it or whatever.

Unfortunately, I do not have a great deal of confidence that the media will broadcast this positive information.

Mr. Ellis: What you are saying is that they will not read your speech.

Mr. Martin: I agree, and that is because my speech is not bad news, it is good news. We are going to make it a point to make sure that the Canadian people get some of the good news.

During the difficult years between 1974 and 1977 Canada was in second place with regard to housing starts, not eighth or ninth.

Mr. McKenzie: Seventy-two thousand unsold homes?

Mr. Martin: I am not talking about sales, I am talking about construction. The hon. member should listen to the information; only then will he be able to digest it properly. Sweden was in twelfth place, and the U.S.A. was in fourth place.

Let us deal with the rate of growth of real domestic product. Again I deal with the difficult years, 1974 to 1977 when all countries were having problems, and again I deal with the countries on the list used by the hon. member for York-Simcoe. Canada stood in second place, Switzerland in fifteenth place, Denmark in eleventh place and the U.S.A. in eighth place.

I do not think there is any point in carrying on with these detailed statistics. The point has been made by the Leader of the Official Opposition and the hon. member for York-Simcoe. They have called on the Canadian public, through important speeches at the beginning of this session, to support their preconceived notion of doom and gloom. That, they figure, is what will win them an election: talk gloom and doom, and, my gosh, people will say: "If it is really that bad, maybe we should look at those guys a little more carefully". It is just as important for the people in Scarborough as elsewhere to hear some of the real facts.

● (1752)

Some hon. Members: Hear, hear!

Mr. Martin: I think that in our parliamentary system it is just as important for the Leader of the Opposition and his senior financial critic, for that team, to be responsible when they are putting forth economic statistics and economic facts or analyses before the Canadian public as it is for the government to do so, because the parliamentary system operates on the assumption that both sides of the House will be responsible for what attitudes they take and what things they do. We for our part are being responsible. We have shown our responsibility particularly in relation to the recent cuts announced in government expenditures in our effort to reduce the over-all deficit. Members of the official opposition are starting off this new session with speeches by the Leader of the Opposition and the financial critic of their party in which they have re-emphasized to the public—which, in their mind, is the only way they can get support—that Canada is in bad shape. "Talk your country down, fellows, and we can win an election." That is their whole concept and that is what they will try to run into as many Canadian heads as they can in the next six months. But, Mr. Speaker, they will not get away with that.

Mr. Speaker: Order, please. Before giving the floor to the honourable member for Dauphin (Mr. Ritchie) I should like to make a brief reference to the action by the Chair earlier in the day in respect of the amendment put forward by the honourable member for York-Simcoe (Mr. Stevens). The Chair reserved the decision on that amendment at that time and simply set it aside. There was no argument raised at that time and the Chair indicated it would be held aside. No point of order had been raised on the matter and the Chair was not advised of any procedural argument that was to be raised.

However, I think it is the duty of the Chair, particularly on second reading amendments, to be on the alert and to advise the House if, in the opinion of the Chair, there is any serious procedural difficulty. Therefore, we examined the contents of the amendment as well as some precedents, notably one from 1970 concerning a ruling of my distinguished predecessor in respect of an amendment put forward at that time by the hon. member for Edmonton West (Mr. Lambert) on a grain bill. I must confess to some misgivings about the entire practice of reasoned amendments at second reading.

I have looked at the British practice, as I think most hon. members have, and found it to be much more generous than ours. In the British practice it is quite acceptable to attach to a second reading vote a motion which is by way of an amendment to the second reading motion, which seems to be nothing more than an expression of the reason for voting against the motion. We have taken a much tighter line in Canadian

practice but, to my regret, not strong enough, because I still think that frequently in our past practice we have permitted this very kind of declaration. Certainly on the occasion of the 1970 precedent which I examined this afternoon we permitted a statement which was really a declaration that the bill somehow offended or was repugnant in principle to members of the House and to some residents of Canada and that the House declined to give second reading to the bill.

If it was permissible at that time in our practice to do that, certainly it must be permissible to do what the hon. member for York-Simcoe has done in this amendment because he introduces at least a new principle which is contrary to that of the bill, that is, the principle of granting borrowing power for future years on the basis of which he says the House declines to give second reading at this time.

I still think that at some time we should select one of these practices, and I am sure that at some time in the future a good example will be chosen and a point of order will be raised which will compel me or a future Speaker to examine all of these so-called reasoned amendments at second reading and find out which ones really are expanded negatives and which ones in fact introduce a statement of a principle declaratory of some principle contrary to the principle of a bill, or whatever the appropriate language is.

In any case, having briefly examined the precedent on this particular occasion, I looked at the amendment that was put forward and I found I really could not single this one out in the light of other precedents. Perhaps the argument will have to come at some future time. Therefore, on the face of it and in the light of the 1970 precedent of Mr. Lamoureux to which I have referred, it seems clear to me that this amendment is in order and should stand on procedural ground.

Mr. Chrétien: Mr. Speaker, we have not studied this amendment. You have just invited the House to raise a question of order on that type of amendment at second reading. I suppose that the Parliamentary Secretary to President of Privy Council (Mr. Pinard) might want to put forward some argument on this point. I do not know whether you could accept an argument at this point, but we were taken by surprise. You said, sir, that you would look at the amendment without hearing any argument from the Parliamentary Secretary to the President of Privy Council. Perhaps we could reserve our stand, as you have invited us to put forward some objections to a future bill. Perhaps we could reserve the decision, look at the amendment and then make a decision on reasoned amendments right away.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the parliamentary secretary was in the House during the speech of the hon. member for York-Simcoe (Mr. Stevens). In the middle of his speech, the hon. member for York-Simcoe made reference to the amendment he intended to move. Then he proceeded with his speech, at the end of which he moved the amendment. That is what happended a little while ago in this House.

[Mr. Speaker.]

Your Honour made reference to argument. There was an opportunity here to advance argument by the government but, for whatever reason—whether they did not really know or they did not realize what was happening, I do not know—they did not make an argument with respect to the matter. Then you dealt with the matter and gave a careful judgment based on the 1970 precedent—which I was going to argue in any event if that should have proven necessary—and you made a ruling which I think quite appropriate, and I say that with respect. Therefore, I think the matter must stand.

Mr. Speaker: I just want to reiterate, as the Minister of Finance (Mr. Chrétien) has just stated, that on this particular motion no point of order was raised. That does not in any way preclude a similar point of order being raised at some time in the future. My own disposition, as I have just said, is very critical of these kinds of motions at second reading stage. However, I did reserve my decision because, without a point of order having been raised by anyone in the House, the situation in the House this afternoon required the Chair to take the initiative, and it has to be a clear case, not one on which there is any doubt at all, that the initiative of the Chair is required. In this case I was in doubt, and on checking precedents I found I would be bound by the 1970 precedent.

It may be that the next time an amendment at second reading is raised, the government will want to take the opportunity—if it is declaratory of some principle of this sort—to raise it at that time, and then I would be pleased to hear full argument on both sides and to go into an exhaustive review of the precedents. It may also be that in respect of these amendments, if we wish our practice to depart substantially from the British practice, we might have to make a decision of that sort in our procedure committee. In any case my hands are tied with respect to this amendment and my decision is made.

Mr. Chrétien: I ask for an explanation, Mr. Speaker. I think that the point made by the hon. member for Grenville-Carleton (Mr. Baker) was that when the Chair received the motion, right away the Chair reserved its decision. I have the impression that perhaps you realized there was a problem with this one, but you took the initiative, sir, and that is why we did not raise a point of order. This is not a very important motion and obviously it will be defeated. We can always come back to the same point, but because the Chair has taken the initiative, we did not want to intervene. That was the point I wanted to make.

Mr. Speaker: Order, please. The question is on the amendment.

It being after six o'clock, I do now leave the chair until eight o'clock.

At 6.04 p.m. the House took recess.

● (2000)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, before I commence the main part of my speech tonight I should like to mention a few things. I listened with great interest to the hon. member for Waterloo-Cambridge (Mr. Saltsman) as he presented a significant point of view. I suggest his point of view is debatable on philosophical grounds; he suggested more government intervention. Perhaps he does not realize the underground economy is already in place. At the present time much is being written about that in the United States, where it is estimated that something like 10 per cent to 15 per cent of the GNP belongs to the underground economy which does not surface in the tax system because of people working part time as well as drawing unemployment benefits. Their employers allow this because they can be paid less. This should be taken into account when we talk about more government intervention.

Agriculture always has been the Achilles heel of the Soviet Union and its economy. Under Mr. Khrushchev a peasant was allowed an acre of land to grow his own produce for the purpose of sale. It was reduced to a half an acre of land because it was felt that having an acre of land was against the philosophy of the Soviets. Eventually it was found that the workers of half-acre parcels quit producing, and Mr. Brezhnev has been given credit for changing the half acre allotment to an acre once again. It is estimated that an acre is roughly 44 times as productive as state farms. More government intervention brings with it a whole train of intervention which we do not always think about.

During a recent airplane trip, I had occasion to speak with a missionary who had lived in South America for 25 years. He had interesting veiwpoints about inflation. I asked him how ordinary people lived in high inflation countries. He said that naturally they did not have very much money, and that they spent it each week to buy food and to pay for shelter. Thus, inflation did not affect them in a sense.

Then we must consider the wealthy, which make up a small proportion who protect themselves by the purchase of gold through the establishment of estates, and so on. I asked how the average individua! could protect himself against the ravages of inflation. What he told me was very interesting. He suggested that they might buy a bicycle because not only could they use it but its value would increase as inflation increased.

The hon. member for Waterloo-Cambridge also referred to multinational corporations. There is substantial evidence that the influence brought to bear by these corporations around the world is decreasing. Third world countries are establishing their own multinational corporations and companies but the climate for these corporations is not as good as it has been. I think these multinationals have had their day and their influence is less of a factor at the present time.

● (2012)

Let me say a word about savings, which are necessarily tied in with these borrowings. It is interesting to note that the present older generation is now saving money. An individual who works in the income tax field told me that he prepares the income tax returns for some 30 people, and he suggests that nearly all of them are saving money, though few of them have assets other than a house and an old age pension. These are thrifty and frugal people. The people who are aware of what is happening to the economy are likely to save as apparently those people have been able to do.

Furthermore, what is happening as a result of more and more intervention in the lives of individuals by governments of the day? Nearly every merchant, baker and butcher say that the consumer affairs people give them a bad time. One individual wondered whether it was worth operating his own business in view of the fact that many civil servants were making twice as much as he was able to make. Many of these people in small businesses are leaving business and joining the civil service because they are much better off. We have reached the stage in this sort of Ralph Nader society where everyone who makes a mousetrap or performs a service is of lesser importance, and certainly worse off financially, than those who police the making of the product or the provision of the service. The suggestion is that everyone who makes a mousetrap or performs a service is somehow ripping off the public. Those are a few of the thoughts I wanted to put on the record for the benefit of the hon. member for Waterloo-Cambridge.

Let me now turn to Bill C-7 which is, in effect, a $7 billion supplementary borrowing authority for the remainder of the current fiscal year, and authority for borrowing $10 billion for the year 1980. Imagine borrowing money for 1980 with more than a few months still remaining in this year. Since the beginning of the fiscal year 1978 the government has sought borrowing authority to a total of $38 billion. It has sought this authority in four different bills. First there was Bill C-45 for $7 billion, then there was Bill C-11 for $9 billion, followed by Bill C-31 for $5 billion, and now Bill C-7 for $17 billion.

At March 31, 1977, the unmatured debt of the Canadian government totalled $42.5 billion. If all the borrowing authority was used, by 1980 the unmatured debt would exceed $80 billion, some 100 per cent above the 1977 level. In fact, in three years we will have doubled the debt.

If we are to go by the past experience of this government it will likely seek further borrowing authority for 1980 even though the department might like to do so without coming for that authority to parliament. The request in Bill C-7 for $7 billion in borrowing authority represents the third time the borrowing ceiling has been raised for the present fiscal year. How can the experts in the minister's department be so wrong as to be required to come to the House of Commons three times to increase the borrowing ceiling?

The minister requested the $9 billion increase in Bill C-11 with the claim that it would cover the remaining cash requirements for 1978 and the cash requirements well into the new

fiscal year. In March of this year the minister came back with Bill C-31 saying the new ceiling would provide the government with sufficient borrowing power to meet all the cash requirements for the 1978-79 fiscal year. Now he wants another $7 billion to cover foreign borrowing, the Canada Savings Bonds issue and other contingencies.

Let me turn now to the foreign exchange problem. It is obvious we are in a bad way in this regard. It is now realized that had there been no foreign exchange borrowing by the government our foreign exchange reserves would have been at zero. We are rapidly becoming as badly off as the British. Soon we will be joining those nations which lop all the zeroes off their currency. It seems the minister has to go to the New York market for a $750 million bond issue. I understand this issue commenced this morning. This bond issue is the third federal foreign currency bond issue this year. In April there was a $750 million issue in the United States. In May there was a German Deutschmark issue equivalent to $706 million in United States currency. In a seven-month period the Government of Canada will have issued $2.2 billion in foreign currency bonds.

Interest must be paid on these bond issues or borrowings just as it has to be paid on a line of credit with U.S. banks. All of this adds to the deficit of Canada's balance of payments. This is obviously going to mean some $200 million extra in interest payments. These additional interest payments are required at the very time when there is a deficit in the interest and dividends account, and it is growing by leaps and bounds. I am reminded of the fact that some years ago a New York banker suggested to Canadians that when they borrow they should at least be friendly with their bankers. I think the reason the minister is here tonight is to obtain the agreement of parliament in respect of these borrowings.

In the first half of this year the deficit on interest dividend payments was $1.7 billion, up 17 per cent from a comparable period in 1977, and 80 per cent greater than the deficit in the first half of 1976. Just this year alone the interest on the federal issue will raise the interest and dividend deficit by a full 5 per cent.

One could ask why the minister needs $10 billion in borrowing authority for 1980, particularly when we are a long way, in a parliamentary sense, from the end of March. Perhaps the minister feels like the Minister of Agriculture (Mr. Whelan) when he complained about the breakfast served at the world hunger seminar, that this is "just the same old buns", as the minister said. He said, "I thought it was going to be like the MP's breakfast in Ottawa; we get in the cafeteria there and you get to pick out your scrambled eggs or whatever you want". The minister told a Washington audience how wealthy Canadians are despite the doom and gloom about the economy. He said, "I walk up the driveways and I see two cars in the garage, ranch-type houses, so much money in the credit union, just back from a trip to Europe or some other place". If we are so wealthy why do we have to go down to Washington every three months to borrow money?

[Mr. Ritchie.]

Obviously inflation is a monetary phenomenon. There can be no inflation in a bartering economy, when in fact goods and services bear a relationship to the money supply and the costs increase proportionately. There is no doubt that deficit financing is contributing to the inflationary process that has been taking place.

What has the situation been in respect of financing requirements in the last decade? From 1966 to 1968 we experienced deficit financing to the extent of $2,578 million. In 1972-74 we required $3,271 million, and in 1975-76 we required $14,334 million. Now we have this enormous rise in deficits in the last two years. In fact, it is estimated that the deficit for 1977-78 will be increased by some $10 billion. If one can believe the statistics that are available it will be consideraby more—perhaps as high as $16 billion. The estimate for 1978 to 1979, on the best authority I have, is that it will be somewhere between $11 billion and $12 billion. The government has had a very bad habit of budgeting for a deficit considerably smaller than it ends up with. In the 1972-74 period over $2 billion of the $3 billion was amortized or monetized by the Bank of Canada, or 66 per cent of the requirements in that period. Obviously those were the days of minority government, one of the factors that set off the inflationary cycle.

• (2022)

There has recently been a steady progression required by the Bank of Canada as a percentage of net financing required. What stands out clearly—and this is a crucial point—is the inability or the unwillingness shown by the Government of Canada in obtaining non-inflationary financing—that is, sales to the non-banking general public—and its increasing reliance on the printing presses.

If credit demands rise faster than money supply, the competition for funds causes interest rates to rise, thus rationing out the weakest borrowers, that is, those unwilling or unable to pay the higher cost of funds. We see it happening already as the Bank of Canada raises the rate. If, however, at this stage the central bank prefers to keep interest rates from rising too quickly, either because it fears derailing the ongoing expansion or because, in its wisdom, it feels that interest rates are high enough, then it is forced to monetize the increasing credit demands.

This is exactly what happened in that ill-fated period of 1972-74 when the treasury and/or the central bank feared bidding up funds too aggressively, so as to place the entire government loan with the investing public, with the result that the Bank of Canada was forced to take up as much as 66 per cent of the government's net financing requirements. The enormous appetite of the public sector acts as a drag to the economy by crowding out the private sector; caught in this dilemma, the Bank of Canada comes to the rescue and purchases or monetizes government debt.

In the subsequent 1975-77 period, as the Canadian economy moved into a severe growth recession and private sector credit demands abated, the government was able to place an increasing proportion of financing requirement directly with the

private saver. In those years it was a lot less. The 1975-77 period only required a total financing of some $7 billion. We are faced in two years with an enormous deficit of $20 billion which is projected for this year and next.

We have long been used, Mr. Speaker, to a foreign exchange deficit. So long as the Canadian dollar remains stable, it can be handled easily enough, particularly when foreigners have confidence in our economy and the stability of our political situation. But this has been clouded by the province of Quebec and the possibilities of serious disruption of our ability to pay our debts.

What are people who know saying about our Canada Savings Bonds? People are looking at them closely and they are described by many as a "con game". At the end of the year there will be on a $1,000 bond $85, $90 or $95 interest more or less. But in buying power this represents less money than the buyer had at the start. Furthermore, the $85 interest will be taxed at his marginal rate of income tax. In effect, a loss is guaranteed on these bonds. There is not the slightest chance of making a profit as long as inflation continues.

We distinctly hear asked the question: How low can the dollar go? It is said we are being locked into a collapsing currency. Our deficit financing has grown until there is obviously no bottom to the Canadian dollar. The Minister of Industry, Trade and Commerce (Mr. Horner) says that a depressed dollar is good for exports. But it is also inflationary because everything coming into this country from the United States is going to cost 15 per cent more than it did a year ago. We have depreciated in the past year some 30 per cent more or less against the Japanese yen, yet the price of a bushel of buckwheat for the western farmer, a product destined for Japan, is the same price this year as last—$4.75 a bushel. I will not use the metric system in describing the price in tonnes—a system bitterly resented by the western farmers.

The Minister of Finance (Mr. Chrétien) has consistently overstated the growth rate. It has always been, he states, 5 per cent or 5.5 per cent, but it has not measured up to this during his time in that portfolio. Other people whose opinions and judgments are valued and considered have always been much less optimistic than the Minister of Finance.

Why does the minister want this borrowing authority at this moment, particularly for 1980? Does he expect a sudden run on the dollar? Perhaps he is concerned about the three-year old dividend controls which expired last week. No one knows what the impact of unmatured dividend flows will be on the shaky Canadian dollar which is now trading at a 45-year low against the U.S. dollar. This outflow, even if it is minimal, will not help our dollar. Some would suggest this outflow could be as high as $1 billion over a short period or up to $2 billion over a longer period. All in all, the situation for the Canadian economy is very clouded. The minister could well enlighten us a great deal more as to why he wants these enormous borrowings; indeed, we need an explanation.

I will close with these remarks, Mr. Speaker, but I look forward with interest to finding out from the minister why he needs to have the ceiling raised so far ahead. Is it because an election must come within a year? Is it that he does not want to be embarrassed at election time by a run on the Canadian dollar?

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, once again we have a government bill to provide supplementary borrowing authority for the fiscal year 1978-79. It seems that all we do here is discuss bills to provide for more borrowing. If we are not borrowing more money it seems we are spending more money or printing more money, which is a clear indication that the government does not know what it is doing and does not know the first thing about running this country.

This all started ten years ago when the rules of this House were changed to reduce the number of votes. There is no proper examination of the departmental estimates by parliament; there is no control over government spending. This has been pointed out year after year by the Auditor General. Even he cannot find out where the money is going.

Having listened to the comments from the government benches today I suggest that hon. members opposite should read the Auditor General's reports to find out what is going on in the country. The government would have us believe that everything is beautiful, our accounts are in good order and there is no need to appoint a Comptroller General at an initial cost of $6 million per year. The government seems to be proud of borrowing money all the time, but that is nothing to brag about. A government or a business cannot be run by borrowing money all the time. It is a clear indication that the government does not know what it is doing.

I should like to put on the record some remarks attributed to the Comptroller General in an article in the Winnipeg *Free Press* on September 29, 1978, datelined Edmonton:

> The federal government's system of financial planning and control is unsuitable for the current period of economic restraint, the Comptroller General of Canada said Thursday.
>
> Harry Rogers said in a speech to the Canadian Institute of Chartered Accountants that the system evolved in a period of rapid expansion of government activities.
>
> "Without changes in these financial and manpower planning and control systems, the government will be severely limited in its ability to implement changes in its priorities."

It is odd that tonight the parliamentary secretary, who is supposed to be an accountant, did not comment on the matters raised by the Comptroller General. He informed us that this borrowing has something to do with reducing spending in the years ahead. The government has been in office for the last 15 years and it appears now that they are getting on to this so-called restraint and reduction of spending because of the latest opinion polls. It is not in them to have a really proper accounting system, to reduce spending or to see that our tax dollars are spent properly.

● (2032)

We are also informed by the Minister of Finance (Mr. Chrétien) and his Parliamentary Secretary (Mr. Martin) that this bill is a routine matter. He stated that we voted for this

amount to be passed. The parliamentary secretary's comments that we voted for this will have to be investigated in some detail tomorrow, Mr. Speaker. When I was at home in my riding during the recess, I was learning about more borrowing by reading the newspaper. I was not called back here to vote for any of this borrowing. So we were completely misled tonight by the parliamentary secretary. I will have his comments researched in more detail tomorrow.

Just in passing, there was another comment made about the great progress in housing and it was said that housing starts are up again. There are 72,000 new homes in this country today that remain empty. That is a dismal record for a country like Canada. People simply cannot afford to get into these homes. We recommended a mortgage deductibility plan that has been in effect in the United States for 40 years. It has been very successful. It has been in effect in Great Britain for many years and it has been very successful there. We want to implement a plan like this in Canada to help people buy homes. In return all we receive is criticism from the Minister of Finance, the Prime Minister and all the rest of them. All they have is a lot of negative criticism to offer.

I was also interested in the comments expressed by the financial critic of the New Democratic Party tonight. He criticized our party's financial critic. He listed a lot of small items that could be curtailed. However, there is no NDP member in the House tonight to listen to my comments. That is typical.

The comments of the New Democratic Party's financial critic seem to be right in step with this government. He said, "If the government spends more, the private sector will also spend more". That is a great theory. I have some evidence that will shatter that comment.

We had a change of government in Manitoba a year ago and I will give some statistics to show what is happening there. Expenditures are being curtailed. Not only that, the government is bringing in proper management and eliminating waste. Construction has experienced the greatest gain in Manitoba this year in the commercial sector. It is up a whopping 3,542 per cent from a mere $1 million worth last year when we had an NDP socialist government in Manitoba. We are up $38.4 million in 1978 so far.

After a loss of 6,000 jobs in the manufacturing sector under the NDP government, an increase in excess of 8,000 jobs in the past year has been evidenced. Expenditures are being curtailed. The private sector has faith in responsible government and as a result they are spending more. That is the evidence. In Manitoba building permits are up 69 per cent over 1977, when there was a New Democratic Party government in power which had all spending out of control. By having a responsible government eliminating waste and mismanagement, the private sector has expressed its faith in that government, and they will now invest in that province. That discounts the argument of the critic of the NDP.

Another example of what is happening in Manitoba by bringing in proper management and eliminating waste concerns the St. Boniface General Hospital in Winnipeg. This hospital has been able to reduce its operating expenditures for this year by $3,700,000. This has been accomplished as a result of the president of the hospital working with the staff to set up a program of eliminating wasteful things and bringing in more efficient management. This hospital is still maintaining proper quality patient care. The quality of care for the patients is not being reduced. This is one hospital, one institution. The New Democratic Party critic said that we are talking about peanuts, small amounts. However, this is a $3,700,000 saving at one hospital. Mr. Quaglia, the president of the hospital, has listed in a document how they accomplished it. It shows that it can be done. I would like to see all of the policies and programs that were adopted at this particular hospital adopted in all of the government departments in Ottawa. We are talking about reducing taxes by $2 billion. We could probably reduce them by $10 billion if we implemented a program such as the one in existence at the St. Boniface General Hospital in Winnipeg.

The parliamentary secretary accused Conservative candidates in the by-elections of using false and misleading information and said that all our statistical information is wrong. I challenge that statement, Mr. Speaker. I commented on this last Monday night. Canada's Prime Minister used a lot of selective statistical information in his speech on the Address in Reply to the Speech from the Throne. This was picked up by the news media and the Prime Minister has been challenged.

I have not heard the Liberal party challenging the statements made by Mr. Don McGillivray of Southam News. One of the things he had to say is as follows:

> Most of Trudeau's statistics used 1970 as the "base year" or starting point. He was elaborately casual about it, saying that any other year would do as well. But when one looks at the resulting members, it is clear that 1970 was well chosen. It is an example of "the before-and-after trick" described in Darrell Huff's 1954 classic, "How to Lie with Statistics".

One can be sure that the Liberal party would dig up a document like that to help them along. Mr. McGillivray goes on to say:

> If you compare your income this year with the one when you were out of a job and living on unemployment insurance, you have made fantastic gains. But if you compare it with the year you won the lottery, you have slipped badly.
>
> Nineteen seventy happened to be a recession year in Canada. It was the lowest point for housing starts, for example, in the past 10 years. Only 191,000 units were started.
>
> So when Trudeau claims a 25 per cent gain in housing starts he is measuring against a bad year. If you move the base year to 1971 when 233,000 houses were started, the gain shrinks to 5 per cent.

The Prime Minister should be completely and totally responsible and should not be using a bunch of tricky statistics.

This example of how this government operates is a clear indication that you cannot really trust them. This is why everybody is so suspicious. Look at the things which they allow to go on and how they allow taxpayers' money to be squandered. I have one other example to give. The New Democratic Party probably will not like this because it concerns $200,000 of the taxpayers' money. I have an article entitled "Why do the Gals Take so Long", and it reads:

The mandarins in Ottawa decided that an urgent question of great public concern, "how long do people spend in public washrooms", had to be settled. To that end they allotted in the neighbourhood of $200,000 to have this nagging question answered.

You will be heartened to know the results. By depositing themselves in the washrooms of Ottawa's National Arts Centre during intermission, recording arrival rates, duration and frequency of toilet traffic, researchers flushed out the fact that a man spends an average of 41 seconds at a urinal, while a woman spends 75 seconds using the cubicle.

● (2042)

There is a classic example. I guess I should not have raised that becaue it involves only $200,000 of the taxpayers' money and I realize it is not a large amount.

One also questions the credibility of the words of the Prime Minister (Mr. Trudeau). His word does not mean anything. On Wednesday, August 13, 1969, the Prime Minister, at a major press conference over national television, talked to the Canadian people about inflation and the country's financial future. He said this:

We would be on the way to financial disaster if nothing were done to bring spending under control. To spend vast sums on welfare, education, and other progams while allowing inflation to continue would merely place hundreds of thousands of Canadians on a treadmill they could not escape.

I never read more meaningless words in my life. He never meant one word of it. The Prime Minister also committed his government to a substantial cut in the federal public service. What has happened since August 13, 1969? Government spending has increased by over $34 billion, some 230 per cent. We now hear the parliamentary secretary trying to brush all this under the rug.

Here is something else that is driving Canadian taxpayers and the official opposition up the wall in connection with these phony programs. Although we are not opposed to sound foreign aid programs which will help our trade picture, some of them are very questionable. I quote from an excellent editorial in the Toronto *Sun* of October 8:

Our federal government has got to be crazy. Out of its maple syrup mind. Either that or criminally negligent. Or, horrors, both!

Here the damned country is falling apart, we're in the pits economically, and Trudeau's pledge a couple of months back (at the Bonn economic summit) of a 5 per cent growth rate has crumbled. Now Canada will be lucky if it hits 3 per cent growth.

Two years ago our dollar was worth nearly 5 per cent more than the American. Today it is worth 20 per cent less. And still fading. This year the feds have borrowed some $5 billion in futile, desperate attempts to shore up the slipping dollar. It is said to cost Canada $85,000 a day merely to keep a line of credit open. That's $85,000 a day with no tangible returns!

It sounds incredible, but it may not be beyond Trudeau's talents to bankrupt Canada.

And now the crazy part: In the midst of this chaos Canada has just borrowed $1.2 billion in order to lend it to Algeria! Unbelievable. Borrowing and paying interest in order to lend to Algeria! See what we mean when we suggest the government is nuts? Or wicked . . .

Watinell is the magic hold Algeria holds over the Trudeau government anyway? One of the world's more repressive regimes, it aids and protects terrorists, it actively tries to subvert neighbouring countries it doesn't like, it tramps on its own citizens, and it is nurtured with Soviet weaponry. But it speaks French . . . And Canada borrows to lend it dough—probably forgiveable loans (the feds won't tell), which cost us 10 per cent . . . Yet we pay some 10 per cent interest.

It likely costs Canada $300,000 a day in interest to loan Algeria money to buy from Canada, which will be a phony boost to our export statistics. This is called "creative accounting" and any private firm which tried it would be bankrupt or its executives jailed.

I wonder if the parliamentary secretary, who is an accountant, tells this to the firms he represents. I certainly would not want my tax form filled out by his accounting firm. The article continues:

Algeria is one of the biggest recipients of Canadian aid anyway. Now this $1.2 billion bonanza. And Algeria isn't even an ally. It is a "socialist" military dictatorship which shoots, hangs, assassinates or imprisons political opponents. It has 80 per cent illiteracy and no civil liberties. Why is Canada aiding such a regime at the expense of Canadians?

It constitutes a moral and financial outrage and those responsible should be horsewhipped. Or worse . . .

That was a classic example. The government suggests that we rubber-stamp all of these bills with billions here, borrow more there and all the rest. Many government members are critical of this side of the House and our successful candidates in the by-election. It is negative criticism which is not warranted. Well, we have a lot of company on our side.

As I mentioned last Monday night, more and more responsible people are studying and analysing how this government has mismanaged our affairs over the years. This is being documented in books such as the one I have here. This is not a series of general statements and opinions; these books contain statistical information.

The book I have here is entitled "The Canadian Economy, Its Problems and Its Potential", published under the auspices of Burns Fry Limited. The author is G. Leigh Skene. I wish to highlight a few of the points it makes:

It is now clear that the explosion in government spending during the past decade has left us with intolerable unemployment, intolerable inflation, and an intolerable burden of taxation. What makes our plight even more serious is that traditional government remedies, over the short term at least, can only exacerbate our problems. More and bigger government deficits—the common political response—would only act to unduly increase the money supply. That in turn would raise unit labour costs as well as other prices. The result then would be an increased volume of imports. Increasing the gap between imports and exports means the export of jobs—

They are being exported on a daily basis. Some figures indicate that up to $18 million a day is leaving, most of it going to the United States, because there is no faith in this government or this country.

And that means lower federal revenues, higher government spending, and more massive deficits.

It goes on to ask:

Do Government Deficits Cause Inflation?

There has been an ongoing controversy in Canada as to whether government deficits cause inflation.

They certainly do. There are a number of chapters on this. There is a chart which shows what is going on in this country. In their wrap-up, they refer to the role of the electorate in avoiding the crisis. I quote:

Perhaps most important of all, none of the reforms detailed in this chapter can come about without an electorate which chooses opportunity over handouts. As long as the voter chooses the candidate who promises more giveaways rather than the one who offers realistic solutions to our problems, there will be no lasting prosperity.

I can say without boasting that I have never stood on a platform and said: If you vote for me I will give you something for nothing. This nonsense was started by the Prime Minister in 1972 and a former minister of finance, John Turner, while parading around this country.

Can you imagine the Prime Minister trying to bribe the taxpayers with their own money, saying if you vote for me, there will be lots of goodies. We had an example of that in Winnipeg. He was going to give us a hangar. Now we have a $15 million hangar but they do not know what to do with it. Well, bribery did not work there. The parliamentary secretary is saying that we promised goodies. We did not do any such thing. I again quote:

What is lacking is will and determination. No society every received more than it earned, and this one will not be any exception to the rule. If expectations are high the level of effort must be high to achieve these expectations. If the level of effort is low, then the achievement level will be also. A continuation of the current levels of effort will bring about a very low achievement level.

In this document are a number of excellent recommendations. I will only refer to two. I quote:

Reduce the annual rate of increase in federal spending to 2 per cent to 4 per cent per annum.

Eliminate the federal budget deficit in a four to five year controlled program.

● (2052)

Of course, this is what we have been calling for for many years. We presented a motion on February 2 of this year calling for the strengthening of the committee system. We wanted the government to bring in sunset laws and, through the committee system, to examine every government department to find out exactly what they are doing and implement a program along the lines of that followed in Manitoba. But the New Democratic Party and the Liberal party are not interested at all in curtailing spending or conducting a proper examination of what is going on. The criticism we received was extraordinary.

We talked about a review of the tax system on May 23 of this year. There have been complaints from all over the country about our tax structure and we wanted to set down the proper committees to review that structure and attempt to improve our economic situation by encouraging investors to stay in Canada. Again we encountered blazing criticism from the New Democratic Party and from the Liberals. Now they come here again and say they are going to curtail spending. Those are meaningless words. They are not fooling me for one second.

Some excellent work has been done in the Senate. I should like to refer to a study which was completed earlier this year. It is called "Canada-United States Relations" and I am quoting from volume two which deals with Canada's trading relations with the United States. This is a document compiled by the Senate standing committee on foreign affairs; it should be required reading for all members of parliament and espacially for those who sit on the government benches.

I should like to refer to a few of the areas covered in this study. One of them is headed "Deterioration in the Travel Account". We know that this year there is likely to be a $2 billion tourism deficit. We hear from the Minister of Industry, Trade and Commerce (Mr. Horner) that he is holding great meetings, that he is going to cure all our tourism problems and that everyone will be coming to Canada. Those are more meaningless words.

I should like to give hon. members an example of how these matters are really handled. This is what happened in Manitoba during the summer. Northwest Air Lines, which flies from Chicago and Minneapolis to Winnipeg, was in a four-month strike. This meant that 14,000 fewer passengers were carried to northern Manitoba by Transair. A great number of Americans come up each year to fish and hunt in Manitoba but 14,000 fewer came this year; we have these statistics from Transair which picks them up in Winnipeg and takes them to the north.

While the strike was on we asked Air Canada to put on a regular flight to help us with this problem. But the corporation would do nothing about it. I telephoned the President of Air Canada and I wrote to the Minister of Transport (Mr. Lang). Air Canada has the right to fly from Winnipeg to Minneapolis and Chicago. They have had that right for almost a year but will not exercise that franchise. Nor will they give it to anyone else. This is a government airline, Mr. Speaker. Why did they not step in to help us or at least hand the franchise over to Transair so that they could have gone down to Chicago and Minneapolis and brought these 14,000 wealthy Americans up to spend money in northern Manitoba? I would venture to say that 14,000 fewer wealthy Americans getting up to northern Canada this summer cost us untold millions, because they are big spenders. That is an example of the way in which the government and its agencies are helping out with our tourism problem. There is a chapter in this study dealing with the basic cause of this tourism deficit. It goes into great detail.

One of the highlights of the document is the suggestion that Canada is no longer an attractive country in which to invest money because of the fact that the Saskatchewan government nationalized the potash industry in Saskatchewan a number of years ago. The Senate report states:

The nationalization by the Saskatchewan government of the potash industry produced a strong negative reaction from the United States. The United States is heavily dependent upon Saskatchewan as a source for potash; almost 70 per cent of its potash needs came from Canada in 1974.

That was the start of it, Mr. Speaker. A combination of this action by the NDP government in Saskatchewan and the policies of the Liberal government here has given rise to fears among investors that Canada was no longer an attractive country in which to invest.

The Senate committee also dealt with the subject of resource taxation. A number of witnesses were called and they made some extremely interesting comments. The committee set forth its views as follows:

A major problem for the Canadian resource industries and particularly the mining industry in recent years relates to the jurisdictional disputes between the federal and provincial government over the right to tax. The mining industry tax incentives structure was substantially altered in 1971 by changes in federal tax policy which removed some of the advantages which the industry had traditionally enjoyed. The impact of this change was compounded by steps taken within a

couple of years by the provinces to tax away the profit generated in the prosperous 1973-74 period which, it is now apparent, was due to cyclical factors.

We are all aware of the potential of the mining industry in Canada. We want to do everything we possibly can to encourage it. Unfortunately, the federal government and some of the provincial governments have treated this industry very badly. The result has been extremely costly for Canada. Further in this document we read:

Mr. Alfred Powis, President of Noranda, termed as "devastating" the over-all impact of the federal government's 1971 tax reform coupled with the punitive taxes and royalties of the provinces which the federal government disallowed as expenses. In terms of competitive position, he said, Canadian taxes were more than double those in parts of the United States.

These are some of the things we wanted to discuss in committee so that we could solve these problems and get Canada going. But no co-operation was forthcoming from the NDP or from the government. The company prepared for the committee, as evidence of this, tables of comparable mining operations in B.C., Ontario and in Nevada. I am happy to say that the government of Manitoba has removed some of these restrictive taxes on mining operations in northern Manitoba so we shall certainly see an improvement in Manitoba. But Manitoba cannot cure all of Canada's economic ills on its own.

The Senate also heard a tax expert, a gentleman by the name of Mr. R. D. Brown. According to the Senate study—

—Mr. Brown considered the Canadian tax structure as inefficient. After the detailed comparative study of the tax systems in Canada, United States and northern Europe for one industry, he concluded that the Canadian system imposed more burdens on its industry than the tax systems of other countries. As to its effect on competitiveness, Mr. Brown said: "Our tax system does not help and indeed hinders the aggregate level of productivity in Canada and tends to make our products have a more difficult time in world markets".

What are we doing about these things? Absolutely nothing. All we are doing is talking about a bill to enable the government to borrow more money. Isn't that a great solution to all our problems? You borrow more money, print more money, spend more money. I should have brought along some of the speeches made in days gone by by the hon. member for Crowfoot, because they would have made an excellent contribution to this debate. I looked up some of his old speeches on the devalued dollar. Some of his comments are worth repeating.

Yesterday I asked the Minister of Finance a question about the amount of investment money currently leaving the country. The volume of investment money leaving the country has now reached record proportions. I asked what steps would be taken to encourage investors to stay in Canada. In reply we were given the typical, gobbledygook answer that the minister is reducing taxes by $2 billion. He is not even making an effort to meet with these people to find out why they will not invest in Canada. He is taking a totally negative approach.

● (2102)

We have also heard detailed speeches about the socialist policies we have in this country today. This is a comment made by Mr. Rowland Frazee, President of the Royal Bank of Canada, as reported in the *Free Press*:

Foreign investors are not investing in Canada because they hold a dated perception that Canada is left-leaning and unreliable, says Rowland C. Frazee, President of the Royal Bank of Canada.

Frazee said it would probably take another year for outside investors to realize Canada has now implemented orthodox economic policies in a bid to shore up the dollar and hold down inflation.

Mr. Frazee feels that everything will be straightened out in another year, but we will have to wait to see about that.

With regard to the public debt which the Minister of Finance and his parliamentary secretary made light of, I would like to give a few statistics. The wild spending habits of the government have resulted in steadily mounting deficits. When the government borrows money to pay for the deficits, the public debt increases. Gross public debt has doubled since the Prime Minister took office, rising from $32.9 billion in 1968 to $67.1 billion in 1977.

I understand that the latest figures show that it is heading toward $90 billion or $98 billion. It took the present Prime Minister and this government only ten years to double the public debt. Before the Prime Minister and this government came to office it took 23 years to double the public debt. This government has increased the public debt at a rate faster than any government in Canada's peacetime history. Gross public debt increased by $7.3 billion in 1977. That increase is greater than the total public debt of 1942.

I am sure Canadian taxpayers would be interested to know that interest payments on this debt have skyrocketed. In 1968 the federal government spent $1.3 billion to pay for accumulated debts. In the coming financial year $6.5 billion will be spent, five times the amount of 1968. Federal debt costs were $62 for every Canadian in 1968. Now they are $278, four and one-half times greater. When does the end come? Every time we have another of these bills before us we hear a series of excuses that everything is in order and going great. The deeper the government gets into debt, the greater it says things are. What a philosophy!

When the federal government issues bonds, bills and securities to pay for its deficits, they are bought by either private citizens and corporations or by the Bank of Canada. Sales to the private sector place a burden on capital markets by increasing the demand for funds. Federal borrowing requirements of the current size, $8.8 billion, makes it harder for the productive sectors of our economy to borrow funds to finance job-creating investment projects. Sales to the Bank of Canada are paid for by the bank by printing money. In effect, the government owes money to itself, so hon. members can see the ridiculous situation we are in. Too much money in the economic system means inflation. I could go on and on with statistics, but I do not think I have to say any more to get the message across.

There is much comment across Canada today placing the blame on one man. The Prime Minister of Canada must bear a large share of the responsibility because he has handed everyone in his cabinet a blank cheque. Cabinet ministers can do anything they want. They can fly around in JetStars and take all their friends to Grey Cup games. As soon as the Minister of State (Fitness and Amateur Sports) (Mrs. Campagnolo)

became a cabinet minister, she took a JetStar across the Atlantic Ocean and flew around Europe at a cost to taxpayers of about $350,000. She certainly has all the necessary qualifications to be in this Liberal cabinet, and she demonstrated that in short order.

However, we cannot place all the blame on one man. All cabinet ministers are guilty, and even backbenchers who defend this government's record are guilty. They have been leaving one by one. Some have been speaking up while others have just gone off to Bay Street to make a bundle practising law. Mr. Charles Lynch of Southam News summed it up very well as follows:

When we talk about the government being tired and listless, we are talking about the unfaithful departed, like John Turner—

I will get to him in just a minute.

—and Donald Macdonald and Ron Basford, and a host of ministers who have remained on board without pulling their weight—Allan MacEachen, Don Jamieson, Otto Lang, Alastair Gillespie and the faceless ones like Hugh Faulkner, Judd Buchanan, Bud Cullen, John Roberts and Tony Abbott.

That is a great piece of theory about this cabinet, and it is right on.

It is a measure of the government's bankruptcy that Trudeau must now contemplate strengthening his cabinet for the long winter's run to the polls, and he has no place to turn for strength. There is manifestly better cabinet material on the Tory benches than on the Grit side.

It is certain that we have no shortage of talent on this side.

A column by Dennis Braithwaite appeared this week in the Toronto *Star* in which it is stated:

Since my political predictions are running well ahead of the regular pundits (they are saying today what I said on Aug. 8, that Trudeau's had it), I must press on with further enlightening analyses.

Many Liberals are saying that Mr. Turner must return. Mr. Turner is just as guilty as all of them. I would like to point out that under Mr. John Turner as minister of finance federal government spending increased by 99 per cent in his short term. To put it another way, it took us 105 years to reach a federal spending level of $17.4 billion. John Turner doubled that figure in 44 months, taking the level of government spending in his brief term—

Mr. Deputy Speaker: Order, please. I must interrupt the hon. member because his time has expired. Unless he gets the unanimous consent of the House—

Some hon. Members: No.

Mr. Deputy Speaker: Is there unanimous consent to allow the hon. member more time?

Some hon. Members: No.

Mr. S. Victor Railton (Welland): Mr. Speaker, I do not know which section of the *Globe and Mail* some of my hon. colleagues opposite read. I do not know whether they read the first section, which is purely political, or the business section.

Mr. Friesen: The obituaries.

[Mr. McKenzie.]

Mr. Railton: They may have been reading obituaries, but some of them are imaginary. They get up with their books and read many things which all of us have read and discarded. I do not really think they have been reading the second section of the *Globe and Mail* or any other business journals because they show that in the last year momentum has slowly been building toward an economic upturn.

• (2112)

This upturn has been engineered by the present government. The Progressive Conservatives are fighting hard to get in on the good times round the corner which have been prepared by us Liberals.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Railton: I am quite serious when I say that. There is nothing like listening to the people in your own constituency to find out what is going on. I do not listen to members on the opposite side too often because they are ghost writers really. They have somebody telling them what to say, and then they get up and say it. Actually, I have spent the summer going around my constituency of Welland and I have found that there have never been such good times in Canada, despite the doom and gloom in the media and in the accusations coming from the opposition.

The hon. member for Waterloo-Cambridge (Mr. Saltsman) had a few interesting observations to make. I thought he made the most thoughtful speech today.

Some hon. Members: Hear, hear!

Mr. Railton: But nothing constructive is coming from the other side. I thought that the financial critic on the other side showed everything except a knowledge of finance. All he did was to deliver a diatribe of accusations. He referred to all sorts of things that had no substance to back up his statements.

Let me get back to speaking about my own riding, which I respect and for which I have a great affection. I have done a lot of work there, and I think they appreciate it. I have visited several manufacturing firms in my riding. We have been told that manufacturing is down to 80 per cent of its capacity. That is completely untrue; they are at full capacity, most of them running two, sometimes three shifts.

We have heard talk that the government is not sufficiently subsidizing research and development. My God, what do they want? Do they want us to supply everything? Business in Canada is just waking up to the knowledge that they have to put some effort into it too. We have been pampering them. Research and development in most Canadian firms is increasing, partly because the firms are starting to realize that they must supply 1 per cent to 3 per cent of total sales in order to become competitive. This entails some hard times for two or three years, but they are facing up to the challenge.

I have found also that exports from my riding, although they are sometimes only 10 per cent, in many cases are in the range

of 70 per cent of industrial manufacturing. Millions of dollars from these firms are going into expansion. The money is going into building and machinery. They have more faith in Canada than the other side of the House. I cannot understand the prophets over there talking about Canada going to the devil when our Canadian manufacturers are saying that things have been definitely on the upswing for the last six or 12 months and are getting better all the time.

Some hon. Members: Hear, hear!

Mr. Railton: What is more, they have competitive ability. Our firms are selling products in the United States which they could not begin to sell two or three years ago. Why is it? Is it because of this weak, sick, Canadian dollar? Ha, just think of that! What is the matter with you men over there? Do you not realize that this is what is giving us much of our competitive edge and this is what the manufacturers want? Just because people cannot go on trips to Europe or to the United States and buy everything cheaply over there like they can at home—most of it is not important to their standard of living or way of life—do you think that people do not realize that Canadian prosperity hinges on our exports?

Now that the Canadian dollar is down, our companies will continue to be prosperous. What is more, those firms tell me they do not want to see the dollar get any closer than 10 cents or 12 cents to the U.S. dollar. I wish I had not bought American currency a couple of days ago. A lot of ridiculous nonsense has been said about the dollar. It is about time we realized the exchange rate is in our favour and that we are benefiting from it. Let us hope it does not go up closer to the American dollar than 90 cents.

When I think of the different companies in my riding I am reminded of the textile industries which have had so much trouble because of the third world, and we have to expect it. Yet Canada with her negotiations in GATT has done a great deal for these textile industries. Mr. Fyfe through my efforts was able to meet with the Minister of Industry, Trade and Commerce (Mr. Horner) last spring. I think now that they feel they can make things go, it is possible they will get about 50 per cent or 60 per cent of the domestic market in Canada, which is what they must have if they are to survive. Also, there is John Deere in the Welland area. It is a U.S. firm, but it is unique in the fact that it makes millions of dollars worth of sales every year. There is no other company that does exactly that type of manufacturing in the U.S., so they can compete and export to the United States. In fact, they have sent 70 per cent of their manufactured goods to the United States, which will certainly improve our export trade balance. Every year they spend 3 per cent on research and development. They are really a great asset to Canada. In the next year or two that company will spend between $5 million and $15 million on expansion.

Another company is Union Carbide which is going to spend $5 million to $20 million next year on expansion. It exports 5 per cent to 6 per cent of its products, although it covers the Canadian market to a large degree.

Then we have Stelco, which was a big company before the pipeline business started. They built a nine-acre plant two years ago in readiness for the pipeline, but they have not got it going yet. However, not to worry; Stelco is doing all right even selling material in the U.S., Mexico and other places. Their competitive ability is excellent. So let hon. members not talk to me about a country which is going down the drain. Stelco is ready to put out a mile of pipe a day when they get the orders.

Then we have Atlas Steel, one of the great steel companies in Welland. They wrote me a letter the other day thanking the government for all it had tried to do in the GATT negotiations and in the anti-dumping tribunals. That company feels it has been fairly treated, even though it did not get all it wanted. At least Atlas indicated that it hoped we would continue to make sure dumping did not occur. I know the Minister of Industry, Trade and Commerce is doing his best to prevent it.

• (2122)

We have received a lot of criticism from the other side concerning the takeover of Canadian companies by American companies. I should like to refer to the Mansfield-Denman Company in Welland which was dying by inches because its parent company in the United States did not have enough capital to enlarge, refurbish its machinery and modernize. That was the case until the Foreign Investment Review Agency took on the problem and recognized that the applicant, General Tire, had the ability and financial capacity to enlarge that plant's output for export in Welland, as well as its tire plant in Barrie, Ontario. The Welland plant exports a great deal. In fact, it manufactures canister components for gas masks for the Canadian, American and German defence forces. That firm is prospering.

The Hayes-Dana Company is situated in an area of Ontario which is shared by the hon. member for St. Catharines (Mr. Parent), the hon. member for Niagara Falls (Mr. Young), the hon. member for Lincoln (Mr. Andres) and myself. Until recently that firm employed 800 people; now it has increased its staff by another 800 people. Basically it is situated in the St. Catharines area, and Welland is the bedroom component of that industry. As well it has increased its staff by a few hundred in the new plant in Barrie.

Can one say that I have told a sad story about Canadian industry? There are small firms in Welland, many forge plants which supply the bigger plants. Recently I received a telephone call from the manager of General Forge. His firm has been successful in getting capital in order to enlarge by $2 million to build some additional plant and refurbish the existing plant because it is exporting a great deal now.

It is time for optimism in the House. I spoke tonight because I have heard so much pessimism and ridiculous accusations against the government. One would think the country is going down the drain. Canada has never had it so good. Sometimes I require loans just like everyone else, so I have had occasion to speak with bankers. It provides me with an opportunity to hear their ideas. All the bankers have told me, as well as merchants on the street, that things have never been so good.

Perhaps there is a lot of talk about unemployment, but at least we look after our unemployed. There is no other country in the world which has been as good to its unemployed as Canada. Just because a few loose hitches are being tightened here and there, there is no reason to cry. The majority of unemployed Canadians are able to go to stores, fill their baskets, and look after the nutrition of their families just as well as anyone who is somewhat luckier and has a job. This is due to the government's good vision, commonsense, foresight and the fulfilling of its responsibilities.

This morning I had occasion to speak to someone over coffee who told me the story about that big development in St. John's, Newfoundland. Newfoundland has been known for its high unemployment, as much as 30 per cent in some places. Perhaps the people of that province do not have good times similar to the residents of the booming provinces of Alberta, Saskatchewan, Ontario and British Columbia, but the people of Newfoundland are not complaining very much. Recently a $700,000 food market was opened. That business is booming in an area where perhaps 20 per cent are unemployed. People are buying a great deal of food and are quite happy. In fact, the man in charge of the project said that he went to St. John's because he could make more money there than anywhere else because of lower costs. Also he said that there is a scarcity of money, even though some of the people are unemployed, because they are being paid by the government. There would be something to criticize the government about if it did not have a generous unemployment insurance program. The government should not be criticized for spending $4 billion on the unemployed. It should be criticized if the unemployed are not being looked after.

Many speakers today referred to provincial opinions. Just as the Prime Minister (Mr. Trudeau) said in his speech last Thursday, who stands up for Canada? Not very many people stand up for Canada now, just the Liberal government.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Railton: One should not kid oneself. The opposition has worked hard to divide the government and make it fall for the apparent good of the provinces and the local parochial people.

An hon. Member: Where is your violin?

Mr. Railton: That sounds good, but the Liberal government stands up for the country. If local parochialism becomes too strong, who will suffer? Of course nobody but Canada will suffer. There will be no chance for a strong central government. One must not think the hon. Leader of the Opposition (Mr. Clark) will provide us with a strong central government. That is quite impossible, based on what I have seen in the last year. I want to see a fair show for the government. I rose to defend the government by indicating that I do not believe a word the opposition has said.

In conclusion, I should like to point out that the government has done more for Canada in the last ten years than any other government could have done. In the next two or three years there will be more jobs in Canada than people to fill them.

Mr. Cecil Smith (Churchill): Mr. Speaker, the hon. member who preceded me referred to opposition parties spelling doom and gloom, and to the result of their talking about the devalued dollar and the fall of the government. I should like to refer to a few comments made by a former minister of finance, the Hon. Mitchell Sharp, back in May of 1962. He said that the Canadian dollar, once the strongest currency in the world, was in danger of becoming known as the Diefendollar in which, like the Diefenbaker government, there was less and less public confidence. He said that when the government lost control of the exchange, was forced to abandon its policies and devalue the currency, the country would be in serious peril. The dollar was at 92.5 cents at that time. What would it be like now that the dollar is worth 82.5 cents? Also he indicated that it was one thing to reduce the value of the Canadian dollar deliberately in order to assist our trading position, but it was quite another thing when the Canadian dollar is forced down because the world has lost confidence in our economy and financial policies.

Bill C-7 was given first reading in the House approximately two days ago. It seeks a $7 billion supplementary borrowing authority for the rest of the current fiscal year, and a further $10 billion borrowing authority for the fiscal year 1980. I could not even consider giving my consent to the borrowing of some $17 billion until I know just how the money is to be spent.

● (2132)

For quite some time now I have wanted to express some of my concerns and feelings about why this government is in the position that it now has to borrow more money and become involved in a hodgepodge of cutbacks. The major economic statement we heard from the Prime Minister (Mr. Trudeau) on August 1 really boils down to what I can only call a hodgepodge of cutbacks involving some $2 billion in spending and the elimination of 5,000 jobs in the public sector. It also involves the freezing of new public service hirings.

This government's attempt at restraint is certainly welcome. However, this announcement, impromptu as it was, resulted in ministers of the Crown scurrying back to Ottawa to determine just where the cuts should be made. This is no surprise to me in view of the mismanagement we have seen in respect of government spending over the past ten years. I am not surprised that there have to be cutbacks because this government's spending has been out of control, particularly for the last five years.

Let me devote my remarks to one area of the Churchill constituency which I am proud to represent. If the Liberals are really serious about restraint, why does the government not sell the empty government houses in Churchill, Manitoba, or at least make every effort to prevent a further white elephant such as the Otineka Mall and Churchill complex? I will deal specifically with this as I get further into my remarks.

What happened in the town of Churchill on the Hudson Bay coast in Manitoba is a prime example of what this government has been doing. For over three centuries Churchill has been a base for explorers, scientists and travellers. It is also one of the main grain handling ports in Canada. In the last century this community has become the subject of government whim.

Let me go back to 1969 when an agreement was reached between the NDP government of Manitoba and the federal Liberal government of Canada to embark on a 13-point plan for the redevelopment of the townsite of Churchill. At that time there were some 4,000 people living in the community of Churchill. I have never been able to pin down who the architect of this redevelopment plan was. I have tried unsuccessfully by inquiring of the Department of Public Works and of various other offices.

At the time government officials felt that a viable tax base existed in Churchill to support an estimated $32 million redevelopment plan. From 1969 to 1976 the redevelopment plan was carried out. Just two years ago a multimillion dollar recreational complex was opened in Churchill. The complex cost $13 million, $8 million of which was put up by the federal government and $5 million by the NDP government of Manitoba. It was based on a population of 4,000 at that time. Someone in government did not realize that the population of Churchill in 1976 had decreased to some 1,700 or 1,800.

Under the roof of this huge, monstrous complex there exists a paramedical and dental care facility, an arena, a gymnasium, a four-sheet curling rink with artificial ice, bowling alleys, a swimming pool, theatres, a skating rink with artificial ice, and, lo and behold, in the rotunda of this complex in the frozen tundra of Churchill we have $100,000 worth of tropical plants, along with benches and all the facilities of a park. You can walk around inside this area. As I say, at the time of completion we had exactly 1,700 people living in the community.

In addition to these facilities this huge complex housed a high school designed to facilitate the education of 300 students. In 1977 there were 100 students attending that high school, at a cost of $180,000 per year. That is what it cost to educate those 100 students. Today there are 55 high school students attending school in that complex, and it still costs something in the neighbourhood of $150,000 or $160,000 to educate those students. This complex is like an albatross or a yoke around the necks of the people who live in the Churchill community.

The population in Churchill today is 1,400. That is an example of how this federal government has done its planning, how it squanders the taxpayers' money. The government pays no attention whatever to what is going on in northern Manitoba. This is only one example of how this government squanders the taxpayers' money, in this case to the extent of $8 million in federal funds. The people of Churchill would have been happy with a $1 million building designed in such a way that it could be utilized by the local population. Today you could fire a cannon in that place and never hit anyone. This complex is so huge it costs $1,200,000 a year just to maintain it and there are only 1,400 in the community.

When the complex was started, or shortly thereafter, this government began to reduce the armed services in Churchill. Churchill was a winter training area. Then the government pulled the National Research Council out of Churchill and moved it to Gimli, Manitoba. I asked why and was told that it was too costly to continue operations in Churchill. This was after they commenced building this $13 million recreation complex. The government has now said to the people that this complex is its gift to the people of Churchill: "There it is, now you look after it".

In addition to pulling out the armed services and the National Research Council, the government pulled the CBC employees out of the community. This amounted to a loss of 16 jobs in that community. I could never figure out why the CBC needed 16 people to run a radio station in Churchill where there was a population of 1,400 people, but I suppose that is a pretty good ratio in order to give good radio programming. This has left the community with a recreation complex it cannot afford. The new Conservative government of Manitoba has given a grant to continue maintaining the complex for at least this year. I do not know what will happen after this year. I have in front of me a newspaper clipping with a heading "A Dream Dies at Churchill, Can't Explain Where People Went, say Planners of Facelift". The article reads in part:

● (2142)

"You can go up to the centre and fire a cannon and you wouldn't hit anybody," laments Jack O'Connor, vice president of the local chamber of commerce.

The desolate Hudson Bay outpost is stirring with a California-style tax revolt. In order to maintain the centre, local taxes have gone up 24 per cent in the last year.

Later, the article goes on:

Troubleshooters in the federal-provincial relations section of the Privy Council office in Ottawa have been asked to find a solution—and the solution could mean an infusion of more tax money.

The government came up with a proposal to put money in there but they have not bothered with it since. The cost of this redevelopment of Churchill has skyrocketed. It was estimated at $32 million but cost closer to $50 million.

There was also redevelopment of housing in Churchill. The federal government owns 80 per cent of these homes and it rebuilt them. I do not know where the government finds the architects for this work when it is required in remote areas of Manitoba and the Northwest Territories. They must be good Liberal supporters. The buildings are so overdesigned that it takes three or four times longer than usual to construct them.

I have the example of someone, a painter, who went to Churchill to do some contract work in one of the 20-unit apartment buildings. His experience shows that money is of no concern to the government. Indeed, if the government had any commonsense at all the $2 billion restraint program might not have been necessary. Government waste alone could probably account for $2 billion without the other cutbacks and lay-offs of public servants. This painter who went to Churchill on a contract says that a simple two-day job lasted six days because the paint was either the wrong kind, the wrong colour or was

not even available. Much of it had to be mixed in order to match the architect's specifications. Colours selected were difficult to apply—yellow numbers on dark orange doors required four coats to cover instead of two if dark numbers on a light background had been chosen. Twelve stripes on one wall required twelve different colours and consequently 12 quarts of paint, yet only half a quart was used in total.

There were architects' specification sheets, a fully detailed print, in scale, for every two apartment doors, indicating the actual number and its location on the door with angles and measurements in fractions of an inch—a total of 12 sheets. These are architects' blueprints of 3½ feet by 3½ feet. This is what I call government waste.

This particular apartment has 20 suites and has taken almost three years to build. Initially the cost was estimated at $250,000 and ended at perhaps $750,000. This was a government cost-sharing project with the government of Manitoba and there was no concern about controlling the expenditures. Contractors and architects were allowed to spend money like water because it was taxpayers' money.

Although almost ready for occupancy, the doors were binding because the building had already moved; the roof was leaking; exterior paint was peeling because primer had not been used properly; walls were painted after carpet was installed leaving marks on the carpet and some walls were painted seven times because painting quality was rejected.

Other apartments and houses had similar problems. Cedar siding was imported thousands of miles and the protective coating that was applied was simply eaten away by the salt water air. Why not use local rocks or stones instead that would stand up against salt water air instead of shipping in cedar siding?

The government's move to restraint will mean nothing until their actual plans are monitored. If they are unable to do so themselves then it is time they considered the value of local input. While the government mouths restraint, as many as 40 government housing units stand empty in Churchill. There is a waiting list for rental accommodation there from residents who do not have proper accommodation.

I want to explain about this government housing, Mr. Speaker. I have in front of me a file entitled "Pool Housing". I know the hon. member for the Northwest Territories (Mr. Firth) has encountered exactly the same situation in his area. A 1956 Treasury Board Order No. 1301 specifies that "local hires"—meaning someone hired from the community—are not entitled to government housing. A resident of Churchill could not live in a government house if he was hired locally. If the Department of Public Works, the National Research Council or the Department of Tranport went to any other community in the country, they could hire someone there, take them to Churchill and supply them with government housing if it was available.

This redevelopment program which cost $50 million must have supplied 80 to 90 units in Churchill. When I asked what those units were for, the answer I got from Treasury Board was that the Department of Transport pays for a certain number of units on an annual basis, so does the CBC, the Department of Indian Affairs and Northern Development, the National Research Council and three or four other departments. Ironically, even though the accommodation was being paid for, no one was living in it.

When I started inquiring into this in 1976, I got nowhere. I was told that all units were full. I contacted the CBC, DOT and NRC, and they claimed to be using these facilities. People in Churchill have told me, however, that 40 or 50 of these units are empty all the time. Taxpayers pay to heat these units and to maintain them—all for nothing. They are empty. There is not a soul living in them, yet there are people living in Churchill without a roof over their head.

• (2152)

Now, lo and behold, after many letters to the President of the Treasury Board (Mr. Andras), we were successful in having local hires in Churchill get government housing. That means if someone can qualify for a job in Churchill they can now qualify for government housing. This is ironic, Mr. Speaker, because since 1956 a local hire could not get a government house. This success was accomplished only by a lot of hard work, because the first letter I received from the Treasury Board said: "Here are the regulations, we must abide by them. We cannot make any changes because this is all set out by the President of the Treasury Board." My last letter was written in August. The letter I received in reply from the President of the Treasury Board says that: "The timing of your letter is most opportune. As an officer of the Treasury Board Secretariat I am presently reviewing the continuous issue of local hires. I have requested that your further concerns that federally-owned apartments are standing vacant in Churchill while public servants in the community face a general accommodation shortage be incorporated in that study."

He goes on to say that there is a study under way and local hires will have accommodation, and they are going to sell the houses they do not need now. These houses have been surplus for the last five years. No one has lived in them. But now, all of a sudden they will be sold. I tell hon. members it is evident there is an election just around the corner because some of the letters that members write to the President of the Treasury Board are now being answered. I thought I should touch briefly on the housing situation in Churchill.

As I have said before, here is a community with the best grain handling facilities in Canada which are being underutilized because this government, with their cat and mouse games, will not increase shipping through Churchill. The Hall commission report says the port of Churchill can handle 55 million bushels of grain with little or no extra expense. This government is still pussyfooting around. It is not even bothering to put that amount of grain through Churchill.

The cat and mouse game that they have been playing with Churchill leads me into my next remarks. After the Hall commission report was released, our flying minister—"Twin-Otto Lang" I call him—has to commission a report from

Bryden Development Consultants Western Limited of Winnipeg. Do you know, Mr. Speaker, who Bryden is? He used to work for the Minister of Transport (Mr. Lang). I believe he was a secretary or something for the minister.

An hon. Member: A bag man.

Mr. Smith (Churchill): Yes, a bag man. So another report is commissioned for Churchill because the minister did not believe the Hall report, or did not want to believe it. The Saskatoon *Star Phoenix* reported on March 11, 1978, that the federal grains group was aware of the firm's view that the development of the Hudson Bay port was uneconomical when it commissioned the study. The study referred to is the Bryden report. They just spelled gloom and doom for Churchill. Talk about the Conservatives spelling gloom and doom! Mr. Speaker, I think I am a very positive person, but it is impossible trying to be positive with a government that is so inept. I have to be a little bit negative. They will not be around here in another seven months or so, but we do not need to dwell on that.

The Hall commission report dealt with the shipment of some 55 million bushels of grain through the port, as I mentioned before. The port of Churchill this year was strikebound for 13 days. This meant that ships that were originally destined for Churchill were diverted to Montreal, to Halifax, and some to Thunder Bay. It meant that some 7 million to 9 million bushels of grain which was supposed to be shipped out of Churchill took the route through Thunder Bay. What has this done to the port of Churchill? It has placed the port of Churchill in a cash loss position. That port must have shipment of at least 25 million bushels of grain per annum in order to break even. This year only 23 million bushels have gone through that port.

We understand the government is in a bind and because of that they do not have the grain moving in Canada. I do not know if they will ever get it moving, but they have scheduled the m.v. *Arctic*, which is a Canadian class II ice-breaker, to go to Churchill on November 15 to pick up a cargo of grain, and for that I compliment the government. This is the latest date that any ship has gone into Churchill because the season there closes on October 23. Incidentally the river at Churchill is now frozen and full of slob ice at this particular time.

However, in view of the fact that the lakehead is now affected by a strike, resulting in no grain movement through there, I asked the government if it would consider directing the Wheat Board, if it wants to have grain moving, to have at least four or five other ships go in with the m.v. *Arctic* to Churchill and move out another 4 million or 5 million bushels of grain. As well I requested that at least 4 million bushels of grain which has already been sold for next year's shipments be stored. It could be stored at Churchill. The port of Churchill has the most ideal storage conditions anywhere in Canada. It is like a permanent deep freeze in the wintertime. Humidity is not a problem.

May I call it ten o'clock, Mr. Speaker?

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—GRAIN SHIPMENTS THROUGH CHURCHILL, MANITOBA

Mr. Cecil Smith (Churchill): Mr. Speaker, under Standing Order 43 and also during question period a few days ago I raised the problem of the chaotic state of Canada's grain transport system, which has caused a backlog of 4 million metric tons of grain worth $450 million still to be shipped if Canada is to meet its 1978 commitments.

• (2202)

Prairie grain elevators are close to overflowing. Their grain stocks are up 35 per cent from a year ago. At the same time, grain stocks at the major export terminals are down 33 per cent from last year. The problem is not that farmers have suddenly dumped their grain at the country elevator in the last few weeks as deliveries to primary elevators are also lagging behind 1977 figures. The tie-up is in rail movement of grain to export positions.

The government spent $800,000 in upgrading the port of Churchill this past summer. Rail trackage has increased and the Herchmer subdivision siding is now in service providing a passing track and lessening turnaround time for the grain cars. Moreover, Churchill has storage capacity for 4 million bushels of grain and the natural advantages of constant freezing temperatures and low humidity. Regardless of these advantages and improvements, the federal government refuses to increase grain shipments through Churchill and fully utilize the Manitoba port.

A wildcat strike by CNR yardmen and brakemen at Thunder Bay blocked grain traffic to the terminals in late September. Now, a strike by licensed seamen on the Great Lakes has left ships harboured and loaded grain cars idle. Shipowners are saying it will be too costly to reactivate ships with less than eight weeks left in the shipping season.

The government has a commitment to their overseas markets that it is failing to meet. In view of the natural advantages of the port of Churchill and the present situation in Thunder Bay, will the government redirect grain cars now standing idle at Thunder Bay to Churchill? Ships could be diverted from the St. Lawrence Seaway to follow the new Canadian icebreaker m.v. *Arctic*. During the 13-day strike by grainhandlers at the port of Churchill this past summer, ships were diverted to the eastern seaports. Why will the government not follow the same policy now in order to put that port on a cash saving basis?

The Hudson Bay port is down 7 million to 9 million bushels in grain shipments this year over last year and is in a cash-loss position. Does the minister responsible for the Wheat Board not have the foresight and initiative to move the loaded grain

cars now filling the rail yard at Thunder Bay? Why not utilize the 4 million bushel storage facilities at Churchill? The Wheat Board has confirmed grain shipments through the port for next year and could store grain here ready for shipment in the spring. This would remove the port from a cash-loss position and ensure its continued operation. This is very important because, if it is in a cash-loss position, the loss must be borne by the federal government. Therefore, why not ship more grain through this port and put it in a cash saving position?

The government gives with one hand and takes with the other. After upgrading facilities, and now, assigning the m.v. *Arctic* to chart Hudson Bay waters as late as November 15, which will be an historic voyage, in an effort to extend the season, the government refuses to increase our throughput or use existing storage facilities.

The Hall Commission on grain handling and transportation recommended development of the port of Churchill and an increase in grain shipments to 55 million bushels. Not satisfied with the report's conclusions, the Minister of Transport (Mr. Lang) commissioned a second study, the Bryden report, which views further development as uneconomical.

This government jumps from one side of the fence to the other, never landing long enough on one side to leave even the faintest of footprints. When will the present Liberal government take a stand and commit itself to the development of this western port? There are only a few months left.

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, we are happy to see that the hon. member realizes the efforts the government has made to allow the port of Churchill to reach full development. I would like to point out that for 1978 alone we spent more than $5,575,000 on equipment for that port.

The Canadian Wheat Board also showed its willingness to use the port of Churchill as much as possible. Record volumes of grain were moved through that part in recent years and it is conceivable that a new record would have been set this year had it not been for last summer's unfortunate strike.

The government is pleased with the efforts that have been made to make better use of that port but we would not want, and we would think it would be inappropriate, to interfere in the operation of the Canadian Wheat Board by giving it, for example, instruction on its storage policy. Its job is to analyze the market and direct grains so as to maximize producers' profits. It does so by considering all relevant factors, including the availability of land and water means of transport at any given time. It is empowered to do so, and we do not think we should be taking its place in this area. The board is quite aware of the advantages of using the port of Churchill. We have full confidence in its judgment as far as making maximum use of that port. The fact is that the board stored 3.8 million bushels of grain in that port last winter.

[Mr. Smith (Churchill).]

If that is to its advantage the board may decide again to store grain there next winter. On the other hand, it may decide on a better use to be made of the railway rolling stock and direct the grain toward other ports where ships are also available. It is up to it to decide, and I repeat that it would be inappropriate to interfere in its affairs. Indeed, the hon. member would be the first one to complain if the minister were to give instructions to the board on a daily basis. I believe for that matter that western producers have faith in the board's judgment and they would prefer not to have us interfere in its every day business.

• (2207)

[*English*]

AIR TRANSPORT—HIRING OF CONSULTANTS OUTSIDE CANADA—POSSIBILITY OF CHARGES BEING LAID

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I rise tonight to follow up a question I asked in the House on October 16. I put my first question to the Minister of Justice (Mr. Lang) and then addressed the supplementary to the Minister of National Defence (Mr. Danson). The subject was moneys which has been paid by Boeing to consultants in Canada as part of a practice commonly known as fraud or graft.

I considered the answers given to me to be unsatisfactory. The Minister of National Defence said a year and a half ago that if there was any evidence of impropriety he would cause an investigation to be launched. My supplementary question was as follows:

Certainly there is evidence of impropriety at the present time, which impropriety has been known for over two months since the Boeing revelations. What have the results of the investigation been? Who is in charge of it?

The minister replied:

At the time the issue was looked into and we could not find any evidence, record or indication of any impropriety involving Canadians or from Boeing itself.

I do not know where the minister has been spending his time if he sees no evidence of impropriety. The *Citizen* in August carried this headline: "Boeing pay-off scheme cites Canadian sales". Southam News Services said: "Canadian jet sales part of dual contract pay-offs". Further headlines said: "Boeing files on consultants"; "Selling aircraft under the table". The Vancouver *Sun* has the same story. There is the comment in the Victoria *Daily Colonist*, "Who got what from Boeing?"

Then the other day, following my question in the House the Canadian Press reported:

Defence Minister Danson says the government has uncovered no evidence of wrongdoing by Canadians in Boeing aircraft sales.

The reference was not just to the department. It was to the Canadian government generally.

I should like to quote from the original source of these revelations, form 8K which was filed in response to the civil injunction against Boeing by the securities and exchange commission in the United States. When this injunction came before the court, Boeing and the securities and exchange commission made a deal that Boeing would report on the

events leading up to the injunction. This report was duly filed with the SEC on July 28. I should like to read parts of it to show what kind of injunction it is and what we may expect has happened in Canada:

The Securities and Exchange Commission filed a complaint against the company today alleging inadequate disclosure in proxy materials and reports filed by the company with the SEC—

The board of directors has determined that it would be in the best interests of the company—

That is Boeing.

—and its stockholders to avoid the expense and disruption of company business that would be involved in protracted litigation by settling rather than contesting the allegations. The company has accordingly consented without admitting or denying the allegations of the complaint to the entry of a Final Judgment and Order of Permanent Injunction simultaneously with the filing of the complaint—

● (2212)

In connection with this settlement, the company undertook to provide in this report the information contained herein—

One of the main parts of it says the following:

For a number of years in certain foreign countries, the company has retained consultants to assist it in selling its products and to assist its customers in arranging financing for the purchase of products manufactured by the company . . . In some instances, where consultant fees were set as a percentage of the sales price and the dollar volume of sales made was substantial, the fees paid were substantial—

As a part of the settlement, the SEC has required the company to describe herein the following transactions.

It then describes in detail some rather unsavoury transactions with Middle East countries, and page 11 of the report says:

The company executed two consulting agreements in connection with aircraft sales in a number of countries including Argentina, Canada, Greece, India, the Sudan, and Venezuela. In some cases the two agreements were with the same consultant; in other cases the agreements were with individuals or companies believed to have some business relationship. In all cases the two agreements were executed at the request of the consultants.

There was one legal, above-the-board agreement, and one under the table.

In one instance the company had a commission agreement in effect with a corporate sales representative for several years. The company was orally advised that the airline would purchase the company's aircraft but that the company should not have a commission sales representative.

It then goes on to explain how they swore to the company that they had no sales representative and then paid him anyway. It goes on and on like that.

In another instance the company had a commission agreement with and paid a commission to an individual consultant and another individual who was engaged by and assisted the consultant. Neither individual was an employee of either the foreign airline or its government. The company was requested by the government to certify that no commissions had been paid or would be paid to any persons involved in the purchase or financing of the aircraft and the company provided a letter to that effect to the government.

Hon. members may recall that a similar letter was received from Lockheed concerning the LRPA, and one wonders if the results were the same as in this example.

I would like to ask how it could be that the Minister of National Defence has seen no evidence of impropriety. India, which is one of the five countries listed, has found evidence of impropriety, and legal action has been taken against local Boeing agents. Despite the fact that Boeing has been allowed by the SEC to keep the names of its agents and their airline and government contracts secret, the United States department of justice is co-operating with foreign governments in tracing the flow of Boeing money.

The Indian government has stated that its investigation of the Indian airlines' 737 order has been based on information provided by the U.S. department of justice. Implicated in the investigations are the Pillman Aircraft Company and three members of the Maneckji family, prominent under Mrs. Ghandi's administration. If India can get that information from the U.S. department of justice, why can Canada not get it? After all, our country signed an individual agreement with the United States which the then minister of justice swore in this House was to enable us to track down culprits in this very case. It applied only to the Boeing case. I and the people of Canada want to know why the Canadian government is dragging its feet on this and what the cover-up is all about. If India can get those names, why can Canada not get them?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the hon. member has used the word "cover-up". That seems to be a word hon. members opposite like to use, but I will try to give the facts in this matter and perhaps the hon. member will be satisfied with the answer.

[*Translation*]

As you probably know, Mr. Speaker, it is not unusual for companies to use agents to promote their interests. This is a common business practice and there is nothing basically wrong about it. On the other hand, it is not basically illegal for such an agent, even if he is a Canadian as in the present case, to receive his commission or his fees outside Canada, for instance in a foreign bank account, to the extent that this agent does not do so in an attempt to evade taxes, and of course, in this case, it is the Department of Revenue which would be responsible for protecting the interests of Canada or for ensuring that the fees received by this agent are not used illegally, especially by diverting the money received from the seller to an agent of the purchaser.

Following the allegations reported in March 1977 by several Canadian media, the Canadian government examined this whole matter very thoroughly. On March 15, 1977, as the hon. member said earlier, the attorneys general of Canada and the United Stated reached an agreement to allow Canadian and American police forces to co-operate closely in an examination of this matter and in making a detailed investigation to check whether there had been illegal use of the sums in question and whether there had really been illegal payments. Following this agreement, the Royal Canadian Mounted Police carried out a thorough investigation to determine whether one or more Boeing agents had used the sums received by this company for prohibited purposes. I may say to hon. members that the

RCMP carried out this investigation most conscientiously and that it seems to be just about ready to report its conclusions.

I must point out to the hon. member that it would be preferable to wait for the investigation to be completed and for the results to be referred to the Attorney General of Canada so that he can determine whether or not these funds have been used illegally and exonerate the people involved if there is no appearance of illegality, or, of course, if there are indications of illegal use, lay charges against those who have committee irregular actions. I therefore suggest to the hon. member that if he can be patient, he will soon be satisfied one way or another.

● (2217)

[*English*]

FISHERIES—PROPOSED TRANSFER OF WEATHER FORECASTING SERVICES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, last Thursday I put the following question to the environment minister.

In light of the recent announcement by the Department of the Environment that there will be a cut in weather forecasting services in Newfoundland and Labrador, a decision which will seriously endanger the lives and safety of thousands of fishermen who operate off the Newfoundland coast, and in view of the minister's announcement that weather forecasting services in Newfoundland and Labrador will be transferred to Halifax, can the minister assure this House unequivocally that the weather forecasting services will not be transferred to Halifax, and can he further assure the House that there will be no cut in weather forecasting services off the Newfoundland coast?

Since the minister was not in the House, I did not receive an answer. I think that certain actions by the Department of the Environment need to be explained to the people of Newfoundland, and indeed to all the people living in Atlantic Canada. These actions include the reduction of weather forecasting from four times a day to twice a day.

The minister may not realize it, but there are 20,000 licensed fishermen in Newfoundland whose safety and livelihood depend on the accuracy and frequency of marine weather forecasts. Furthermore, search and rescue services for Newfoundland and Labrador based at Gander have publicly admitted their service would be hampered by the change. This, of course, also jeopardizes the safety of fishermen and others who ply those seas. The minister should rescind these cutbacks immediately.

Second, the Department of the Environment has announced a cutback in the ice reconnaissance program to the tune of $1.8 million. Again, surely you must recognize the importance and necessity of ice movement information for fishing and shipping in the early spring. This downgrading of the service can only be detrimental to the safety of all those who sail the seas off the Newfoundland coast. There is no alternative for the ministry but to withdraw these cutback announcements.

Also, the officials of the department announced the shifting of weather forecasting services from Gander to Halifax. It is a callous and ill-advised decision as it will disrupt lives and impair the safety of those who depend on frequent and accurate weather forecasts. Moreover, there is ample evidence that these moves will not result in the kinds of savings which our bureaucrats envisage. I call on the minister now to withdraw that decision.

[Mr. Lachance.]

Another cutback which although not directly connected to the Department of the Environment has serious implications for Environment Canada is the laying off of all employees at the Bonavista Ministry of Transport communications office. Approximately six Department of Transport employees with 25½ years of service received their lay-off notices last week, which notices are to be effective on February 24, 1979. These men supplied hourly weather reporting services on a 24-hour basis, seven days a week. The information was supplied to the Gander weather office for the compiling of marine weather forecasts.

● (2222)

It is true that they are declared redundant because computers can do their jobs as defined by the Department of Transport. But one must remember they provide direct contact with weather forecasters on an hourly basis. Also one must remember that the unemployment rate in that province is the highest of any part of the country. The Department of Transport indicated that it was a problem for the Department of Fisheries and the Environment, and that their jobs with the Department of Transport are finished. It is the minister's responsibility to ensure that this very valuable weather information is not lost to those who depend on knowing these conditions for their safety and livelihood.

Also I should like to refer to the fact that a weather office in Corner Brook was promised approximately one and a half years ago. Can the minister inform the House as to the status of that project? Also the environment centre which is presently under construction in St. John's was cut by $2.2 million. I hope the minister can tell us whether the project is still on schedule, and if it is, when it is to be completed.

I understand from the rumour mill and hearsay that on the evening of October 11, which was the eve of the by-election in Newfoundland, the Secretary of State for External Affairs (Mr. Jamieson) made an announcement in that province indicating that all of these decisions had been rescinded. He indicated that the weather reporting would continue and that the office would not be moved from Gander to Halifax. Perhaps that decision may have been tinged by the fact that the by-election in that province was approximately five days away. At the present time the people most concerned with these problems have not received any official word from the Department of Fisheries and the Environment. The Minister of Fisheries and the Environment (Mr. LeBlanc) should rise and tell us of the decision. He does not seem to know what is going on in his department.

As the Secretary of State for External Affairs was making his announcement in Newfoundland, the Minister of Fisheries and the Environment was travelling around western Canada in an attempt to keep Liberal Saskatchewan on the map. It is his responsibility to let us know what is the disposition of these particular matters.

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I am pleased to see the hon. member for Nickel Belt (Mr. Rodriguez) here this evening. I waited last Thursday night until 10.30 p.m., but he failed to show. I did not know whether he intended to raise his question tonight. However, he made a number of statements, and I should like to point out that his conclusions concerning statements made by people other than the Minister of Fisheries and the Environment (Mr. LeBlanc) do not pertain to this issue.

Although the Department of Fisheries and the Environment is faced with major and serious budget reductions, the minister would like to assure the House, in order to maintain the highest possible level of weather services for Newfoundland and Labrador, that he has decided weather forecasting services will not be transferred to Halifax but will continue to be provided, as in the past, from the Gander weather office. Despite what the hon. member said, the minister has instructed the atmospheric environment service to ensure that the quality of weather services in Newfoundland and Labrador is maintained at current levels. Specifically he directed that there be no cutback in the number of daily weather forecasts for the province and adjacent waters.

The hon. member should give proper notice to the minister on the other matters which he raised. I am sure the minister would be prepared to answer them.

Mr. Deputy Speaker: Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tommorrow at 11 a.m.

At 10.27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, October 20, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

THE MONARCHY

ALLEGED LACK OF SUPPORT BY GOVERNMENT—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity. As the overwhelming majority of Canadians strongly support the present role of the monarchy in this country, I move, seconded by the hon. member for Victoria-Haliburton (Mr. Scott):

That the government cease its present efforts to downgrade the role of the monarchy in Canada and, instead, give strong support to the Queen and the royal family as they carry out their duties with such dignity and effectiveness.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: The presentation of such a motion would require unanimous consent. I have some concern about whether an urgent and pressing necessity was explained by the mover in a particular way. However, when in doubt in circumstances of this sort, since a motion could only be presented with the unanimous consent of the House, I generally resolve the matter by putting the question, where any doubt rests in my mind.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I think this is an appropriate occasion to express my resentment at the fact that there is included—

Some hon. Members: Oh, oh!

Some hon. Members: Order.

Mr. Speaker: Order, please. I am not able to hear the point being made by the President of Privy Council (Mr. MacEachen).

Mr. MacEachen: Mr. Speaker, I put the problem before Your Honour that there is contained within the motion put forward by the hon. member a series of false statements. When false allegations are made, when is it possible for us to answer them under this procedure?

Some hon. Members: Hear, hear!

Mr. Clark: Such an arrogant breach of the rules!

Mr. Speaker: Order, please. We have not used the time at this hour of the day to enter into discussion on the principles surrounding the use of this particular rule. However, as I indicated at the outset, the Standing Order says that a matter of urgent and pressing necessity explained by the mover forms a part of the application.

In this case, as in other cases, it may be that there are borderline matters involved in which the mover is simply expressing an opinion, and the matter is perhaps one of criticism and of policy without necessarily having any pressing or urgent nature to it. The Chair has generally resolved that question in favour of the person applying to the House for unanimous consent, because the simple expedient is to deny consent.

This always places the Chair in a difficult position. While I do not think that the few minutes at the start of the day gives us an opportunity to discuss it, I certainly would welcome at some time, perhaps by way of a point of order on any particular application, a full discussion on what principles should govern the Chair in the acceptance of the presentation of these motions.

I do not think we can do it at this time, but possibly by way of this one, if the President of the Privy Council wishes to take this example to serve notice that later this day, or at a time set by the Chair, there should be a discussion of Standing Order 43, I would be glad to do it in that way.

Mr. MacEachen: Mr. Speaker, this has been a troublesome point for some time, and I welcome your suggestion: it is one that I would want to press, that we set aside, at an early date, an opportunity to debate fully the use of Standing Order 43 to ensure that if false allegations are made, or if debating points are made in the motion, there will be an opportunity—under the fairness of debate that is supposed to be established in parliament—for those on this side of the House to have an adequate opportunity to reply. I would like to debate that point of order next week, whenever Your Honour would like to raise the point.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I take it my friend has not forgotten that he is the government House leader and can call the matter at any time he likes. In fact, he could have done it long before now, without rising on a fallacious point of order at the outset in order to put a point of view across and thereby disturb the order of business of this House.

S.O. 43

• (1112)

Standing Order 43 is there for a purpose and it should be used by hon. members for a purpose. I do not wish to see the diminishing rights of private members further diminished because the hon. gentleman finds it uncomfortable to hear the truth.

Mr. MacEachen: I rise on a question of privilege—

Mr. Speaker: Order, please. In accordance with the practice we have followed since we altered our procedures to take motions under Standing Order 43 prior to the question period, it is usual to await the conclusion of the question period before dealing with points of order and questions of privilege. However, I do feel this Standing Order ought to be discussed in some way.

The matter has been raised today, and further exchanges at this time would obviously give rise to other matters which would be argued. I should like to have the subject left in my hands. I will take the earliest opportunity which meets the need of the House leaders and, in particular, of the two combatants this morning, to give hon. members the fullest opportunity to amplify their feelings on this rule and the exchange which has taken place.

May I take it that this application is by way of a point of order which will be deferred for discussion until a more convenient time?

Some hon. Members: Agreed.

* * *

PUBLIC ACCOUNTS COMMITTEE

SUGGESTED APPEARANCE BEFORE COMMITTEE OF PRESIDENT OF ST. BONIFACE HOSPITAL, MAN.—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise, under the provision of Standing Order 43, to present a motion of urgent and pressing necessity.

In light of the federal government's supposed commitment to reduce government spending, and owing to the extraordinarily effective response by Mr. L. Quaglia, president of St. Boniface General Hospital in Winnipeg, to Premier Lyon's call to eliminate waste and mismanagement in all government departments and institutions, a response which resulted in an estimated $3,700,000 savings on operating expenses at St. Boniface hospital, without lay-offs, and maintaining the high level of patient care for which St. Boniface hospital is world-renowned, I ask leave to move, seconded by the hon. member for Provencher (Mr. Epp):

That Mr. Quaglia be invited to appear before the public accounts committee of the House of Commons to outline his program of employee involvement in the cost reduction of $3,700,000 and with a view to applying his plan to all federal government operations.

Mr. Speaker: Presentation of such a motion can only be done by unanimous consent. Is there unanimous consent?

[Mr. Baker (Grenville-Carleton).]

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

ACTION TO BE TAKEN AGAINST ILLEGAL STRIKERS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of Justice. The minister stated yesterday he would not elaborate as to specific courses of action he might take in connection with the illegal activities of a minority of workers in the postal services. However, Canadians are wondering for how long we can allow a double standard to continue with regard to a majority of law-abiding labour and a minority of law-defying labour.

Could the minister advise the House, if not specifically, what the government intends to do, bearing in mind the legislation passed earlier this week, the present status of the Public Service Staff Relations Act and the provisions of the Criminal Code, under the options available to it by way of injunctions, dismissal or other form of recourse? Surely the public is entitled to know that.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): The hon. member has mentioned the options that are available. It might be noted that even in a case like this in regard to which parliament passed a law very recently, it is still necessary to gather the facts and move with care when proceeding against individuals. It is our intention to do that, to ensure that the law is respected.

• (1117)

I said the other day, and I say again, that respect for the law comes best through ordinary compliance with the law by Canadian citizens, and I make a plea again to the individuals involved and their friends that that point be noted and be made time and time again. In the current circumstances we are proceeding, and the first action to be taken is proceeding by way of seeking injunctions. That material is being prepared, and that may be in court this afternoon in certain localities.

APPOINTMENT OF MEDIATOR-ARBITRATOR IN LABOUR DISPUTE

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I thank the minister for his remarks. I would like to put a supplementary question to the Postmaster General.

In the legislation which was passed earlier this week there was provision for the appointment of a mediator-arbitrator. In answers given yesterday, it was not clear whether the government had the agreement of any person to take the job or whether the government had had any opportunity to discuss

the appointment of the person to be named with the appropriate people. Has anybody accepted the job? Has anybody indicated that he will take it and, if there is more than one, are any of these people acceptable to the parties who have to enter into the arbitration?

My third question is very specific: is the government in such a position that it just cannot put together any kind of mediation-arbitration as was contemplated in the act which was passed only a few days ago?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, the Minister of Labour is now actively engaged in trying to find a mediator who will be acceptable to the government and all the parties involved so that the job can be done as soon as possible. I think we can expect the Minister of Labour to make this appointment very shortly.

[*English*]

Mr. Fraser: Mr. Speaker, I can understand how my question might have evoked a general answer if there was not any specific answer; but has anyone said to the government, "Yes, I will take on the job," or is the minister still looking?

That is a simple question, but it certainly is important because on Monday night we were assured: the Acting Minister of Labour said to me, in answer to a question, that we could be assured he would make that appointment within hours. If no one will even accept the job, the minister will have a difficult time making the appointment. It is time we found out what the situation is.

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I can only say that the Minister of Labour is very actively looking for this person.

[*English*]

Listen. Don't get excited.

Some hon. Members: Oh, oh!

Mr. Lamontagne: I think in a situation like this hon. members should keep their calm. The Acting Minister of Labour is working very actively at the moment to make the most judicious choice of a good arbitrator-mediator, and I am confident that he will find one within hours or within days.

Mr. Hees: You could have added, weeks or months.

SUGGESTED MEETING WITH CUPW TO STOP ILLEGAL PICKETING

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Postmaster General and I trust that he will show some real concern in this matter.

In view of the fact that illegal picketing is still taking place in some major postal plants across the country, has the hon. gentleman assumed his responsibilities and met with officers of the Canadian Union of Postal Workers who are recommending this illegal action, thereby preventing return to work of a large number of postal workers who want to obey the legislation to provide for the continuation of postal service which was passed by parliament last Tuesday, and could he inform the House whether he has taken other specific action to end this continuing harassment of postal workers who want to work?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I think the Minister of Justice defined very well the steps he intends to take with regard to legal procedures. I must say, and repeat, that all our postal buildings are open. Security measures have been taken to accept and welcome the employees who want to work. I want to reiterate what I said yesterday, that is that if they come to work at any post office in Canada, they will be paid. Mr. Speaker, I should also like to add that we have received innumerable telephone calls, telegrams and messages from the Canadian people, and that we are acutely aware of the situation. But, in view of the difficult circumstances we are going through at the present time, it is most important not to take steps that could be unfair towards the majority of Canadian postal workers. I believe it is generally known that extremists in the postal services are in a minority. Hasty measures should not be taken that might create more injustice than would help the situation. I must say that we are very much concerned about the situation, and that we are now making very special efforts to try and convince the employees who want to work for the postal services to go back to work and respect the law.

● (1122)

[*English*]

Mr. Dinsdale: With reference to hasty action, I am sure the Postmaster General is aware that on May 18, 1977, the official opposition moved lack of confidence in this government because of our increasing concern about the drift toward the situation which can only result in final confrontation and complete breakdown of the postal service. That was in 1977, and it was on that occasion that CUPW requested that a royal commission be established.

In view of the fact that the postmasters general—there have been two since that time—have taken no action to deal with the crisis that we pinpointed in precise detail in 1977, will he now reread that debate and start implementing the recommendations which were made which will begin to establish confidence and trust in labour-management relations in the Post Office?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I think the hon. member will have the opportunity, during the committee sittings and when the bill for the establishment of a Crown company is introduced, to intervene as often as he wishes on that matter. I should also like to tell him that I shall be tabling, in a few minutes, the annual report of the Post Office Department for 1977; he can then see that, despite what he has just said, there has been progress in that department.

[*English*]

RESOURCES

RIGHT OF PROVINCES TO COLLECT INDIRECT TAXES IN RESOURCE AREAS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister: it arises out of the very important decision that was reached by the Supreme Court of Canada in the Cigol case. As the Prime Minister will know, the decision reached by the Supreme Court declared *ultra vires* the law passed by the government of Saskatchewan which it thought was very clearly within its jurisdictional authority.

While considering that constitutional control of resources, the right to have effective management over resources, means something to the provinces—in this respect I am thinking specifically of forests, mines and minerals—would the Prime Minister agree that the law should make it perfectly clear that provincial governments have the right to levy indirect taxes in these fields?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, let me remind the leader of the NDP that as far back as 1969 we had proposed constitutional changes which would permit provinces to levy indirect taxes. The only proviso was that that did not affect interprovincial or international trade. It is obvious that only the federal government can have jurisdiction to regulate international trade—if Canada is, indeed, to be a country—and no province should be able to use the tax method to prevent free trade across Canada. These are the two provisos that we put then, and we still stand by them.

The Supreme Court made a very simple judgment: it is that the province indeed was trying to use powers it did not have in order to regulate international trade. We think the Supreme Court made a decision which stands on its own merit, and I am somewhat surprised that the leader of the NDP is trying now, across the House by way of a question, to suggest that Canada should not continue to exercise the power to regulate the common market within Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: The Prime Minister knows very well that at least on this matter I and my party are in basic agreement with him: the federal authority must remain very strong indeed to ensure that there is an equitable distribution of the benefits of the wealth, for example, that occur throughout this country. The federal government has the right to levy its own indirect taxes on resources.

• (1127)

In his letter to the Prime Minister dated October 10, 1978, Premier Blakeney requested that the provinces be given at least the same right exclusively in the field of resources, and I have named the three areas of resources. That was accepted unanimously by the ten provinces in 1976; also, I thought it was accepted by the federal government. If the Prime Minister is in agreement with that, will he follow it up at the upcoming first ministers' conference and accept the suggestion of making an amendment to the Constitution of Canada to remove all uncertainty in this area?

[Mr. Lamontagne.]

Mr. Trudeau: Mr. Speaker, the hon. Leader of the New Democratic Party said that he supported my view in so far as it permitted the redistribution of wealth across Canada. That is not the case I am making. Of course we must have that power. We have it now, and we exercise it.

I am making another case, that no province should be able to use its jurisdiction to prevent the free flow of goods across provincial borders. That is why, in the area of indirect taxation which can be used for this purpose, we stand by the position we have always taken and we think the position of the court is correct.

In 1976, Premier Blakeney reached some position on resources. We will debate that at the end of the month. We hope some accommodation is possible. We want provinces to be able to exercise fully their jurisdiction over resources, but when there is a conflicting interest with the importance of maintaining within Canada the free flow of goods, whether they be resources, manufactured products or anything else, then we think the federal government should remain supreme—and that is the position we will take.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, it is very important for members on this side of the House, and the people of Canada, to receive as clearly as possible the position of the Prime Minister on this. Whether indirect taxes are levied by the government of Saskatchewan, the government of Alberta or the government of Ontario, and if that should constitute an increase in the price of the product paid by another province, would it be defined by the Prime Minister of Canada as a hindrance to free trade throughout the country and, therefore, the province which levies such a tax ought not to have the right to do so? If that is his position, certainly it is not the position of the New Democratic Party of Canada.

Mr. Trudeau: Mr. Speaker, the hon. member is asking if this is the definition of the Prime Minister. I understand this is the line which Premier Blakeney used during his election campaign in an attempt to indicate that the federal government, somehow and in some way, was trying to take the resources away from Saskatchewan and that they needed Premier Blakeney to protect the province. I am pointing out that it is not the Prime Minister taking that position; it is the Supreme Court of Canada stating what the law is.

An hon. Member: Oh, oh!

Mr. Trudeau: It was the Supreme Court of Canada stating what the law is. I have indicated that we are flexible in our approach to changing the law. I have indicated what the parameters are, that we will consider permitting the provinces to exercise jurisdiction in indirect taxation; once again, provided it does not interfere with the free flow of goods from province to province.

TRANSPORT

MOVEMENT OF GRAIN ON GREAT LAKES—GOVERNMENT ACTION IN LABOUR DISPUTE

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct my question to the Minister of Transport: it concerns the continued disruption of shipping on the Great Lakes.

Now that negotiations between the striking engineers and the Lake Carriers' Association have broken off, can the minister tell us what action the government is taking or is contemplating to bring the parties back to the negotiating table?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, of course I was glad to hear the news yesterday that one of the two unions involved in the dispute, and the employers, with the help of the mediation of the Department of Labour, had reached an agreement. That dispute is settled as a result of the successful collective bargaining process and the efforts of the Department of Labour.

● (1132)

With relation to the contract with the engineers, negotiations and mediations broke off yesterday but the parties have now agreed to meet again and there will be further meetings, again with the help of the Minister of Labour.

Mr. Mazankowski: Mr. Speaker, since it has been indicated by the president of the Lake Carriers' Association, Mr. Norman Hall, that if the strike is not resolved by the weekend about 2,000 crew members and seafarers will be laid off, with the effect of further entrenching a prolonged disruption of services, will the Minister of Transport indicate what action the government is prepared to take to ensure that the whole system is not shut down prematurely; that is, shut down until the spring, as a result of which we would lose the benefit of the next month and a half of shipping season, which is crucial considering the impact to the Canadian economy, an impact that would be irreparable?

Mr. Lang: Mr. Speaker, in view of the ongoing mediation and negotiations, I think it would be wrong to talk in terms of the hypothetical and what we would do if this did not succeed. Let us hope that, as with three other contracts in this area in respect of which negotiation has succeeded, they will succeed in this one remaining area during the course of the weekend.

While I have not heard from lake shippers directly or indirectly about the matter, I would, indeed, think they might reconsider their notice of intention to lay off, in view of the one settlement which has occurred and the possibility of operating some ships, and in view also of mediation and the hope for success during the course of the next day or two.

EARLY ACTION TO SETTLE DISPUTE

Mr. Jack Murta (Lisgar): Mr. Speaker, it is our understanding that the lake carriers have not heard any word, as of just a few minutes ago, about any kind of resumption of talks, so the whole question is still very much up in the air. The impact, as the minister should know, would be extremely serious for parts of the country, especially western Canada and any area that is affected by the iron ore shutdown.

If we are still in this position on Monday, will the government be ready at that time to take some concrete action? Once again, I hate to say this but the only recourse at the present time seems to be legislation. Is the government prepared to move in that direction in the first part of the week in order to settle this very serious matter?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, that, obviously, is a repetition, in different words, of the earlier question. I indicated why it was not wise to speculate on the hypothetical failure of these discussions and, instead, that we should emphasize reasonableness on the part of the parties.

As far as the meeting is concerned, I only learned about 55 minutes ago that there were now grounds for the resumption of mediation and discussions and I would think by this time, if they had not heard an hour ago, they will have had that communication on the subject.

Mr. Murta: Mr. Speaker, if the strike should last without any action being taken by the government, the part of this country that will be most seriously affected by a slowdown, certainly in grain movement, is Manitoba because all the grain out of that province goes to Thunder Bay.

Does the government have any contingency plan to go to an alternative system of moving grain to Vancouver or some other area of the country, if that should happen? The economy of Manitoba will be very seriously affected if we keep fudging on this issue and if it keeps dragging on well into next week.

Mr. Lang: Mr. Speaker, fortunately, some 20 per cent of lake shipping has been continuing even throughout this strike. In addition, the ocean-going vessels which can go to Thunder Bay and collect grain were also still moving. Needless to say, in view of the circumstances of this week of immobility of certain parts of shipping, the Wheat Board and others have been looking at all the alternatives in order to again take advantage of wherever there is space and wherever there is movement. This will include absolute maximization of the use of Vancouver and Prince Rupert on the west coast.

If that can be done, it will take some of the pressure of moving Saskatchewan grain away from the movement of Manitoba grain, allowing Manitoba grain to move more freely to Thunder Bay. We are looking at all possible formulas, including the use of unit trains directly to the east, in order to catch up anything that may have been lost through the last few days.

Oral Questions

POST OFFICE

STEPS TO STOP ILLEGAL STRIKE AND PICKETING

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Justice: it is supplementary to questions asked by the hon. member for Vancouver South.

It seems to me there is a little foot-dragging here. The minister indicated that he wants to get the facts. The facts are that we have an illegal strike and illegal picketing. It seems to me that the minister has admitted there are three options: an injunction, criminal proceedings, and dismissal.

I want to know what makes the minister think an injunction is going to work, when in fact we know there is a small group that is defying the law at this particular time. Why does the minister opt for an injunction at this time? What are the reasons for moving for an injunction at this urgent moment, rather than spelling out why he has not sought proceedings under the Criminal Code, or dismissal? I think he must explain that.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I said earlier that all the options were being examined and there are different timeframes for each of them. Hon. members may think that a law, having been passed, it can be enforced against individuals automatically. That is not the case. The Attorney General labours under the difficulty that he still must respect the civil liberties of people and still must respect due process. It is a difficulty I labour under very gladly, I may say, because I do not believe that generalizations can lead to criminality or conviction. That simply does not work in our country, either. When I talk about the respect for the law that I want these individuals to observe, I think it is partly because we carefully observe these traditions, that the law does, indeed, deserve that respect.

I should make it clear that the injunctions referred to and which we will be seeking will be directly related to the picketing activity which, of course, is an obstacle to the resumption of work by those who do, indeed, want to go back to work. That is a first step and one which we hope we can take as quickly as possible. I cannot comment on that further, again because of traditions about what one should say in respect of what will be going before the courts.

As far as other matters are concerned, the facts in relation to individuals and in relation to the law are being obtained and further action will be taken. I do not say that in any sense of trying to hold out a threat, because I fall back again on my original statement, that willingness to obey the law and the recognition of that principle is of most fundamental importance.

Mr. Alexander: Mr. Speaker, I would have more faith in the minister's answer if he had taken the opportunity to give me and the people of Canada some indication as to what he was referring to in terms of timeframes.

[Mr. Lang.]

INSTITUTION OF PUBLIC INTEREST DISPUTES COMMISSION

Mr. Lincoln M. Alexander (Hamilton West): Let me address this question to the Postmaster General, since he seems to be in a box at this particular time. Members of this party have indicated over and over again that the solution placed before the people of Canada for peaceful labour-management relations lies in the public interest disputes commission. Under questioning in the House, the minister has indicated more than once that he was not considering this. Yet at the same time, in the other place I understand that the Acting Minister of Labour has indicated that the public interest disputes commission is under active consideration.

Will the minister stand and tell the people what is going on? Is he considering the public interest disputes commission as an answer, or is he not? The minister has left the people of this country with the impression that he has discarded that idea.

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I do not think I can give an answer to that elaborate question. Everything we have done in an attempt to obtain a settlement of this postal dispute is well known.

I can state again that we are wide open to renewed discussions. Clause 5 of Bill C-8 provides the union with an opportunity to come back to us, and with common agreement we can talk again about our differences. If the union wants to come back, we are wide open for discussions and we will discuss these differences at any time they want.

• (1142)

Mr. Alexander: Why do you evade my question, sir? I am talking about the public interest disputes commission.

Mr. Speaker: Order.

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TRANSPORT

MOVEMENT OF GRAIN ON GREAT LAKES—LENGTHENING OF SEAWAY SEASON

Mr. Paul E. McRae (Fort William): My question, Mr. Speaker, is to the Minister of Transport. Given the nature of the strike on the Great Lakes—which I believe must be concluded in the next few days—which, incidentally, highlights the vital role of the port of Thunder Bay in the Canadian economy, given the backlog of grain in the west, and given the fact that studies have been going on this summer with the idea of increasing the number of months the Seaway is in operation, does the department have any plans at this stage to lengthen the time the Seaway will be open this year, so that some of this backlog can be moved, assuming that the strike will be concluded within the next few days?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, without any doubt the Seaway and Thunder Bay are extremely important aspects of our transportation system in Canada. That is why a short time ago we

indicated that a consultant analysis had been started in relation to the lengthening of the Seaway season.

The Seaway, under current circumstances, is likely to be approaching its full capacity in a fairly short period of time—a very short period of years. Clearly, anything which can be done to lengthen that season and allow the port of Thunder Bay and vessels on the lakes to operate for a longer period of time would have great benefit for Canada, and it is being pursued with that in mind.

USE OF CHURCHILL IN MOVEMENT OF GRAIN

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is supplementary to the questions of the hon. member for Lisgar: it is to the Minister of Transport. When the minister said that alternate routes for shipping grain out of Canada for export would be looked at, he failed to mention the port of Churchill.

I would like to ask the minister if he would give consideration to my suggestion, that when the m.v. *Arctic* comes into Churchill on November 15, because it is a class II icebreaker it be accompanied by four or five other ships, thus bringing the shipping of grain out of Churchill up to the anticipated 30 million bushels?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I did not mention the port of Churchill for the very good reason that for the last four or five years we have been maximizing, absolutely, to the highest extent possible, the volume of grain moving through Churchill. Therefore, we can add nothing more to it under current circumstances.

The problem with shipping into Churchill late in the season may have just been emphasized, and that is the difficulty with ice which the m.v. *Arctic* has just run into. In view of that difficulty, I am not at all sure at this point in time if it will be able to make the trip which originally had been planned. I do say, however, that the fact this ice-strengthened vessel ran into difficulty is some indication in logic to the hon. member as to why other vessels may not want to try the trip at that time of year. The solution to Churchill's problem may lie more in lengthening the season by avoiding certain ice problems in the harbour, but they are not simple problems to overcome.

Mr. Smith (Churchill): Mr. Speaker, I think the solution to the problems in Churchill would be the changing of this government. The minister said that the port of Churchill was being utilized to its full capacity. I believe he has read the Bryden report and not the Hall commission report which says that 55 million bushels could be shipped through this port.

In light of that, will the minister now take it upon himself to ask the Wheat Board, if they cannot ship another 4 million or 5 million bushels out of Churchill, if in fact they will store the cargo which has been sold for shipment out of Churchill, next year in Churchill, thus easing the pressure on storage facilities on the prairies?

Mr. Lang: Mr. Speaker, if the existing situation allows railway cars to be available, the Wheat Board may well find it possible to move grain into storage in Churchill earlier than they had anticipated. That does depend, however, on whether cars can be freed from the other movements of grain.

As far as the question of expanding the port of Churchill to handle 55 million bushels is concerned, the Hall commission report recommended the construction of a very expensive terminal inland in order to accomplish that. I have to say that, looking at this from the point of view of total economic benefits, it is still true that the placing of that terminal at Prince Rupert where it could be used 12 months of the year, or at Thunder Bay where it could be used nine or ten months, simply gets a lot more grain through for the dollars available.

I hope the hon. member will appreciate that, even as a westerner who has long and strongly worked for the port of Churchill and its development, I too have to take into account the use of those dollars and the fact that if you can get two or three times the grain through for the same expenditure, then it would be something in the way of a waste to not do it in that fashion.

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PUBLIC SERVICE

PSSRA PUNITIVE PROVISIONS RESPECTING ILLEGAL STRIKES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Minister of Justice in his capacity as Attorney General. In the Senate, on October 18, 1978, with respect to the postal matters, Senator van Roggen wanted to know whether or not there was sufficient provision in the Public Service Staff Relations Act to enable the Minister of Labour to terminate the employment of those who disobey the law, as opposed to only fining them. The unequivocal answer by the Minister of Labour was that there was power in the Public Service Staff Relations Act. There have been press reports which say that a search of that act has indicated that the power does not rest there.

With respect to the remedies which are available to the Government of Canada, and in view of that uncertainty, can the Attorney General assure the House that the government has the capacity to dismiss for failure to obey the law, if that should be a remedy that the government would consider? I ask, not in his capacity as Minister of Justice but as Attorney General, will the hon. minister advise the House as to the capacity of the government to utilize that one option that the minister, in his capacity as Minister of Justice, indicated that the government was considering? Do they have that power?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, without having the Public Service Staff Relations Act in front of me, I can say to the hon. member that there are, obviously, within it various powers to dismiss and some of those powers apply in circumstances such as those to which he refers.

It is true, however, that certain of those powers are subject to the usual protections in that act in terms of appeals and

other procedures. I will not go further than that. Yes, the power is there. There are also procedures which are designed to safeguard individual employees, of course. These are all matters to be carefully considered.

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INDUSTRY

JAPANESE INVESTMENT IN WEST COAST SHIPPING—EFFECT ON FISHERIES

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It concerns the very substantial investment by Japanese interests in the west coast shipping industry and the potential that this will have an adverse effect in terms of employment, pricing and processing of fish.

My question is: what steps has the minister taken to see that Canadian capital is available for west coast fishing interests, rather than Japanese capital of foreign capital, so that we can be assured that we are moving in the direction of Canadian ownership in terms of our west coast fisheries, rather than in the direction we are now, which is toward a foreign-dominated west coast fishery?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, with regard to Canadian ownership of the west coast fishing industry, any new venture by Japanese capital, or any other capital, into starting a new business in British Columbia, naturally would have to go through FIRA. Any takeover would have to go through FIRA. With regard to funds available from the Department of Industry, Trade and Commerce, it might be of interest to know that the Federal Business Development Bank last year loaned approximately $479 million and one-quarter of that money went to British Columbia.

In my own department, the enterprise development program was recently approved by Treasury Board to insure up to $1 billion in loans. I have said many times in this House that last year we helped 256 companies and that all but 7 of those companies were Canadian-owned. So we have money available and are prepared to assist any industry that can bring forward a bona fide case and show that it is particularly interested in developing the fishing industry, or any other industry.

Mr. Leggatt: Mr. Speaker, the minister fails to tell us how much of that money went into the fishing industry. I can tell him that it was miniscule. Under the foreign investment review mechanism, only takeovers are reviewed. What is happening is that we have Japanese interests that are putting up loan capital rather that equity capital, and are therefore getting in under the review mechanism. This means that when you have tied contracts in terms of products, where you have a foreign company that is able to tie up your products because of a loan rather than a purchase, that is not reviewable.

My question is: will the minister now consider changing the provisions of the Foreign Investment Review Act so that these kinds of product agreements which are coming in through the back door—through loan, rather than equity—will be reviewable?

Mr. Horner: Mr. Speaker, we are prepared to look at all possible suggestions to facilitate Canadian business; but the hon. member is quite wrong when he suggests that only takeovers are reviewed by the Foreign Investment Review Agency. New businesses are also under review by the Foreign Investment Review Agency.

● (1152)

With regard to the Federal Business Development Bank, as I said, one quarter of the money loaned last year was loaned in British Columbia, and one-quarter loaned last year was in manufacturing. I will have to see how much went into the fishing industry. But the initiative must rest with the private sector; they must come to the bank and ask for a loan.

An hon. Member: They are on strike.

Mr. Horner: I do not know how many companies representing the fishing industry came to the bank and asked for loans.

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CRIMINAL CODE

AMENDMENT TO CONTROL FIREARMS

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, my question is directed to the Solicitor General. Following the tragic shooting incidents, one in a Brampton high school and later another in Ottawa, I am sure all members were alarmed to learn that there was a similar incident in Winnipeg.

Could the Solicitor General give the House every assurance that the remaining provisions of the bill which was passed last session, including the firearms acquisition certificates requirements, will be proclaimed on January 1, 1979, as proposed?

Some hon. Members: Hear, hear!

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, that is fully the intention of the government. I understand the hon. gentleman's concern in this matter. As the hon. member knows, most of the remaining provisions have been implemented. The firearms acquisition certificate provision is the only section which has yet to be implemented. It is our intention, in view of the offences that the hon. member has described and the dangers that are ongoing, to proceed with final implementation of that section on January 1. We shall also be proceeding with the aspect of the amnesty recall program during the month of November. Further publicity will be advanced in that area.

While I am on my feet, I would indicate that I am very pleased with the amount of public support the program has received: it is well deserved support.

BANKRUPTCIES

REPORTED INCREASE IN CANADA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question in the absence of the Minister of Finance, and now I see the Minister of State (Small Business) is also absent, will be addressed to the Prime Minister. Is the Prime Minister familiar with the Dun and Bradstreet revelation that while bankruptcies in Canada had a ratio to American bankruptcies of one in ten in 1970, they are now up to a ratio of seven in Canada for every ten in the United States?

If the Prime Minister is aware of this, has he done any review to find out why there is this sad increase in bankruptcies in Canada, bearing in mind they left defaulted liabilities of $2 billion in the last two years?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, no, I was not aware of what the hon. gentleman calls a revelation. I will read it and see if I have an explanation for it.

* * *

[*Translation*]

THE MINISTRY

INQUIRY AS TO CABINET SHUFFLE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the right hon. Prime Minister. I would like to know if he intends to proceed with a cabinet shuffle and, if so, when.

Right Hon. P. E. Trudeau (Prime Minister): The opposition leader's question astounds me, Mr. Speaker. I would think that he has enough to worry about shuffling his own members on the other side of the House.

Mr. Clark: Mr. Speaker, I think that even if the Canadian people are anxious to elect a Progressive Conservative government, it is now urgent to have a cabinet which is able to face the present challenge. I am therefore asking the Prime Minister again if he intends to shuffle his cabinet and to appoint a new Minister of Finance. And if so, when?

Mr. Trudeau: Mr. Speaker, according to the Leader of the Opposition, a cabinet shuffle would allow us to meet the present challenge in Canada. I am aware of that, Mr. Speaker, but I believe that the present cabinet also allows us to do just that.

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[*English*]

PUBLIC SERVICE

INSTITUTION OF PUBLIC INTEREST DISPUTES COMMISSION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister: it is supplementary to the question posed to the Postmaster General by the hon. member for Hamilton West.

Was the Acting Minister of Labour reflecting government policy in the other place on October 18, 1978, when he said:

> I can assure the honourable senator that the recommendations of the Woods commission are under active consideration.

The principal recommendation of the Woods commission was the setting up of an industrial, or essential or public interest disputes commission. In light of the very dangerous confrontation that is taking place in this country today between a segment of organized labour and this parliament, can the Prime Minister tell this House if it is the government's intention to bring in, forthwith, legislation implementing the principal recommendations of the Woods commission, which the government has had now for ten years?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Acting Minister of Labour may have revived within his department interest in some aspects of the Woods report which, as the hon. member says, goes back ten years. I have not been informed of such a revival.

Mr. McGrath: Mr. Speaker, I have a supplementary question for the Prime Minister. I will put it to him in the form of a direct question. Is it the intention of the government to establish in this country an industrial, or essential or public interest disputes commission which would resolve the kind of dangerous confrontation that is now taking place in this country with respect to collective agreements or collective bargaining between government services that are obviously essential?

Mr. Trudeau: The short answer is no, Mr. Speaker. But I think I should be allowed to reassure the hon. member that the degree of confrontation which he suggests is not such so as to exhibit the alarmist tone that he is using.

The hon. member knows that 85 per cent of labour matters are under the jurisdiction of the provinces.

An hon. Member: Ninety-five.

Mr. Trudeau: I have improved statistics from the New Democratic Party; I am told it is 95 per cent. I think, as usual, this statistic is off the top of the hon. member's head. At any rate, it is quite obvious that the danger of confrontation that the hon. member is talking about is, if it exists, mainly in the provincial area.

The second point is that in the past two years the Canadian strike record has improved immeasurably. The third point is that even when the Canadian strike record was very high, it took into account things which are not comparable with the figures of other nations because it took into account the very large sector of the public service which is found in schools and hospitals. This accounts for the very large strike record in the public sector.

All these facts are meant to reassure the hon. member that there are obviously some confrontation situations, like the present one in the Post Office, but we are not as despairing as

the hon. member about the future management-labour relations in Canada.

* * *

TRANSPORT

REQUEST FOR CONTINUATION OF ESQUIMALT AND NANAIMO RAIL PASSENGER SERVICE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of Transport, for which I have given him notice. The Esquimalt and Nanaimo railroad passenger service is slated for discontinuance on December 13 of this year.

Is the minister aware that passenger-loading on the E and N quadrupled this summer and fall? Can he now assure Vancouver Islanders that this popular, and now profitable, rail service will continue beyond December 13?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can tell the hon. member that I am aware of the very remarkable increase in the number of people using the service. I presume that will also be taken into account in the various steps which have to be taken with regard to the future of the rail service. There are a number of complex legal and procedural questions involved. I note the hope and optimism of the hon. member.

IMPLEMENTATION OF URBAN TRANSPORTATION ASSISTANCE PROGRAM

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is to the Minister of Transport. Can the minister inform the House whether the master agreement under the urban transportation assistance program has been signed with the province of British Columbia? Can he provide any assurance that construction of the very necessary overpass at Invermere, B.C., will proceed without further delay?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, while we have been able to sign master agreements with many of the provinces, we have not yet reached that stage with the province of British Columbia.

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BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. The government House leader was not in the House yesterday and therefore I did not ask the usual question regarding business of the House. He is here now. May I ask him the usual Thursday question, on Friday, with respect to the proposals of the government for business before this House?

[Mr. Trudeau.]

• (1202)

Mr. MacEachen: Mr. Speaker, the hon. member is aware that we are presently dealing with the borrowing authority bill in the name of the Minister of Finance (Mr. Chrétien). We propose to continue that bill today and, if it is not completed today as I would hope, deal with it again on Monday. We will continue with it until we can see some prospect of completing it. Following that I would like to deal, as I indicated earlier, with the act to amend the Old Age Security Act.

There is standing in notice the bill in the name of the Minister of Finance which will be given first reading today that I would like to call, and the amendment to the Health Resources Fund Act that I would also like to call at an early date.

I would appreciate some comment from hon. members opposite as to when we might give second reading to the very important bill dealing with conflict of interest with respect to members of the House of Commons and the Senate.

With regard to the resumption of debate on the address, it is my intention to call that debate a week from Monday. In the meantime, we are having discussions as to how we might terminate that debate. I do not believe I should state the terms of the discussion. That can be done later.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would be quite prepared to speak to the hon. gentleman with regard to the conflict of interest bill. I take it he was asking for discussion on the matter. That is certainly agreeable.

I wonder if the minister would be interested in following the normal practice of having suggested allotted days for the period between now and the Christmas adjournment. I think there are five of them. If so, we could discuss the appropriate schedule.

Possibly while on his feet he could advise when he anticipates the notice with regard to establishing the Crown corporation relating to the Post Office. I understand this is actively under consideration by the cabinet. Can he indicate approximately when we might see that bill, since it is an important piece of legislation in light of what is going on in the country today?

Mr. MacEachen: Mr. Speaker, I would be quite receptive to receiving a proposed list of allotted days that we could use as a basis for future planning. I had hoped it would have been possible to have given notice of the bill on the Crown corpor-tion relating to the Post Office today. However, because of a number of points that have to be further considered, it is not likely that I can give the notice earlier than this time next week. I feel that is a good target.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we welcome the statement of the House leader on what the business will be for the next few days. I note that he did leave open two questions. First, may I say we would be happy to discuss with him the possibility of getting the conflict of interest bill into committee an early date.

The other comment I would make is that I thought we had reached agreement about completing the debate on the address in reply. At any rate, we are prepared to have it called again on Monday, October 30. We are also prepared for that to be the final day.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I know that it is no secret, at least among House leaders, of the generosity shown to the government House leader with regard to the throne speech debate. It is a matter that he appreciates very much. If my friend is offering one day, that is quite agreeable with me, and has been quite agreeable for some time. I am delighted to see him in the position now where he can make the same offer. If later today the appropriate House order could be put down, we would be very pleased to consider it.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, that is not quite a representation of what happened. I thought we had agreed at the meeting of House leaders this morning. I am confirming that. We are prepared, all of us, to conclude the address debate in one more day.

Mr. Speaker: Is the House ready to so order?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, if you order it, it is also agreed that the vote be taken at 9.45 p.m.

Mr. MacEachen: Mr. Speaker, I confirm that this agreement was reached. I did not disclose the terms of the agreement because I did not recall that I sought authority from my colleagues to announce the agreement. However, I am delighted that it has been done on my behalf. I hope this seeming spirit of generosity will continue. May I add that it is understood the two days that are taken away from this debate are not to be added to the allotted days, otherwise it would be counterproductive.

Mr. Baker (Grenville-Carleton): Mr. Speaker, we should make it quite clear. The government has a problem with regard to its legislative program. There is not much in it with regard to incentives to the community. However, we have agreed, as he has suggested. Also in a spirit of generosity we have agreed to put back the private members' matters. Therefore the government in effect has the equivalent of another parliamentary day, or perhaps a bit more, for government business.

It has never been our tradition to hold up the business of this House of Commons but only to discuss those matters which are important. We think this is a point of view and position that are important for us to take in this. It is in that spirit we made the agreement we have discussed.

Mr. Speaker: Order, please. I am beginning to get the impression we are having more difficulty agreeing with each other than when we disagree. Does the House wish at this time to proceed to order that there be one remaining day for the debate on the Address in Reply to the Speech from the Throne, that it shall be Monday, October 30, and that the vote thereon shall be taken at 9.45 p.m.?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

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POINT OF ORDER

MR. STEVENS—REMARKS MADE BY PARLIAMENTARY SECRETARY IN DEBATE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a point of order. It arises from remarks made in this House yesterday by the Parliamentary Secretary to the Minister of Finance (Mr. Martin). The parliamentary secretary, unintentionally I assume, misled the House when he said, referring to myself:

> The hon. member knows this. He knows authority is being obtained now to cover the government's needs not only for the balance of the present fiscal year but for the next fiscal year so as to avoid our having to come back to parliament time and time again for the necessary legislation if we are to meet the expenditures which he himself, along with other members of the finance committee, examined in detail when the estimates were before the committee last spring and supported there.

My point of order is twofold. First, the current year's estimates as they were before our committee, and indeed in this House, were opposed on many points and, to the limit of our procedural ability, we tried to have certain of these estimates defeated.

My main point of order is that for the parliamentary secretary to suggest that expenditures for the next fiscal year, fiscal 1980, have already been approved, is totally erroneous. We have not seen the figures. We have seen no estimates. Indeed, we have seen no indication, even in the form of a budget, as to what the government plans for 1980 as far as expenditures are concerned.

Mr. Speaker: I am not so sure that that point might not have been a better contribution to the debate than it was to the order of the House. In any case, it is now finalized.

ROUTINE PROCEEDINGS

[*Translation*]

POST OFFICE

TABLING OF ANNUAL REPORT

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, pursuant to Standing Order 41(2) and section 82 of the Post Office Act, I am pleased to table, in both official languages, the annual report of the Post Office for 1977-78.

● (1212)

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

Hon. Allan J. MacEachen (for the Minister of Finance) moved the introduction of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973.

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

* * *

POINT OF ORDER

MR. BEATTY—QUESTIONS ON ORDER PAPER

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Perhaps I missed it, but did Your Honour call questions on the order paper?

Mr. Speaker: If the hon. member would refer to the last occasion on which that question was raised, a few days ago, he will find it has not been the practice to call questions on the order paper until after the debate on the address has been concluded. However, in view of the rearrangement of our business perhaps I can forewarn the House that beginning on Monday of next week, I shall call questions on the order paper.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Thursday, October 19, consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs, and the amendment thereto (Mr. Stevens) (p. 271).

Mr. Cecil Smith (Churchill): Mr. Speaker, toward the end of my remarks last night I was talking about the town of Churchill and the recreational complex which was built there by the government at a cost of some $13 million, and the fact that there are only 1,400 people left in this community which is saddled with keeping this huge complex in operation.

For some time I have been trying to establish what could be done with this white elephant, as it must be called at this time. I have heard some rumblings, some rumours, that a university of the north might be in the offing—I understand the government is in something of a dilemma with regard to this complex. I suggest that consideration be given to setting up a university of the north in Churchill for postgraduate work in engineering, scientific research, and so on. Those studying there could concentrate on the potential of the north, not only in Manitoba but in Canada generally.

At present most of our northern research is carried out in places far removed from the north and it is about time that the government, having created this monster, seriously considered establishing a new university in the north for postgraduate work. Churchill is well known for its involvement in scientific work of various kinds and this huge complex could become the hub of such a university as I am proposing.

At the beginning of my speech I mentioned Otineka and Le Pas and the billion dollar loan to Panama. I can tell you, Mr. Speaker, that north of the 53rd parallel in Manitoba, Liberal words about restraint have an odd ring to them. In 1970 the Le Pas Indian band, a group of approximately 1,200 Cree-speaking people, made a proposal for a small shopping complex to be built on their reserve. What they had in mind was a complex covering some 25,000 square feet. The proposal was accepted by the federal government through the minister of Indian affairs at that time, now the Minister of Finance (Mr. Chrétien). What did the people of Le Pas end up with? It is hard to believe. The Indians wanted a little store. Ottawa built them a mall. Once approval had been given by the minister, work went ahead and, by the time the mall was completed, it covered 190,000 square feet. The estimated cost was in the neighbourhood of $4 million, and the final cost was $8.4 million. I attempted several times in committee to ascertain the reasons for this huge cost overrun. Invariably I was told that it was due to government overbilling.

I will tell you what happened, Mr. Speaker. The Indians have been placed in a most difficult position because once the mall had been built the government turned it over to the band organization; Harry Wilson, the chairman of the Otineka corporation, is finding it almost impossible to make it a paying proposition, although he is working very hard, for the simple reason that this 190,000 square feet mall is still not filled though the complex was officially opened two years ago. As a result the government has felt obliged to write off $4.2 million of the guaranteed loan it gave in connection with this mall.

The Indian people have been put in the position of trying to bail the government out of a situation it manufactured for itself by allowing spending to get completely out of control. It is the taxpayers of Canada who are being called upon to pay the $4.2 million the government wrote off some two months ago, and if things continue as they are now in that shopping mall, the government will be spending still more of the taxpayers' dollars to write off the entire debt. I would like to develop this theme further but I am sure it is not new to hon. members. It is just another example of the bumbling mismanagement and overspending that have gone on under this government. These things happen because the government decides to take matters out of the hands of the communities concerned. Costly

gifts are made, and then they walk away from them, declining responsibility for upkeep and maintenance once the initial construction has been completed.

What does the bill before us ask parliament to do? The government is seeking authority to borrow another $17 billion, and I can tell you, Mr. Speaker, that I shall want some answers from the minister before I agree to it. For example, is $1 billion of that $17 billion going to the Republic of Panama for the development of a copper mine there as the EDC is planning right now? The EDC was, of course, somewhat embarrassed when General Torrijos announced in a speech in Panama that Canada has agreed to guarantee a $1 billion loan to that country to help develop the Cerro Colorado mine. EDC denied this, however, stating that negotiations for the loan were still at an early stage.

• (1222)

On October 16 I learned that this loan had still not been guaranteed and that the final negotiations had not been completed. However, it is the intention of the government to go ahead, and the EDC says it is a very good project in which to get involved. But how do I explain to the miner at the Hudson Bay Mining and Smelting Company at Flin Flon, which mines copper and zinc, that we have a government which is taking tax dollars and sending them to the Republic of Panama to develop a copper mine there? The miner at Flin Flon is wondering if he will be laid off next week because the Canadian copper industry has gone to rock bottom. How do I explain that? There is no way.

What the government should be doing with this $1 billion it is considering lending to the Republic of Panama is putting it into the Canadian mining industry, so that instead of shipping raw materials to other parts of the world and buying back manufactured goods, that $1 billion should go into the Canadian mining industry so it can process raw materials here and provide much needed jobs.

Hon. members opposite can smile, and the Minister of Employment and Immigration (Mr. Cullen) can say that the Churchill constituency receives a bigger grant under the Canada Works Program than any other constituency, but that does not satisfy me, because that constituency has the highest rate of unemployment. Churchill is entitled to a bigger grant if money is going to be handed out in that fashion. We need long-term jobs, but lending $1 billion to the Republic of Panama to develop another copper mine will certainly not provide jobs in Canada. That money should be used to develop processing right here in Canada.

The chamber of commerce of Leaf Rapids, Manitoba, has sent a petition to the government. The chamber of commerce of Thompson, Manitoba, sent a petition to the government telling it to get off this foolishness. Instead of financing a copper mine in the Republic of Panama, why not put some money into the sagging mining industry right here in Canada? The government is asking for authority to borrow another $17 billion, but I certainly will not vote for this bill unless we know where this money is going to be spent.

I am dealing only with the Churchill constituency. Will some of this money be spent on another white elephant complex in Churchill? Will it be spent to built another huge shopping mall like the one which has become an empty barn in northern Manitoba? Will it be used to send another $1 billion to the Republic of Panama?

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member for Churchill (Mr. Smith) have unanimous consent to continue?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paul E. McRae (Fort William): Mr. Speaker, I am pleased to be able to participate in this debate and to make a few points which I think are rather essential when we are talking about the national debt and its relative size in terms of the gross national product.

The hon. member for Waterloo-Cambridge (Mr. Saltsman) made an interesting speech in the House yesterday dealing with some new economics and dealing with what he termed a new society. I have talked about this three or four times in this House, and I will say it again and again—there were very important lessons to learn from the hon. member's speech, and I have some other thoughts along the same line, that is, that there is no question that in the world today a whole range of industrial nations are undergoing some very serious economic problems.

Japan has a surplus of trade, and therefore a yen which is very high. Japan is finding it more and more difficult to compete with dollars like ours. West Germany and Switzerland, which have relatively low inflation rates, still have some very serious long-term problems. The IMF and the Big Seven talk in terms of 5 per cent as being like zero in relation to inflation. It is not like it used to be when 2 per cent was considered normal. We now have to deal with figures like that.

Unemployment is a problem throughout the world; much more so in Canada than in most other countries, but it is certainly a problem throughout the world. There are many social problems which are being faced by all countries.

The hon. member for Waterloo-Cambridge said that ours is a new society. I prefer the term "new economics". There is a totally new notion called scarcity, and we find this in the major area of energy. This has some very major ramifications for the world's governments. The net outflow of about $50 billion a year to the Arab countries from the United States is one of those ramifications, and it has militated considerably against the economy of the United States and the American dollar. Because of our reliance in terms of trade upon the United States, there are ramifications for our economy as well.

We are told that we must expect to spend about $180 billion over the next 15 or 20 years on energy projects. That amount far exceeds the rate at which we are spending today. That rate

more than doubles the number of capital dollars going into energy projects in relation to the total number of capital dollars available.

Another factor which seems to be little known to hon. members opposite is that the techniques which have served us well in the past, Keynesian fiscal and monetary techniques, are no longer working the way they did, and for two reasons. One is the nature and size of the problem. It is interesting to hear members of the Conservative party talking about $2 billion in tax relief as the kind of stimulus which will really move things. This is what the Tories plan to do if they happen to be fortunate enough, from their point of view, or unfortunate enough, from the point of view of the country, to be in power.

They talk about a $2 billion tax cut changing things. That is the same figure we used to hear in the early sixties. We were told that such a move would change the economy around and move things along. In those days we were talking about a gross national product of $40 billion to $50 billion. Today we are talking about a gross national product of $220 billion. We were talking about a stimulus of 4 per cent or 5 per cent at that time, and now we are talking about a stimulus of .75 per cent to 1 per cent, and saying that that will move the economy. I want to talk about that later, but at this point I am saying that the magnitude of the problems make it almost impossible for this to happen.

Present techniques also tend to be counter-productive. That is the thing which worries most economists. This was mentioned by the hon. member for Waterloo-Cambridge. He said that if there were tax cuts to stimulate growth in the economy, we could expect that money to go into savings. Back in the early sixties about 2 per cent or 2.3 per cent of the gross national product went into savings. Today the figure is about 10 per cent, a growth factor of about 4. This goes into savings and therefore does not get into the stream as purchasing power. Some goes in terms of purchasing luxury goods, which often means that money flows out of the country through foreign purchases. People do take trips south and so forth, and while that is desirable from an individual point of view, it is not the kind of thing which stimulates the Canadian economy.

● (1232)

I am using this to illustrate the point that these techniques do not work the way they used to work, and some of them are counterproductive. For instance, there is a good case to be made that if you do in fact increase the deficit by a tax cut, the increased deficit will have an effect on inflation. Increased inflationary costs will mean that our goods cost more and more on the world market, and very often that might mean that we produce less and there are fewer jobs. It used to be that if you had a little inflation, you would have few unemployed. There is a case to be made today for actually increasing unemployment by increasing inflation.

So, putting these factors together, I think we are going into a new economic world, and some of the things we are saying in the House do not work any more. I think that was the case that the hon. member for Waterloo-Cambridge made, and that is the case that many of us on both sides of the House have been making. We have to look at new ways of handling our economic problems.

When we come to Canada more specifically, we have one or two unique problems which separate our efforts from the efforts of other countries to solve their economic problems. The most compelling single factor that makes us very different from any of the other OECD countries is the high rate of unemployment and, more basically, the very large growth in our labour force.

I have used these figures before, but I will use them again because I think we must keep saying this. I have a chart in front of me from Statistics Canada which was produced in spring. If one takes the year 1965 as the base year, using the figure 100, one finds that for every 100 persons in the labour force in West Germany in 1965 there is now something in the order of 96 or 97 people, an actual decline of people in the labour force; for every 100 people in the labour force in Italy in 1965, there is still 100; for every 100 in the United Kingdom, there is about 104 now; Sweden has about 112; France, 110; Japan, about 114. All of these are major countries with which we can compare ourselves.

Let us not compare ourselves with Mauritius or some such country with which it is not possible to compare economies. Let us compare our economy with those of the Big Seven and the major European countries, the economies of which are similar to ours. Taking them as a kind of average, you find that most of those countries have had either no growth in their labour force or a growth of perhaps less than 10 people per 100 over the period from 1965 to the end of 1977.

There are three countries that stand out beyond these figures. One of them is the United States, which has 28 more people per 100 in the labour force than they had in 1965, and one is Australia, which has 30 more people per 100 in the labour force than they had in 1965. This is quite different from the first group. But there is one country that stands out in a way that no other does, and that is Canada. We had 46 more people per 100 in the labour force at the end of last year than we did in 1965, way above anyone else. Even with an 8.5 per cent or 9 per cent, or even a 10 per cent unemployment rate in this country—and there is always a debate about this rate—we would not have a really serious problem in this country, having done the things we have done to create jobs, if we had at this stage the same growth in the labour force that exists in the United States. That is the fundamental difference between Canada and the other countries to which I referred. The growth in our labour force has been unbelievable.

This is what concerns me in the House. I hear people saying, "Throw another $2 billion into the hopper, and we will solve the problem". The NDP member would up the ante to about $4 billion. This is an horrendous problem. We have 46 more people in the labour force per 100 than there were 12 years ago.

Why am I talking about this when we are talking about our national debt and the money we need to cover it? I am talking about it specifically because this growth in the labour force

has been the single factor that has created the problems which have brought us this debt. We have a massive $4.5 billion to $5 billion going out in UIC payments each year. This is entirely related to the growth in the labour force. I haven't the figures at hand at this point, but several billion dollars have gone out to DREE, in transfer payments to provinces, to Canada Works, and so on. All this is entirely related to the growth in the labour force.

I do not think I am exaggerating one iota when I say—it is probably absolutely true—that if our labour force growth was like the growth in the U.S. labour force, we would be incurring virtually no debt today simply because we would not have to spend that money. I would say we could wipe out $10 billion to $12 billion of government expenditures if we had the same situation that exists in the United States, given what we have done in the past. I think there is much nonsense being said in the House and in the press that totally ignores that fact.

If you pick up the *Globe and Mail* or any other newspaper, you often find on the first page some statement about the economy which is totally isolated from the context, like the statement I heard this morning on the CBC credited to the hon. member for York-Simcoe (Mr. Stevens) that our national debt has increased four or five times over the last 15 or 20 years and that his is a very bad situation. This is the kind of thing the public keeps hearing.

If you turn to the financial page of the *Globe and Mail*, of the *Financial Post*, or of most of the larger newspapers, you will find a slightly different story. They will not be saying that the growth in our debt has increased four or five times. They will say, yes, it is four or five times larger, but also the GNP has grown four or five times. Actually, we have somewhat less debt as related to the GNP today than we had 15 years ago. This is what one finds in the financial pages of the papers and this is what economists tell me; this is what I find when I read various economic journals. But when I read the front pages of our daily newspapers, all I see are these alarming, disturbing figures. Now we have reached the point where the press, the opposition, and the government have to talk about real figures. They have to talk about the real growth in the labour force and the effect of that real growth on our economy.

So I am saying—and I have been saying it all along but I hope that perhaps I am saying it better now because it takes some time to understand this—along with the hon. member for Waterloo-Cambridge—and I do not agree with all his solutions—that we have a new economics now, a new set of problems which will not be solved by the simplistic, Keynesian techniques that were used in the past. They were great in the 1960s; they do not obtain today.

Now I should like to spend a couple of minutes talking about some of my concerns in terms of the things the opposition members have been saying in what I think are their honest efforts—in no way am I imputing to someone dishonesty in this business—to find solutions to our economic problems. It is not dishonesty. It is that people have not come to grips with the fact that there is an essential qualitative change in the world's economies. Canadians are affected by that as much as anyone else. This essential qualitative change is what we should study. I am not talking about dishonesty, misleading information, or anything of that nature. I am talking about government leaders throughout the world not understanding the phenomena referred to by the hon. member for Waterloo-Cambridge, myself, and others.

● (1242)

I should like to refer to one of the recent statements of the hon. Leader of the Opposition (Mr. Clark) regarding mortgage and municipal taxation deductions from income tax. It is not a bad idea. It appeals to a lot of people, even though this type of program contains some grave inequities which must be dealt with. Certainly the government has looked very, very carefully at the same type of program. We see some of the desirability in it. There is no question a lot of middle class people are caught in a bind. This particular suggestion by the opposition makes some sense, so it should not be rejected out of hand. But we should look at it, taking into account the new economics.

I rose today in order to look at these suggestions and so-called techniques, taking into account the world in which we are living. There could not be a worse time to advance a mortgage and taxation refund program. The deficit for this fiscal year is $11 billion or $12 billion, and the opposition comes forth with an idea which would increase the deficit to $14 billion or $15 billion. There has been some mention of figures, but the best figures of many economists indicate an amount of close to $4 billion shared by provincial, federal, and municipal governments.

In view of the inflationary situation, an increased deficit is not acceptable at this particular point. The suggestion of the opposition is a good and valid one, if it is applied to Keynesian economics and the pre-1975 period. The point is that $2 billion, $3 billion or $4 billion is put into the housing sector in the hope of stimulating it and creating jobs. There are a lot of economists in the world who do not believe that $2 billion or $3 billion will result in any material change in the growth of this country. Therefore government revenues will not be increased one iota because of this increased demand. That is why I feel such a proposition is very bad at this particular time. I do not believe it will increase jobs or have any effect on the job market. It will not have the expected effects on revenue. Therefore, it can be only inflationary and further increase the deficit.

The opposition party has claimed for a long time that government spending must be reduced. There are problems with deficits, but government revenues cannot be cut back. An interesting chart was put out by the President of the Treasury Board (Mr. Andras) which showed revenues and expenditures, side by side, for the last ten years. The lines continued along parallel, and crossed at points which indicated small deficits or surpluses. Suddenly in 1974-75 the expenditure line continued to rise but the revenue line almost flattened. It is not a slow turn; it is an abrupt one. What happened in that period? The then minister of finance, in a minority government, on the

suggestion of a push by the Tory party leader, at one particular point decided to index exemptions. Everything else was indexed, so we indexed exemptions, and the curve went off. The revenue line flattened right out.

One cannot have it both ways. Government deficits cannot be reduced by the reduction of expenditures, if at the same time revenues fall because of decreasing taxes. It will not work, it cannot be done this way. At the present time we are facing a very serious deficit problem. It is inflationary, has a bad effect on the dollar and so on. It is a major problem.

My main criticism of the mortgage and tax deduction notion is that a stimulus of $2 billion, $3 billion or $4 billion in our new economics will not have the same effect as it did in the era of Keynesian economics. It will not have the expected effect. We are talking about a stimulus of perhaps 1½ per cent to 2 per cent of the gross national product in total. We are not talking about the effect of a $3 billion or $4 billion stimulus on a $45 billion GNP. We are talking about the effect of an approximate $2 billion stimulus on a $220 billion GNP. It is a very, very small factor, a little over 1 per cent.

The opposition indicated that the mortgage and municipal tax deduction scheme is popular in the United States. Perhaps that is so. One of the very important effects of such a deduction on the United States federal state and municipal taxation system is that more and more taxes are levied on property owners. For example, the average home owner in California is paying in the order of $5,000, $6,000, or $7,000 a year for municipal taxes. If a similar type of situation is placed before our average home owners, one must remember that there is a different kind of problem to face. In the United States this led directly to proposition 13. That was the result of this type of scheme. Property owners are encouraged to keep their homes highly mortgaged, not to pay off existing mortgages, but to remortgage because of these deductions. This is the type of thing which occurred.

The structure of this country supports property owners and property taxes. For example, in my area taxpayers pay approximately $800 or $1,000 a year, as opposed to the $5,000 or $6,000 in California. Of course that $800 or $1,000 is not the total amount of money spent by the municipality. Close to 50 per cent of the money for education in that municipality comes from the provinces. In turn, a lot of that money is transferred from the federal government to the provinces. In a sense we have already a built-in exemption within the federal income tax which is transferred to the provinces for welfare, education, and various purposes not specified. Then it is transferred to the municipalities. This is not the case to any great extent in the United States.

● (1252)

One has to understand these factors, and when you start playing around with the taxation system, making major changes out of the blue a few weeks before a by-election, and when you talk about that kind of change, then you are talking about changing the whole structure we have built up in Canada. I do not say the structure should remain forever written in stone. The point of the matter is that changing the tax structure is an intricate thing and you do not just pick one little thing out of the hat and say we will do that. We all know that when we take this one small step we are obviously creating all kinds of inequities in terms of those people who now fully own their homes and in terms of those people who rent, and so on. We have to look after those people, and then we start to change the whole tax system.

I do not want to spend much more time on this, but I have dealt with it at some length because in the new economics, and the new kind of thinking that must obtain, there is no room in the future for these kinds of half-baked schemes, of picking something out of the hat, dropping it in and saying we will solve all our problems in this way. In no way do I impute any motive. Rather, I am saying this is the result of not understanding the situation. When a political party picks up something like this and says, "This is how we are going to run the next government," then I do not think that party really has an understanding of what is happening and should not have the right to govern, or that it will really be able to govern under the circumstances.

I really decry partisanship in respect of this kind of thing. When we start looking at the kind of world we are moving toward, the kind of world about which the hon. member for Waterloo-Cambridge talked, the kind of thing about which I have spoken many times, and about which the Prime Minister (Mr. Trudeau) has spoken, we must do some new economic thinking about changes that will fit into this new structure. It may well be that a government will be formed by members on the other side at some time in the future. I would ask them, before moving into this kind of thing, to think about the kind of world we are living in, and to avoid coming up with schemes that are good but irrelevant to the times.

Let us talk about a new kind of economics in terms of changes that have occurred and the new approach that must be taken by all nations, Canada included. Let us talk about the fact that we have a massive and unique problem which no other country faces, but which creates all kinds of tensions in this country. I refer to the growth in the labour force. Let us talk about the real terms of this problem rather than giving these $2 billion answers to everything.

Some hon. Members: Hear, hear!

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I listened with intense interest to the speech of the hon. member for Fort William (Mr. McRae). He said during his remarks that the amount of unemployment in Canada has risen because of the degree to which jobs have increased.

Mr. McRae: No, I said the labour force.

Mr. Diefenbaker: When he was speaking I decided I would find out what previous ministers of finance had said in this connection. In 1969 the then minister of finance said that we really mean business, and the business was the degree of unemployment that had to be met. Then in February, 1973, the Hon. John Turner, who today represents hope eternal and

survival for the Liberal party, said that the purpose of his budget was first and foremost to reduce unemployment. That was clear and definite. Then in the 1974 budget we find it stated that one thing that must be done is to restrain all government spending. Then within the last year on January 20, and I am sorry the Minister of Finance (Mr. Chrétien) is not here today—he is a very busy man and I am not critical of the fact that he is not here—the minister said that he expected by the year end inflation would be down to 6 per cent. The hon. member for Fort William should certainly whisper a few of these ideas into the impenetrable depths of the cabinet mind today in this country.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I was very much impressed by the speech of the hon. member for Churchill (Mr. Smith). He is an hon. member who is clear and definitive in the views he expresses. When it comes to Churchill, I have a particular interest in the area. My great grandparents spent part of the winter of 1812-13 in that area before they were driven out to York Factory, the Selkirk settlement of the day. They were driven out because they shot or killed too many partridges. They had their guns taken away—this was before gun legislation—and were driven out into the night.

The amendment moved by Her Majesty's Loyal Opposition is that we are of the opinion that the granting of this authority for massive borrowing in advance of any budget presentation is objectionable in principle. It has been proven today that what is stated therein is in accordance with the fact. The proof is in the degree of unemployment and the massive deficits, amounting to $13,000 million to $15,000 million, which exist in Canada.

On August 1 the Prime Minister (Mr. Trudeau) came back from his Moroccan trip and made a speech, about which the cabinet knew nothing. His ministers had to listen to that speech on television to find out what he was going to do.

The Acting Speaker (Mr. Turner): Order, please. It being one o'clock, I do now leave the chair until two o'clock p.m. this day.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Diefenbaker: Mr. Speaker, at the time of the adjournment I was referring to certain quotations concerning inflation. I will refer to one or two others that I have. The Minister of Finance on January 20, 1977, said, "We expected by the year end that inflation will be down to 6 per cent." In 1978 the Prime Minister (Mr. Trudeau) predicted that as a result of the controls that had been brought in he felt sure that inflation would be brought to 4 per cent. Another quotation from the Prime Minister on May 27, 1974, at Etobicoke, Ontario, says, "We are confident that we have a grip on the problem and will wrestle inflation to the ground." That has been quoted before, but apparently inflation wrestled him to the ground. A little later on in that same speech he is quoted as saying, "We are going to bring inflation under control, I pledge you that."

Those quotations are simply part and parcel of a trend through the years in which the Prime Minister has endeavoured to fool the people of Canada into believing that inflation could be controlled. I say this to you: I was prime minister for just less than six years, and the rate of inflation at its highest was 1.2 per cent, the lowest all over the world. We brought in the control of the valuation of money, and we fixed the dollar at 92.5 cents. In consequence this brought to Canada the greatest expansion of trade in its history up to that date.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: At that time the front bench Liberal party cried, oh, the lachrymose perversions they put on, "the most terrible thing" but they kept that control at 92.5 for seven years. This is indicative of the degree to which they endeavoured to deceive and succeeded, and at the same time carried on a policy which they had ridiculed.

I am not going to say any more about inflation because there are some other matters that I want to deal with specifically, except to say that with the rate of inflation at what it is today, the Prime Minister is looking around for a plan to conceal to what extent it has actually risen. He set up this board called CSIP, the study of inflation and productivity. They are going to change the manner of computation, for they say that too much importance is placed on certain things, food and the like. In the first issue of their magazine "*The Monitor*" they proposed this measure as a better, short run measure of inflationary prices and the success of government policy. This is an old trick. It is deception personified, because there is every indication that inflation will increase, but in order to pretend that it has not, a new system is set up, this CSIP system.

I said to myself, "In short, what do you think should be done?" It has taken me several hours to get this reply from the Bank of Canada, and instead of reading those massive figures, may I be permitted to place on *Hansard* the letter from the deputy chief of banking, delivered to me only a few moments ago, setting out in full the general monetary situation since 1968, during the period of the Prime Minister's administration. If I might have that permission?

Some hon. Members: Agreed.

Mr. Diefenbaker: I will not go into the document, except to say that it shows that in this nation today, and in particular three years ago, and two years ago, there is and has been uncontrolled expansion of credit far beyond the requirements of our country. Over and over again this has been referred to, but without success.

I went into the bank the other day. I very seldom do this, so it was probably the first time in ten years. I wanted to find out what the monetary situation was, and I asked them to give me $10 in one dollar bills. I did not go into devaluation at all. What I received was then perfectly new printing press dollars. That is what we have in this nation today to a degree never before equalled; whenever they want any money, the printing press turns it out. There is one thing I might add that is of interest in that connection, and that is that in that department, as I am informed, they have four incinerators to burn used dollars, or dirty dollars that no longer should be passed in circulation.

Why does this government not do something to control the expansion of money? It is because it is easier to permit the expansion than it would be to act with courage and with determination. That is the suggestion I want to make today; that something along this line must be done. It will be hard to do it because people may resent it, but it is necessary. When you view the record of the Trudeau administration, it is one of spendthrift spending beyond anything before known in history, a $13 billion deficit this year. It will probably go up in the next year, while they are pretending that they believe in restraint.

In what way has the Prime Minister practised restraint? In that connection I point this out; that it costs $3 million to run his office today, whereas during my period of administration it cost $50,000 a year, and $75,000 during the administration of Mr. Pearson. During my period of administration we took over Harrington Lake, my late wife and I. The building was to be torn down, but we took it. The expenditures thereon totalled $50. Last year, as I understand it, the expenditure by this government in order to make it appropriate, fit for a sultan or a czar, amounted to approximately $85,000. I would like to ask the Prime Minister about that if he was here, but he never turns up when I am around.

● (1412)

We had to supply our own cars, Mr. Pearson and I. I think we got an allowance of $2,000 a year approximately. Nothing of that today. The Prime Minister has two $75,000 cars. They are bombproof.

Some hon. Members: Oh, oh!

An hon. Member: Not bugproof.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: In addition to that—a swimming pool at 24 Sussex Drive which cost $200,000. It was given by well-meaning Canadian citizens—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: —who desired to remain incognito. I do not know why, making a contribution like that which you can deduct from income tax. Why? Who were these people? We asked. Information was not given to us; it was refused; hidden, the way so much of the information that parliament is entitled to today is being hidden I suppose with the vast expenditures that are taking place. They talk about restraint. We have expenditures amounting this year to $2 billion or $3 billion additional, and yet the cornerstone of democracy in this country and in all democracies is the municipality.

Last spring the Minister of Finance told regional municipal government officials they could expect more grants in lieu of taxes this year. Now that plan has been scuttled. What does it mean? The total shortfall in this country today, that is, over what taxes should be on government properties and what is actually advanced, is $62 million a year, of which $33 million is in Ottawa. I do not know how they carry on, the city of Ottawa among other cities. It was said the government would expand that. It has now been turned down.

I live in Rockcliffe and the taxes today are at a point beyond which taxation can never possibly be successful. I suggest the first thing that should be done in order to help out the municipalities, and the taxpayers in the municipalities, is for that promise that the Minister of Finance made last spring to be carried out. Unless it is, municipalities will find themselves in bankruptcy.

Now then, where are we going? I am glad the Minister of Transport (Mr. Lang) is here because he has an answer to all of the questions. I have never seen him as affable as he was yesterday in all of the years that he has been here. He was the epitome of all the warm-hearted consideration of parliament that he so seldom evinces.

What are we going to get? I thought this House was called together for the purpose of providing opportunities for economic change and improvement in this country. Where is there anything of what the government has in mind today to cover inflation and unemployment? The hon. member for Fort William said,—I do not know whether the minister listened to him when he said it—"You know, we have the largest unemployment in Canada in all of the world. What is to be done?" Nothing. We are to have old age security—that is fine—and family allowances. It will not take long for one of those bills to pass. Then there is the health resources bill. Will the health resources bill help the economic condition of Canada today? Regarding conflict of interest legislation, I think the only interest the government has is in endeavouring to pretend that it is going to do something and then not do it. Because, after all, the Minister of Finance endeavoured to help municipalities out last year only to find his plan was turned down.

What are they going to do? They say, "Oh; wait, wait." That is the answer we got the other day, the hon. member for Vegreville (Mr. Mazankowski) and others, in connection with the strike on the Great Lakes.

Yesterday the Minister of Justice—he just beamed. "Oh" he said, "I won't deal with that because already negotiations are going on." It shocked his fine sensibility to think that anyone should say in advance what would be done unless a settlement came. Did he give that advice to the Prime Minister when he said to the posties, "If you go out, we will use the limit of the law"? Since when did that magnificent spirit of diffidence to face facts become the monopoly of this government?

I mention that, Mr. Speaker, because we had an event in Saskatchewan two days ago. I do not like to bring up horrible scenes of the kind. I do not know how the Minister of Justice was able to smile yesterday because the city of Saskatoon, I think they elected one Conservative and about six NDPs, and all the constituency represented by the minister pretty well turned NDP. But look, he smiles!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: The result placed Saskatchewan in the position where the Liberal party started with eleven members. "We were eleven and now we are none." Regina's six or seven seats went NDP, except for one.

The Minister of Justice looks as if he is going to ask a question. I am always ready for a question from intelligent wonders.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Do you know why it happened? Do you know why the Liberal party is as extinct as it is in Manitoba and in Alberta, and also approaching extinction in British Columbia? It is because of this government. No other reason.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: James Fenimore Cooper wrote the "The Last of the Mohicans". Somebody will write today "The Last of the Liberals on the Prairies". And I warned the minister, and said with the deepest appreciation for everything he does and does not do—

Some hon. Members: Oh, oh!

Mr. Diefenbaker: —he will be back in university—

An hon. Member: Oh, oh!

Mr. Diefenbaker: —as soon as the election takes place.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: You say I overstate it. I always believe in quoting good authorities. Yesterday Senator Herb Sparrow—I think he was appointed by the Trudeau government—

Mr. Lang: No.

Mr. Diefenbaker: He wasn't. Oh, I got an answer.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: He is pre-Trudeau.

Mr. Lang: That is right.

Mr. Diefenbaker: He made a statement. I do not know whether the minister has had it but I think it ought to go on the record so that it will be clear. Senator Herb Sparrow said:

Prime Minister Trudeau should resign . . . Sparrow said in an interview he blames the policies of Trudeau and federal transport minister Otto Lang—

Some hon. Members: Oh, oh!

An hon. Member: Shame!

Mr. Knowles (Winnipeg North Centre): Such bedfellows!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: He said the federal policies that are ruining this country are unemployment—is there anything in this plan the government placed before the country today, that we are going to do in the next two weeks, to halt the declining value of the Canadian dollar and irresponsible spending?

Some hon. Members: Hear, hear!

● (1422)

Mr. Diefenbaker: Mr. Sparrow has worshipped at the feet of liberalism all his life. He has been in the Senate for ten years. That is what he said. I want to bring this to the attention of the minister, interested as he is in his own future. He then said:

This record will destroy the Liberals, said Sparrow who was president of the Saskatchewan Liberal party from 1964-68 and who has managed federal party efforts in Saskatchewan during at least one election.

I give the minister the opportunity of saying that Mr. Sparrow does not mean an end for the Liberal party, but that is the view today all over Canada.

Passing on from there for a moment, they say they are keeping expenditures down. All I ask is a record of the expenditures in the office of the Prime Minister, in his official home and country place in the ten years since he has been Prime Minister. They would be most revealing. I think of that fabulous expenditure at Mirabel. Mirabel cost $1½ billion.

Mr. Lang: Mr. Speaker, I rise on a point of order. I gather that the $1½ billion figure the right hon. gentleman is using has as its source the Toronto *Sun*.

Mr. Diefenbaker: No, I am using fact.

Mr. Lang: That is certainly the worst of all sources. It is a matter on record in this House, in answer to a question some time ago, that the cost at that time was $325 million, including the purchase of land and total new construction. I say that because I know the right hon. gentleman would like to dissociate himself from those who suggest that this spending, which they cite as $1½ billion, is biased toward one part of the country or another.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Diefenbaker: A little guilty conscience brought him up because, after all, in the province of Saskatchewan, occupying a very high position—

Mr. Lang: Mr. Speaker, my point of order is what I take to be the imputation of motives when the right hon. gentleman refers to a guilty conscience. Let me just say this. I thought he would like to look at the facts, instead of a distortion of the facts with which I know he is much more comfortable.

Mr. Diefenbaker: He at least ascribes a conscience to me. I cannot do the same for him because he spent $750,000 for himself and his family to travel all over Canada and elsewhere on government planes. He spent $8,000 of the taxpayers' money to attend the Grey Cup game in Calgary.

Some hon. Members: Oh, oh!

Mr. Lang: Mr. Speaker, I rise on a question of privilege, a very serious one indeed.

Mr. Diefenbaker: This one is serious, is it? The last two were not.

Mr. Lang: The right hon. member says that perhaps the last two interventions were not serious. In one sense, they were not. Very often in this House error goes uncorrected. I thought it was important for me to correct the Mirabel figure. On my question of privilege—

Mr. Diefenbaker: The rules do not permit this kind of thing to take place, even by a person filling three portfolios but doing nothing.

The Acting Speaker (Mr. Ethier): Order, please. The minister has a question of privilege. I would like to hear him.

Mr. Lang: Mr. Speaker, I believe it is a very serious question of privilege. While ordinarily I can sit and receive all kinds of remarks and innuendo, I know that very often there is the danger the suggestion will be made that because I sat and said nothing I accepted what was said.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Lang: Mr. Speaker, I am coming, in my question of privilege, to the reference by the right hon. member to an expenditure of $750,000 in connection with the use of aircraft. That figure, of course, is one which I supplied, although let it be known, if honesty—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please. The Minister of Transport (Mr. Lang) may raise this question of privilege at a later date. Right now it is mostly a point of debate, one that is argumentative. He is arguing a point previously made by the right hon. member.

Mr. Lang: On a question of privilege, Mr. Speaker—

Some hon. Members: Order!

The Acting Speaker (Mr. Ethier): Order, please. The right hon. member for Prince Albert.

Mr. Lang: On a point of order, Mr. Speaker—

The Acting Speaker (Mr. Ethier): The Minister of Transport on a question of privilege.

Mr. Lang: I am now calling it a point of order, Mr. Speaker. I would like to return to the question of privilege. I do not think Your Honour has given me a chance to state my question of privilege. It is not a matter of debate because I sat here and heard direct imputation against me by the right hon. gentleman. I must, as a matter of my right in this House, come to this question of privilege.

Mr. Baker (Grenville-Carleton): On the same point of order, Mr. Speaker—

The Acting Speaker (Mr. Ethier): Order, please. I have recognized the Minister of Transport on a question of privilege. If he will get to his question of privilege, I will listen to it.

Mr. Lang: My question of privilege is this—

Mr. Diefenbaker: It was a point of order a minute ago.

Mr. Lang: The suggestion by the right hon. member regarding the use of aircraft by myself and my family is an insinuation.

Mr. Diefenbaker: It is the truth.

Mr. Lang: It is an allegation unbecoming of him and completely false in light of the fact that my very extensive use of aircraft is designed to allow me to carry out my duties.

Some hon. Members: Oh, oh!

Mr. Lang: The right hon. member and his colleagues said he made an insinuation. He did have innuendo at the very least. I say to the right hon. member, do an honourable thing about it in terms of what he is alleging. If he is alleging wrongdoing in me, I say to the right hon. member that I have spent hundreds and hundreds of hours flying between different parts of this country as part of my duty to listen and talk to people. It is on government business I did that.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Ethier): Order, please. I listened carefully to what the Minister of Transport has said. The point he seeks to introduce is argumentative. I would ask that whoever addresses the House today should speak to the amendment presently before us.

Mr. Diefenbaker: The hon. gentleman says what he has done. He has referred to the *Sun* as if it were something very wrong that appeared there. In a recent issue it stated:

> Otto was completely unrepentent about his misuse of the taxpayers' planes. But what was the cheapest trick of all was the fact he made the poor Scottish nanny—whom he had been paying the princely sum of $50 a week to look after his seven children—pay half of the $279 ticket she needed to get back to Britain.

Mr. Lang: On a point of order, Mr. Speaker—

The Acting Speaker (Mr. Ethier): Order, please. It is very difficult to keep order in the House when hon. members do not confine their remarks to the bill. I now have to recognize the Minister of Transport on a point of order.

Mr. Lang: More specifically, on a question of privilege, Mr. Speaker. The right hon. member might have checked those allegations in the *Sun* with me, because they happen to be false as well. The allegations in the *Sun* make me look bad by requiring a person working for me to pay her own fare home. The fact is we paid it, even though it was her legal obligation to do so. That too is false, and I would ask the right hon. member not to associate himself with those remarks in the *Sun*. That column happens to have nine specific errors in it.

● (1432)

The Acting Speaker (Mr. Ethier): Order, please. I am sure all hon. members are interested in the discussion which is now going on, but I believe we should confine our remarks to the amendment.

Mr. Diefenbaker: It is only because I have so high a regard for the hon. gentleman that I speak with such restraint. But I want to say this to him with regard to the problem which now faces this country, the strike on the Great Lakes. Yesterday he smiled benignly and said we should not be discussing that matter because at that very moment the parties were considering whether the strike should be continued and the outlook appeared very hopeful. He added that any discussion of the matter in the House might be unhelpful. He also said he realized the loss being suffered by Canada in consequence of the strike and told us that the Lake Carriers Association and the engineers union were getting together. I now ask him why it is, in so serious a situation, that instead of holding that meeting today or tomorrow or Sunday morning, it has been postponed until Sunday afternoon? Again it is a case of playing with this country, fooling the people, pretending to take action, while at the same time refusing to act. Why is not something done?

In connection with the postal strike, let me say I do not support anyone who breaks the law. But why was it that the Prime Minister warned that if the postal employees struck, the full force of the law would be used against them and that there would be a parliamentary declaration? Why was this strike declared a national emergency within 24 hours, while the last one was allowed to go on for seven weeks? It was simply because of a desire on the part of the government to pretend it was going to act and to act firmly because of the impending date of an election.

I could go on indefinitely to cite examples of waste and extravagance unparalleled in the history of our country. Since the hon. gentleman is rising on points of order, I should like him to answer the following question. More than $125 million was spent on the sale of nuclear reactors. Some $20 million in fees was paid to mysterious agents. Who were these agents? Why was $20 million of taxpayers money handed out to them? The government has refused to give an answer. Who are these agents? We endeavour to get the facts but they are concealed from parliament because the government declines to answer. Consider its duplicity in pretending allegiance to the Crown while at the same time denying the Queen all her powers. It is no wonder the people have lost faith in this government to an extent not seen in many, many years, and all I would suggest is this: the earlier an election comes, the earlier there will be a possibility of salvation for Canada.

Some hon. Members: Hear, hear!

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I listened with great interest to some of the remarks made concerning this legislation. It seems to me that those who argue that the reason we are borrowing an additional $7 billion is because of waste in government spending, simply do not know what they are talking about and haven't examined any of the fiscal accounts of the Government of Canada.

There is no question the government is in a bind, there is no question that it does not have much choice but to borrow $7 billion, but to say at one side of one's mouth that you can't borrow the $7 billion, and out of the other side, "We are going to allow mortgage deductibility in respect of home ownership and further reduce revenues to the treasury by a major amount", makes no sense whatsoever. There has to be some kind of balance when we consider this question of government waste and government spending.

We have had the experience of the forces of Proposition 13 from California coming into British Columbia and selling the idea that, with a referendum, a simple proposition can be put that says you can cut 20 per cent or 30 per cent of your budget, and still run an efficient and good government. That is a siren song being played in the west and it will probably be played throughout the country. It is the most dangerous kind of proposition I have seen since I became serious about politics.

Just note what has happened. In the city of Berkley, for example, they have shut down their libraries, and they do not have recreational programs.

There is no doubt that we can be more efficient in government. There is no doubt that we can cut a great deal of the fat out of government, but examine the accounts; if you want to start saving money, consider first where you are spending it. The biggest part of the government accounts has to do with health and welfare, child and family allowances, and old age pensions. Yet there is no political party in this House with the courage to get up and say: let us really save money, let us cut $10 from the old age pension. This party would certainly never propose such a thing.

The idea is getting about that somehow or other government spending is bad and private spending is good, that if you build another hamburger stand on the block, that is a wise investment, but if you build a library for your community you are wasting money. That is Milton Friedmanism taken to its logical conclusion. That is the kind of philosophy that is being espoused throughout this country, and it is time the people of Canada took a serious look at the impact of that kind of philosophy in terms of the civilization we have been able to achieve in Canada, one which implies a reasonable balance between public and private spending.

My party will, I suspect, vote against this bill because we believe that it is wrong to continue forever with deficit financing. In this particular year we can see a need for additional borrowing, but somewhere along the line we will have to remind ourselves again about what Lord Keynes had to say about budgeting. He still believed that in the long run you had to pay the price. I must say that as a democratic socialist I have just as much objection to deficit budgeting as any right wing Tory. I say to my friends on my left in the Social Credit party that one part of their philosophy that I have always been able to understand—perhaps the only one—is the virtue of balanced budgeting and the virtue of not having a continuing deficit in the accounts.

● (1442)

We cannot continue to put ourselves in the hands of foreign investors and foreign moneylenders, and as long as we continue to run these kinds of deficits, our capacity for social progress and for flexibility goes down the tubes.

The reality here is that when we have a $11 billion, $12 billion or $13 billion deficit, we can talk all we want about the changes we want to effect in society, but our hands are tied. The hands of this government are tied. If the people of Canada decide to have a Conservative government, the hands of that government will be tied. The hands of a New Democratic Party government would also be tied, because with that kind of deficit there is no room to manoeuvre. There is very little room in which to manoeuvre. Therefore, surely it is in the interests of everyone in this country that we examine the idea of cyclical budgeting rather than having constant deficit financing of $11 billion to $15 billion a year.

The last government in British Columbia, the government of the provincial New Democratic Party, was defeated to a large extent because one of its ministers went $100 million over in his budget. He miscalculated the extent to which a new pharmacare program, which the New Democratic Party had introduced, was needed, and he was $100 million out.

People screamed "fiscal irresponsibility". They said, "You socialists can't run a peanut stand", but they elected a good number of government members in the next federal election when the country was running an $11 billion deficit. The government buried $100 million in the ground at Pickering. No one will ever see that money again. The government squandered millions of dollars on the Mirabel airport.

It becomes a question of trying to understand the difference between a million and a billion. Many people do not quite understand the difference in the amounts, but we cannot continue to operate government irrationally, and we cannot continue to provide the services the public demands. It is not just this party which demands additions to welfare, additions to pensions, and further government interference in the area of welfare. That has generally been popular and will continue to be popular. However, with this kind of deficit financing, the hands of any government will be tied when it tries to improve that particular feature.

[Mr. Leggatt.]

One of the reasons for this bill is the fact that we are now wasting as much as $1 million a day abroad to buttress the value of the Canadian dollar. I have seen figures ranging from $750,000 to $1 million a day. Surely that is the most monumental waste of all. People can talk all they like about civil servants who have not been earning their salaries, allegedly, etc., but that $1 million a day is a phenomenal waste.

The Minister of Industry, Trade and Commerce (Mr. Horner) tells us that our trade picture is improving and that in fact we in this country are getting out from under, but the reality is that we are continuing to go in the wrong direction. It is not the trade picture which is causing the Canadian dollar to fall and fall. In 1977 we had a surplus on the merchandise trade account of something close to $3 billion, but when we look at our service transactions and examine what we have paid in travel, interest, dividends, freight, shipping and other areas, the key figure lies in what we are paying out to those who have lent money to Canada both privately and publicly. That figure is just about $3.5 billion a year, and it is a drain on the resources of this country.

The trend I have seen in this House is that foreign ownership is no longer an issue and that we are so desperate for capital that we do not need to review foreign investment seriously. We have the Foreign Investment Review Agency, and we have a minister who really is acting like a fox among the chickens.

There is no question that our free trader Minister of Industry, Trade and Commerce has no real interest in controlling foreign investment or directing it only to those areas which are in desperate need. A classic example in my own province is what happened in the fishing industry.

As a result of negotiations at the Law of the Sea Conference—and I might say that the Canadian delegation played a vital and constructive role in them—we have expanded our sea boundaries out to 200 miles. The result, however, is that Japan is the big loser. The Japanese desperately need fishing markets where they can get fish to continue to supply the massive Japanese fish market. Therefore they have placed capital on the market in that industry which is more advantageous to us than capital we can get anywhere else. They have said that they want a piece of our fishing action so that they can be guaranteed access to that resource. I have every sympathy for Japan in doing that, but I have no sympathy for a government which does not understand what Japan is trying to accomplish. This means that jobs are going to Japan. It means that we do not process our fish here, and it also means that the price of that product can be artificially depressed where purchase agreements are tied to loans to the Canadian fishing industry.

Because of a lack of imagination on the part of the Minister of Industry, Trade and Commerce we are allowing foreign capital to come into our fishing industry without restriction or review. As a matter of fact, it is not reviewable because it is loan capital. It is not take-over capital, and it is not establishing new industry. We do not have legislation to control it. A government with imagination would not allow this to happen but, rather than taking the draconian move of saying we will

not allow capital—and clearly the fishing industry needs capital—we should be saying that we will offer Canadian capital at better rates than the Japanese are offering it.

We should go to that market and say that if it needs capital it must get Canadian capital and that it will get Canadian capital at better than competitive rates. That is only one example of what could be done if we had a government with an industrial strategy. This government has none. It continues to operate on a day to day basis, and it looks like that day to day operation will be coming to an end in the near future. That might not be a bad thing.

It might be a good thing to have a change of government, whether it be a change to a Conservative government or to a New Democratic Party government. I think a change may be necessary to get the spirit of this country going again, because there has been an atmosphere of tiredness for a long time in terms of the way our affairs have been conducted.

We talk a lot about economic conditions in Canada. We hear much rhetoric in this place and in politics generally to the effect that everything which happens in the country is the direct result of whatever government may happen to be in power. While the New Democratic Party was in office in British Columbia between 1974 and 1975 there was a total of 100 bankruptcies. The following year there was a total of 197. In the following year there was a change of government. The new government said that the New Democratic Party had been scaring foreign capital away, that it was far too tough on the business community and that it was in fact antagonistic to the business community. In the first year of office of the new government the number of bankruptcies rose to 421, and in 1977-78 the number rose to 674. In the first five months of this year there were 281 bankruptcies.

I am not saying that that is the fault of the provincial government nor the fault of the federal government, and I am not saying that there were no bankruptcies or very few in British Columbia when there was a socialist government, or because there was a socialist government. These things occur from time to time in the cyclical economy we have, and people who are engaged in the field of politics have great difficulty restraining their rhetoric. Blame is always cast as if all the evils of the world sit right at the government's door, and it is said that the new Jerusalem will come when we change governments. That is not going to happen. We are faced with certain realities, and no matter which government we have, that government will have to embrace the concept that in the world of the future there will be less to distribute.

● (1452)

Now, I happen to think that the NDP, or democratic socialism, is the best vehicle to have as a government when a crisis exists and when one has to consider the possibility of future scarcity in the world, it is only the NDP, with its principle of equality in sharing, which can hold the political fabric together. Because in the long run, over the years, we have developed a welfare state in Canada, and we have always congratulated ourselves around the world that somehow we are very fine people because we have been redistributing wealth and we have been creating old age pensions, unemployment insurance, and the various other social programs. The reality is that the people of Canada have given nothing to those particular projects, nor have the governments.

What has happened is that our economy has expanded and we have taken the additional wealth we have created and redistributed a little bit of it. But no one else has said, "I am taking less". People out there have said, "We want more, more and more". All I am saying, Mr. Speaker, is that the day will come when we will not be able to do that any more, when someone will have to make a sacrifice, when the spirit that was abroad in this country in the second world war will have to come back, and when we will be willing to give and to sacrifice.

The reality is that in the last ten years the poor section of the population has retained approximately the same percentage of the GNP, about 4 per cent, and the rich, the top 10 per cent, have retained something in the order of 20 per cent of the wealth. There has been no redistribution of wealth, and we have created our social programs out of the expansion of the pie. The proposition is that, if that pie stops expanding, we will have serious trouble in this country because someone will have to give up something, and that has not been the case up to now. There has been enough to distribute and, I suggest, only the philosophy of democratic socialism can contemplate that particular crisis which we might have in the future.

Now, what is the immediate solution to the question of the dollar? The idea that we should continue to allow the natural flow of capital to take place between Canada and the rest of the world is a disastrous mistake in terms of the dollar. Unless the government has the courage to impose some kind of exchange controls, problems that we have seen in such places as Sudbury, problems that we have seen where it is far more advantageous to invest in the resource sector of the third world, will continue to exist. We cannot allow the drain of Canadian capital to continue.

I am not suggesting that exchange controls need to be applied on small amounts of money leaving this country, but let us take a figure in the area of, say, $75,000. You might then say that the Parliament of Canada believes that you should keep your money in Canada, that Canada is still a capital shy country but it is particularly capital shy in terms of Canadian capital. If we do not impose some exchange controls, the dollar will continue to be soft at 84 cents or 85 cents—it could even go lower.

I do not suspect that this particular bill will do much for the Canadian dollar. I suppose that the people who look at money in the city of New York are looking at this piece of legislation to borrow another $7 billion abroad wondering what will happen to the Canadian dollar after it is passed. Exchange controls are the immediate answer to two major problems: the first is the softness in the Canadian dollar; and the second, and perhaps the most important one, is that the multinationals which have come to Canada, which have reaped the benefits of our resources, which have made some contribution to this

society, but which have developed their capital on the ingenuity, education and work of Canadians and then decided to take that capital abroad, are not good corporate citizens.

What we do with bad citizens is to pass laws to place some kind of control on them, and until we take courage in our hands and impose exchange controls on the capital flows of multinational corporations, Sudbury will just be the beginning of a massive problem all across our resource sector. As a matter of fact I do not think that companies like Cominco and some of our pulp and paper giants would be unsympathetic to a temporary exchange control once the total problem was explained to them, and once they understood the difficult situation in which this country has now been placed as a result of the movement of the capital that has accumulated in this country.

There is too often a simplicity in the debate in this place. All too often unnecessary cheap shots and slanging matches between members of parliament take place here, and I want to tell you that the public does not appreciate that at all. I think they are tired of the stupidity of debate in this place, they are tired of personalities jumping up and throwing jibes at each other. I do not think that kind of conduct enhances this place or enhances the reputation of politics or politicians. It is time we in the House ended the personality conflicts and got down to talking about issues, instead of, "What did you do at some time in the past", etc., etc.

Some hon. Members: Hear, hear!

Mr. Leggatt: When I speak to members of the public I find, I must say, a feeling that we have lowered the level of rhetoric in debates to nonsense, and they recognize nonsense. The average voter out there knows games when he sees them being played. Let us get back to talking about issues; let us not talk about personalities. Thank you, Mr. Speaker, that is all I have to say.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I had not really intended at this time to rise again in this debate, but I believe we are now debating the amendment rather than the main motion.

Mr. Baker (Grenville-Carleton): Mr. Speaker, may I rise on a point of order. As I recollect the order of speakers, the last time the matter was before the House the amendment was put by the hon. member for York-Simcoe (Mr. Stevens), and it was following the putting of the amendment by the hon. member for York-Simcoe that the hon. member for Scarborough West (Mr. Martin) spoke. The question is now on the amendment, and I do not think he has the right to speak now, although when the amendment is disposed of he may speak on the main motion, of course.

Mr. McIsaac: Mr. Speaker, on the same point of order, may I say that the opposition House leader surely realizes that the amendment was being considered by the Chair at the time and was not formally put until later on in the evening. Surely that is a fact.

[Mr. Leggatt.]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I want to speak on the point raised by the government whip. I hope that the decision of the Chair will be that it is not only when Mr. Speaker gave his ruling that the debate started on the amendment of the hon. member for York-Simcoe. The debate was started at the time when the amendment was put. I think that would be the normal way in which one would deal with the matter. Anything else would be a travesty of the rules of the House of Commons. The rules are quite clear that a member can speak only once in each stage of the debate, and the stage of debate at the moment is consideration of the amendment of the hon. member for York-Simcoe.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the principles outlined by the hon. member for Grenville-Carleton (Mr. Baker) are excellent. This is very easy since he quotes from the standing orders, but his interpretation is wrong.

Yesterday evening at six o'clock, the Speaker of the House called the motion for the first time and the hon. member who had the floor spoke before six o'clock and talked about the main motion at the second reading stage. Therefore, the time between the moment when you reserved your decision concerning the amendment moved by the hon. member for York-Simcoe and the moment when you gave your ruling did not constitute a debate on the amendment as such, but rather on the main motion. It is only at six o'clock yesterday evening that the Speaker of the House put the motion in front of the House. In view of the circumstances, it is therefore obvious that the amendment could not be debated before the motion was put to the House, which was done only at six o'clock yesterday evening, and the hon. member did not speak before that time. I therefore submit that he is quite entitled to speak at this time, Mr. Speaker.

The Acting Speaker (Mr. Ethier): I have no precedent to guide me in this particular instance. I read the amendment when it was moved and I asked whether I might take it under consideration and rule on it later on. It is very difficult to determine whether the hon. member was speaking about the amendment or the bill. I therefore ask all hon. members for their guidance on this point. If there is unanimous consent to allow the hon. member to speak on the amendment and to consider that when he spoke previously, it was only about the bill, this would be acceptable, but I could not recognize the hon. member at this time without consulting further the precedents that may exist if there were not unanimous consent. Is there unanimous consent?

● (1502)

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this question is very simple in that it is a determination of an amendment put by an hon. member. The Chair seeks the

indulgence of the House on the question of a decision. In fact, hon. members of the House could insist upon Mr. Speaker rendering his decision at that time, as well as giving his reasons for that decision. It is in the spirit of accommodation that the Chair is provided with an opportunity to put together a reasoned judgment, because some amendments present difficulty.

For the hon. Parliamentary Secretary to President of Privy Council (Mr. Pinard) and others to argue that the division of speakers shall start from the time Mr. Speaker renders his judgment is quite wrong. In the past I have put amendments or raised points of order in debate where Mr. Speaker has taken two or three days to render his decision because the matters were rather difficult. It was readily understood that there was no prejudice, and that, whatever the decision may be, it is dated back to the point at which the amendment or the point of order was put forward.

As the hon. member for Grenville-Carleton (Mr. Baker) said, to do otherwise would be a most invidious position in which to put the Chair, because one could quite unfairly accuse the Chair of guiding the nature of the debate by merely withholding judgment on a point of order or an amendment. That is not acceptable. Because of the experience I have had in the Chair and otherwise, it is clear in my mind that the amendment dates from the point it is put forward by the proposer and the seconder, and not from the date of the judgment given by the Chair on a complex question.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I was very interested in the points raised by the hon. member for Edmonton West (Mr. Lambert), particularly in his noting that when there is a difficult question which needs to be decided, argued about and considered at length, then usually the House makes a sensible arrangement and continues debate. That could apply in this case because there is an interesting point involved here which perhaps was not argued before. It may deserve further argument, and therefore, it might make sense on the one hand to let the hon. parliamentary secretary speak, knowing that would be his second time on the motion and amendment.

When a decision is reserved on an amendment and speaking continues, clearly one of the possible results is that the amendment may be ruled out of order at the conclusion of Mr. Speaker's deliberation. Then it is difficult to say that the member was speaking on the amendment. Obviously the government would put up speakers dealing with the main motion in this case and not with the amendment, if there is a possibility that the amendment will be ruled out of order. In that event, the words and comments become completely meaningless in the context of the real debate.

I recognize that I am arguing a question which perhaps Mr. Speaker wants to reserve upon in terms of a formal decision. I know that the Chair said the same spirit of co-operation which allows for debate to continue, while that issue is being decided in regard to motions, can lead the House to resolve the matter amicably this afternoon without prejudging the question whether the House might hear this afternoon from the parliamentary secretary.

The Acting Speaker (Mr. Ethier): Order, please. I recall what happened. After I read the amendment of the hon. member for York-Simcoe (Mr. Stevens), I said that I would reserve judgment. Also I recall recognizing the hon. member for Waterloo-Cambridge (Mr. Saltsman) on the bill. Therefore, I recognize the hon. Parliamentary Secretary to the Minister of Finance (Mr. Martin) at this time.

Some hon. Members: Hear, hear!

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I do not want to a take a great deal of the time of the House in speaking on the amendment. Yesterday when I had an opportunity to speak on the main motion, I put before the House certain statistics which I felt were important in that they indicated how well Canada and Canadians were doing vis-à-vis a number of other countries. I did not select the countries with which to make the comparison. I used the same countries which were referred to by the hon. Leader of the Opposition (Mr. Clark) in his initial speech commencing debate on the Address in Reply to the Speech from the Throne. Yesterday the hon. member for York-Simcoe (Mr. Stevens), the financial critic for the opposition, identified the countries as being West Germany, the United States, Denmark, Sweden, Switzerland, and one or two other places and then I referred to the point originally raised by the hon. Leader of the Opposition, which was reiterated yesterday by the hon. member for York-Simcoe, that Canada was in seventh place in relation to these countries. They both indicated that Canadians were sitting on a tier which was seven points down in relation to some other western industrialized countries.

I raised the point yesterday that that was completely incorrect. I referred to statistics of four and five years ago, statistics regarding increases in food prices, employment records, creation of new jobs, housing starts and a number of other areas. Also I pointed out that Canada was in second place in most of these cases, and that some of the countries mentioned by the hon. member for York-Simcoe as being in a far better position than Canada were in fact as low down as fourteenth, fifteenth, or in a number of cases, eighth, ninth or tenth place as compared to this country. I made that point yesterday and I might come back to a few more of these statistics this afternoon.

● (1512)

I should like at this time to come back to a quote that was said to come from the hon. member for York-Simcoe, the financial critic for the opposition, on a commentary on the radio this morning, in which the inference was left, with me at least as an early morning listener of early news broadcast, I think it was at seven o'clock, that Canadians were building for themselves debt upon debt which they are going to have a great deal of trouble paying back. I think that was the context

of his remarks; at least, that was the inference I gained from the point made by the newscaster.

I believe the hon. member was comparing our situation with that of the United States. That is probably a reasonable comparison in view of the fact that we do compare so much of what we do in this country with what is done in the United States. The U.S. is our best customer and is where 70 per cent of our exports go and, contrary to what former President Nixon thought, we all know Canada is in turn its best customer. I think he thought at one time that Japan was, but that impression was soon corrected. We are, indeed, each other's best customer, so I think a reasonable comparison would be the long-term debt outstanding of the two countries.

The comparison I want to make is in terms of the borrowings outstanding by the two countries; that is, by the central governments in Washington and Ottawa. This is again in relation to gross national product. In other words, these are percentages of gross national product. I will go first to the period from 1960 to 1969 in order that we get a little bit of the history of a period during which, at least for a few years, this country was governed by that party on the other side of the House one of the few periods in this century when they have had the opportunity of being the government.

The figure for the United States during that period is 39.2 per cent. That is the percentage of the U.S. gross national product, for a given year, that is represented by their total outstanding debt. That figure has come down over the years in the United States, from 1960 to 1969 to the year 1977. The United States has improved the situation to the point that this figure now stands at only 29.9 per cent of the gross national product, represented by total outstanding debt. That is the long-term debt owed by the central government, and indirectly owed by every resident of the U.S.A. Those are the American figures.

The Canadian figures are amazingly close for the period 1960 to 1969, in fact varying by one-tenth of 1 per cent. In that period the central government debt in Canada, which is the federal government debt, was 39.3 per cent of our gross national product, as against the United States figure of 39.2 per cent. As I say, with one-tenth of 1 per cent variation, basically the two are identical.

We move to 1977. I mentioned earlier that the United States seemed to have improved its situation in that the total long-term debt outstanding decreased as a percentage of gross national product. I think the variation in the United States was some 12 percentage points. The same thing happened in Canada. This is not going to be happy news for members of the opposition, because again it is a little bit of good financial news. Happy news for members of the opposition is that kind of news the right hon. member for Prince Albert (Mr. Diefenbaker), a former prime minister, quoted from the Toronto *Sun*, making some imputation regarding certain legitimate costs incurred by the Minister of Transport (Mr. Lang), and making other imputations about a particular airport costing five times what the Minister of Transport indicated were the actual costs. These are good figures and that is why we do not hear very much about them, unfortunately.

The figure has come down from 39.3 per cent for the period 1960-69 to 27.4 per cent for 1977. I mentioned earlier that the United States had brought its figure down to 29.9 per cent, whereas ours is 27.4 per cent. That is a considerably better performance than occurred in the United States.

In other words, 27.4 per cent of our gross national product today is the figure that is represented by our total central government outstanding debt. In comparison, the U.S. figure is 29.9 per cent. In other words, Canadians do not owe as much as Americans in terms of our total outstanding central government debt in relation to gross national product, which is the product of all our goods and services produced in any one year.

This is a far cry from the hon. member's insinuation. Indeed, it is more than an insinuation; it is in fact a direct comment broadcast on our national news service to all Canadians as they got up for breakfast this morning, and emanated from the speech made by the financial critic and senior financial spokesman of the opposition party in this House yesterday, in probably his first major speech this session on a financial bill. I am sure we will be hearing from that hon. member and perhaps other financial experts who may be on the scene on the other side at different times during this year. I would only ask them, if they do expect to go to the Canadian people when we have a general election—and I assume they will be out there plodding the streets—to campaign in an honest and straightforward way by giving the people the facts of the situation, rather than trying to play a sort of shell game, showing people statistics that simply do not bear up under close examination. I indicated yesterday that in my view, at the next general election, perhaps within the next six months, the Canadian public simply will not buy that kind of attitude from a party that has held itself out as a legitimate alternative to the government now in power.

An hon. Member: Check the polls.

Mr. Martin: These statements will be much more closely examined, and I am sure over the course of the winter and the spring the polls will reflect this view. The people will be looking more closely at statements made by senior spokesmen for the Conservative opposition on financial matters. I hope members on this side of the House and all Canadians will examine these figures carefully rather than accept them at first hand as being factual.

An hon. Member: They sure as blazes will look at yours.

Mr. Martin: That is fair enough. The hon. member for Hastings (Mr. Ellis) says they are not going to accept our figures. Perhaps not, but the sources of our figures are very clear and are supportable. It seems to me that Canadians should look at all facts and figures put before them. I hope they will and that they will ask questions. I hope when proposals are being made, such as those propounded by the official opposition during the recent by-election campaign, the

public will ask questions and get more concrete answers than those given by the Leader of the Opposition the other week on television. I hope that, indeed, there will be some clarification of those answers which will indicate clearly to the people that when a very large tax deduction is put forward as a major incentive to persuade people to support a party, that hand-out is going to cost the government a lot of money.

I hope these clarifications will be similar to these put forward by the provincial treasurer of the Conservative party of Ontario. Every time you reduce the tax revenue coming into Ottawa you do indeed reduce substantially payments transferred to the provinces. The provincial treasurer in Ontario was sensible enough to realize this point and made a very quick rebuttal when the Leader of the Opposition first announced his particular policy.

• (1522)

Mr. Stevens: What did he say?

Mr. Beatty: Did he say whether he supported the policy or not?

Mr. Martin: The other point I would like to make during my second intervention in this debate, since we have an amendment put forward by the hon. member for York-Simcoe, is in regard to the reference made earlier by the right hon. member for Prince Albert who indicated that perhaps our banking policies, our government policies and general fiscal policies were resulting in the printing of far too many dollars at a rather outrageous rate.

Our government recently floated a major U.S. bond issue in the amount of $750 million, one of the larger issues of all time and which has had absolutely no problem finding its way into the market. This is always a good indicator of how strong the economy really is; it is usually easier to borrow money if you are in sound and stable shape financially.

Mr. Stevens: And pay a high interest rate.

Mr. Martin: Indeed, this particular issue has run into no problem at all. The prospectus that went with this issue contains a rather significant comment which was made by the syndicate that was responsible for selling the issue. I assume that it was inserted in there because it is factual and also because they felt that it would be a plus to show prospective investors who would be buying pieces of the bond issue. It refers to the fact that in recent years Canadian monetary policy has primarily been directed toward achieving a gradual and continuing decline in the trend rate of growth of the money supply, defined as the public holdings of currency and the chartered bank's demand deposits, otherwise known as the Ml figure, a definition which includes only forms of money used as a means of payment. The aim was mentioned in this same extract, which was to guide monetary expansion along the path conducive to the gradual return of the Canadian economy to satisfactory levels of activity without inflation.

Mr. Stevens: Mr. Speaker, no member of this House can tolerate this type of misrepresentation. The hon. parliamentary secretary knows perfectly well that the prospectus he is referring to is the government's prospectus, not the syndicate's prospectus. It is the government's representation to those who would be buying the issue as to what is the state of affairs in Canada. I think the parliamentary secretary ought to clarify that.

Mr. Deputy Speaker: Order, please. There are remarks that the hon. member should make by participating in the debate afterwards.

Mr. Stevens: I cannot participate.

Mr. Blais: Sure you can.

Mr. Martin: I had assumed that they were comments that were put together, presumably, to aid prospective buyers to understand something about the issue and the organization from which they will be buying the bonds. I assume that it was put in because it is positive news and it is factual. The point I am trying to make is that it seems to go a long way from arguments advanced by the right hon. gentleman from Prince Albert, that, indeed Canadians appear to be running along some reckless road where new money was constantly being printed, a kind of insinuation which I think, in fairness to the hon. member for York-Simcoe, is dropped into various media channels where it might do some good by the official finance critic for the opposition and his colleagues. So, I think that the point is well made.

I really do not want to take up any more time of the House at this time.

An hon. Member: Sit down.

Mr. Martin: However, it is important for members on this side continually to do their utmost to bring before the Canadian public, wherever justified and supported by facts, objections to the kind of insinuations and loose comments that are self-serving for members of the opposition and, indeed, make news because they help feed the kind of headlines that sell papers. All this information is thrown into a big hopper and comes out the other end to the ordinary Canadian who is led to believe that things are not right on the government side and he should perhaps try the fellows on the other side, the same point I made yesterday.

I would only hope that as we move closer toward the period of a general election and the time when the mettle of members on both sides of the House will be more properly tested, which was not the case in the 15 by-elections, last Monday when people knew full well that the winners would have no chance of affecting the over-all direction of the country. I do hope members of the opposition will do their utmost to be responsible as they present points of view and facts that they may put before the voting public, so that the public may make a fair assessment of the situation and not be misguided by the presentation of inaccurate figures and loose comments.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker—

Mr. Baker (Grenville-Carleton): Filibuster, filibuster.

Mr. Dionne (Northumberland-Miramichi): It seems to me, listening to the jeers coming from the other side of the House, that hon. members opposite are very unhappy when facts are being put on the record. We, of course, are expected to sit here and listen to the diatribe which they hurl across the floor.

Mr. Baker (Grenville-Carleton): Mr. Speaker, just before the member on the other side launches into a speech that will stop the vote on our amendment this afternoon, may I raise a point of order? It is with regard to your colleague in the chair and the ruling that he made. I would like to reserve, if at all possible, the opportunity at some time—and I will speak to the Chair, my colleagues and other House leaders with respect to the appropriate time—to discuss the question of the appropriateness of a ruling such as the one that was made, so that we may settle once and for all what the appropriate language is for the official record of the House of Commons, as well as other questions which allowed the member who has just taken his seat to repeat a speech he made yesterday for the purpose of stringing out this debate, rather than coming to the point and having a vote on the amendment to the motion.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I find the intervention of my colleague very strange. We do not have the right to appeal a decision of the Speaker. The decision is very clear, very simple. We know that an hon. member may not speak twice to a question, under Standing Order 37(1). Now, the Speaker put the motion for amendment only at six o'clock last night, after which the hon. member spoke.

The matter was settled. The ruling was given and the comments of the hon. member cast doubts on the wise and learned ruling given by the hon. member who preceded you in the chair, Mr. Speaker.

Under the circumstances, I deplore the fact that an attempt is being made to discredit a decision of the Chair, decision that was very soundly based as far as facts and our standing orders are concerned.

[*English*]

Mr. Deputy Speaker: Order, please. I do not wish to get involved in a decision that has already been taken by the Chair. The hon. member gave me the impression that he wanted to raise a general question, and it is his privilege to do that. I am not prepared to pass judgment on a decision that I think should not be questioned, but if there is a general matter as to the proceedings of the House, he can do that at any time, either when Mr. Speaker is in the chair, myself or somebody else. I am sure it has no reflection at all on the previous decision, and surely it did not prevent the hon. parliamentary secretary from addressing the House.

• (1532)

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, the crybabies on the other side seem to want to have a field day with the ruling made by the Chair. They do not seem to want to give to members on this side the right to speak in debate. I find that somewhat difficult to accept from those who are constantly holding themselves up to be the defenders of the rights of parliament. It is an absolute sham.

An hon. Member: Shame.

Mr. Dionne (Northumberland-Miramichi): In introducing Bill C-7 the minister set forth very clearly the purposes of the bill. From listening to the debate one would think there was something insidious about this bill. In fact there is not. It is a very routine bill. It is the type of bill put before the House of Commons quite frequently which quite often passes without a great deal of difficulty or long debate.

At this particular time the official opposition sees some advantage in making a political football out of this bill. We have listened to all kinds of red herrings in this debate. No one in this House can do that more capably than the right hon. member for Prince Albert (Mr. Diefenbaker). In listening to him today he took us all the way from the time of his great-grandparents to the present. He brought in the old red herring which the Tories are using more and more nowadays and which some of their candidates used in the by-elections. As well, some Tory premiers and Tory hopefuls are using this same red herring in provincial elections. It is the so-called issued of the removal of the powers from the Queen. If they do not know it, that is an absolute fabrication and they should stop using it because it is damaging not only to the Queen but to the country.

It has been clearly stated in the government bill introduced for the purposes of discussion and creating interest in the issue of constitutional reform that the government does not intend now, did not intend in the past nor does intend in the future, to remove or lessen the powers of the Queen.

Ever since 1215 the power of the British monarchy has steadily and progressively diminished, until today we have a parliamentary democracy in which there is very little power given to the monarchy. However, there are some potent prerogatives which our present Queen is free to exercise and which have not been removed or diminished by this government, nor will they be. As a result I find it offensive that the official opposition tries to mislead the public by bringing in that kind of argument in discussing bills which are totally unrelated to the situation. I am not trying to claim that the government should not be subject to criticism from the opposition; obviously that is the role of the opposition. But it would be refreshing if at least once in a while there was some constructive criticism coming from the other side, particularly the official opposition.

On the other hand, I must compliment the hon. member for New Westminster (Mr. Leggatt). The speech he made this afternoon was constructive. It was not designed to destroy but

to criticize in a constructive way. I say that whether or not members agree with what the hon. member said, but his remarks were made in a positive manner.

I am also concerned with the charges and counter-charges made in this House and the effect they will have on our nation in the days and years ahead. We are living in a time when there are those who doubt very seriously the future of our country as a unified nation consisting of two founding races and many other ethnic groups. I wonder what purpose is being served in continually trying to downgrade our country by saying that everything is bad. If one listens to the official opposition everything is worse than it has ever been, and that it is worse in Canada than it is in almost any other country. Everything is put in the negative superlative in order to try to score some political points. In my opinion that will not serve the interests of our nation.

We have heard a lot of figures which have been bandied about across the floor in the last few days on the relative standing of Canada vis-à-vis other nations of the world. Peculiar uses have been made of these figures in trying to show that Canada is just on the verge of bankruptcy. As well these figures have been used to try to show that the citizens of Canada are suffering irreparable economic harm, and that that economic harm is increasing day by day. I submit to you, Mr. Speaker, that that is not true.

I ask the opposition, how many of them would prefer to live in one of the countries that they are holding up as examples to us? How many of them would prefer to live in one of those countries rather than in Canada? How many of them would prefer to buy their groceries in West Germany rather than in Canada? How many of them would prefer to buy their petroleum in Great Britain rather than in Canada? How many of them would prefer to buy their clothing in any of the countries making up the European Common Market? In other words, how many of them would like to take the income of people in any of the other industrialized nations of the world and have to support themselves in those nations? How many of them would honestly say they would prefer that and that they would be better off than they are living in Canada? I do not hear any answers.

The bill before the House requests authority to borrow. As I said, it is not an unusual bill. It specifically requests authority to borrow $7 billion for the fiscal year ending March 31, 1979, and borrowing authority to a total of $10 billion for the fiscal year 1979-1980. That, of course, does not mean all of that money will necessarily be borrowed, but it means the authority has been given by parliament to the government to borrow those sums if it becomes necessary.

We have already been told that the cash requirements for 1977-1978 were $8.3 billion and the cash requirements for 1978-79 will be $11.8 billion. That is a total of $20.1 billion for two years plus U.S. exchange loans of $750 million and other borrowings of 1.5 million Deutschmarks. It is conceivable that other lines of credit will have to be arranged or other borrowings made in order to ensure that the position of the Canadian dollar vis-à-vis the U.S. dollar is one which is in the best interest of Canada and her trading partners.

● (1542)

This is not an unusual bill. I am therefore surprised that the opposition is trying to make a political football of it. I simply want to put on record today my view that, despite the political atmosphere in the country at the moment, it behooves us all to speak with care and attention when dealing with the economy of our nation. I do not think it serves the purpose of our government, the opposition nor our nation to continue to try and score political points at the expense of our nation's economy.

[*Translation*]

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all I welcome this opportunity to address the House because it is not often I can speak on the economy, although I am neatly interested in such matters because they have a fundamental bearing on our country's existence. I was given responsibilities in other areas although I feel those are of primary importance and I give them much of my time. Because of my departmental responsibilities, I also have an opportunity to take part in discussions dealing with economic matters. This no doubt is the reason for my being accused of showing a constant smile, because I have the opportunity to discuss these matters with our highly competent people managing the Canadian economy and as far as I am concerned things look very encouraging. It has just been suggested that in the international context Canada is comparing very advantageously with all our competitors. Of course we would like, as members of government, to emphasize that this country's outstanding economic performance is due to the government's genius only and exclusively. For my part I would not go that far because I have no reluctance in recognizing that of all countries Canada is no doubt the most privileged and the most fortunate.

I had an opportunity during the by-elections we have just gone through to travel across the country. In addition, as former postmaster general and now minister responsible for penitentiaries, the institutions for which I have been and I am now responsible are dispersed throughout the country so that I have the pleasure of travelling throughout the land and this gives me a chance to review the economy and all factors which favour Canadians. I enjoy this very much because we politicians, both in the opposition and on the government side, can witness our advantages throughout the country. In the Vancouver area—and I see now one of Vancouver's famous members of parliament—

An hon. Member: They are all famous.

Mr. Blais: —of course, they are all famous—as well as in the York-Simcoe constituency, in the Toronto area, in my own northern Ontario area, it is becoming evident that economically Canada is faring very well. I would not wish to be too

parochial but I had an opportunity two weeks ago to be in my own area, the constituency of Nipissing, in North Bay where I had the privilege of signing a federal-provincial agreement—

[*English*]

—with the Ontario representative, the minister of northern affairs, Mr. Léo Bernier. I felt a great deal of pleasure in signing that agreement. It was a joint federal-provincial contribution of more than $10 million under the regional development program. It was an infrastructure grant which had a great deal of significance for my area, and my area is typical of the rest of Canada.

In effect, it was a recognition of the economic growth experienced in my area of Nipissing and an investment of faith in the future of that part of the country. It was a justified investment because, in my view, Canada has a great future.

That infrastructure grant was made to develop new industrial land. The industrial land previously made available had been completely used up. As a result of a high demand for industrial development, we needed additional land. I felt there was a signal to be transmitted there. It was an excellent one.

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker, it may have slipped the minister's mind, but we are dealing with an amendment to Bill C-7. I wonder if he might do his best to stay on the subject so that we can proceed as quickly as possible. He may have thought we were on the throne speech debate, but if he checks with his House leader he will find that is not the case.

Mr. Lang: Mr. Speaker, I rise on the same point of order. I am delighted to see the hon. member for Grenville-Carleton (Mr. Baker) at last considering that relevance has anything to do with debate in this House. It has not been his practice in his own speeches or those he has seen members of his party give.

Earlier in the debate the right hon. member for Prince-Albert (Mr. Diefenbaker) was rather embarrassed when speaking about the Post Office situation and the Great Lakes strike. He, as an aside, practically laughed about the matter, saying he could of course connect it with the amendment before the House. If we are moving toward a reinstitution of the idea of relevance in this House, members of this government will welcome it very much, provided the standard is observed by the opposition.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: I can only ask hon. members to stay on the subject matter. I cannot answer as to what has been said or will be said tomorrow. I can only say that I am in the chair right now. I hope hon. members do not think that one sin can be an excuse for another sin, and that the minister and others who speak in this debate will speak to the subject matter.

Mr. Stevens: Mr. Speaker, I rise on a point of order. I listened to the minister most closely. As a minister of the Crown, and bearing in mind the Minister of Finance (Mr. Chrétien) is not with us this afternoon, I believe hon. members would appreciate it if he would tell us exactly why the government needs the $7 billion it is taking for in borrowing authority this year and another $10 billion next year. I would be most interested in hearing this minister of the Crown explain why the government needs this authority.

• (1552)

Mr. Blais: It will be my pleasure. I was trying to find an article in the *Globe and Mail;* I am sure one of my hon. friends will find it for me while I continue to enlighten hon. members. Contrary to what has just been said, articles which have recently been published do recognize the immense future which is before Canada both in trade and in other areas.

As for the hon. member's direct question, I ask him to wait until we get into committee when he can put it to the Minister of Finance (Mr. Chrétien). I know he has had a great deal of practice because I have often sat here and heard him in committee of the whole asking the same question ad nauseam, and I would not deprive him of the pleasure of doing so again.

Speaking of the golden future of northern Ontario, may I say I had the occasion recently to visit the northern region of my province, in particular the town of Timmins. I dally there from time to time and take a great deal of pleasure in visiting. In Timmins there is a great deal of activity by Texas Gulf, a company which is one of the concerns of the Canada Development Corporation. Among the most welcome initiatives shown by this government was the creation of a corporation which seeks to concentrate capital within Canada for the benefit of the nation. This is something we tend to forget amid the doom and gloom and naysaying that we hear from members of the opposition. I was interested to see the development of a massive copper refining industry in Timmins. I cannot but wonder at the wisdom of the policies followed by this government in the past in encouraging the development of what we in Canada find to be most advantageous, especially where our mineral resources are concerned.

The hon. gentleman spoke of the borrowing of funds. There is no doubt that in any economic activity the act of borrowing is inevitable. I have yet to see an individual or a corporation engaged in a business of any size in circumstances where a strong line of credit is not maintained with an appropriate financial institution.

I had occasion also to visit the county of Lotbinière.

[*Translation*]

This riding, Mr. Speaker, is steeped in tradition and is still represented by the Social Credit party—which deserves our congratulations—it is a riding where we can see the changes now occurring in Canada as a result of government initiatives.

In fact, I had the opportunity to talk with businessmen in that community who made investments in the post-war period to modernize our manufacturing industry. Hon. members will recall indeed that textiles and furniture were the basic industries in this area, and it has been recognized that employment in recent years has declined in textiles as well as in footwear and furniture industries. In fact, what happens is that those

companies are experiencing lower employment potential as a result of international competition, but Canadians, with the help of the federal government and the minister concerned, have nevertheless been able to undertake industrial initiatives and are also able to compensate for the employment loss experienced recently in those areas.

As you know, when we mention the furniture industry, we must recognize that it takes wood to make furniture. Since the supply of hardwood is not inexhaustible it disappeared in the Victoriaville area so that now we have to import it. As a result, those people are already using iron and other materials to increase industrial activity and job creation. It is extremely encouraging, particularly if you consider that those initiatives are undertaken by Canadians who are not afraid to take some risks to develop the economy of our country. And this situation does not prevail only in that area, Mr. Speaker, but in all parts of the country. And when you go to Alberta, which is, everybody is ready to admit it, the richest province in Canada—

[*English*]

The impetus which has been given to development in that region results in large measure from the creative juxtaposition of federal and provincial powers. Soon after I came to this House I had the good fortune to be involved in the energy field with a minister who perhaps marked the area of national resources to a greater extent than any minister in the fifty years prior to his assuming office. His policies are presently being put into effect by my colleague, the Minister of Energy, Mines and Resources (Mr. Gillespie). We often neglect, as men leave public office, to offer them the recognition which is their due.

I recall debates on the subject of oil in this House when members of the opposition were advocating the wholesale transfer of this resource to American consumers. Those were days when, even in face of evidence that there was likely to be a shortage of hydrocarbons in the near future, members of the opposition were advocating an increase in the export of our non-renewable resources.

An hon. Member: That was Joe Green.

Mr. Blais: It was that kind of shortsighted policy that the government resisted.

An hon. Member: What does all of this have to do with borrowing?

Mr. Blais: It has to do with borrowing because it affects the economic status of this country. What I am saying is that the stability we have known here, notwithstanding detrimental conditions generally, is the result of wise and farseeing policies dictated by the government. Take the investment of $300 million by the Canadian people in the tar sands development at a time when there was resistance on the other side of the House to that investment. While the legislation establishing Petro-Can was before the House, members of the opposition in their shortsightedness and narrowmindedness resisted the setting up of that corporation.

Yes, Mr. Speaker, we have a story to tell the electorate about the official opposition. The Canadian people are no longer ready to listen to diatribes—

Some hon. Members: Oh!

Mr. Blais: —or pejorative readings of all possible indicators. I have been reading the press and I have not been very pleased at some of the interpretations placed on economic matters and other subjects that are close to my heart. But when I looked at the *Toronto Star* of October 18, at page B-12, I saw there an article by a writer named Jack McArthur who has given a fair shake in terms of telling what the truth is. I hope hon. members present will give me the opportunity to read this. Under the heading "Big differences" Jack McArthur says this:

● (1602)

How much chance is there that Canada can perform differently—and better—than the U.S.? Well, there have been big differences during the 70s.

For example, Canada grew more than twice as rapidly in 1971 and considerably more in '73. It added to its production at rates varying from 1.3 per cent to 3.6 in the years 1970, '74 and '75 while American output was dropping by from 0.3 per cent to 1.4 per cent annually. The Americans outgained us considerably only in 1977.

That's history. But there are differences today in the two economies. Canada's energy development boom is comparatively louder. Its capital spending already seems to be picking up.

Those quotations come under the general heading "Canada may once again outrun the U.S.".

I did not say that, Mr. Speaker. This man is not a member of my party. Members of the opposition attempt to paint people who are positively inclined toward our country as being part of the Liberal party line. They think that to be positive about this country is to be guilty of some partisan prejudice. What utter rubbish and impossible nonsense!

I see the report on the first page of the *Globe and Mail* business section this week that a group of Canadian businessmen went to China to initiate and develop potential markets within a country which possesses one quarter of the world's population. That is not by accident. It is because this government has recognized the need for investing in the export market. It has created instruments in order to do that. It has created the Export Development Corporation. I remember well that in the last session members of the opposition kept negatively harping at and attacking the government for seeking to increase the ceiling of loans by the EDC. They filibustered that bill ad nauseam. They did not even want to recognize that without that bill Canada could not survive as a trading nation because we were competing with people who were extremely competitive.

Mr. Dick: Now you want to borrow $17 billion.

Mr. Blais: The hon. member for Lanark-Renfrew-Carleton (Mr. Dick) is only about 40 miles away from his home; he might make it in time for dinner if he left just about now.

Mr. Baldwin: He will miss it if he stays here.

Mr. Blais: The hon. member for Peace River (Mr. Baldwin) says the hon. member for Lanark-Renfrew-Carleton has other plans for his dinner. I am sure that if he does he will stay away from the hon. member for Peace River. The blue jacket of the hon. member for Peace River is very becoming, and I would not want to see it spotted.

Mr. Baker (Grenville-Carleton): Stop filibustering the bill.

An hon. Member: You haven't talked about it yet.

Mr. Blais: I am selling the positive record of this government. I am not filibustering the bill; I am participating in the debate in order to point out to hon. members opposite, who are anchored to their chairs—and I am pleased to have an audience—the truth, in both official languages.

[*Translation*]

What happens, Mr. Speaker, in cases such as what was reported this week is that action is being taken to sell our products to distant countries. In order to do that we must have the necessary funds to encourage companies which may be new in Canada and not in a position to take the risk. Of course it means that the Canadian government must offer guarantees and insurance so that these companies can recognize that when they do sell abroad they will be paid, independently of the buyer's ability to honour his obligations. But to offer these guarantees we must borrow, because this money will not come before the sales are completed, the products reach destination and the money returns to the country. It is recognized, in the international sector, that we Canadians must help and finance those firms abroad.

[*English*]

There was another story in the *Globe and Mail* on Wednesday which spoke about the sale of two Candu reactors. Undoubtedly there will be some government financing to allow the export of these reactors because it is recognized that the money necessary will not be generated until such time as the goods are in place after export to Rumania. Notwithstanding the fact that we have the best technology in the world in terms of nuclear generation, I remember quite well the opposition's naysaying and dooming and glooming in that context as well, never recognizing the excellence of Canadian technology.

The principles advocated by the official opposition find something sinister about having a Crown corporation such as AECL in Canada. AECL is developing new technology. The official opposition tries to make us believe that the private sector could have developed the Candu technology which is now one of the prime international technologies and which will be providing us with immense foreign exchange.

When we look at the philosophy of the official opposition, we wonder how far it can go. Hon. members opposite try to maintain with some modicum of consistency that a Crown corporation or something which is tainted by the government can really not function properly. That was their attitude in dealing with Petro-Canada. When we were dealing with a bill to set up Petro-Canada, there was filibustering the likes of which we have never seen. Hon. members opposite tried to prevent the creation of Petro-Canada because they could not imagine that a corporation like Petro-Canada could do anything positive for Canada. Quite the contrary, we have seen that that is not the case because there is a recognition, even by the most conservative in the small "c" sense, or small "r" reactionary sense, that Crown corporations are an essential ingredient of Canada's make-up. There is a recognition as well that Petro-Canada is doing much in the development of Canadian energy resources.

There were questions raised regarding the financing and the capital structure of Petro-Canada, because there has to be a great deal of investment in energy resources if we are going to ensure supplies for a long period of time. In order to finance that kind of investment we have to borrow, which is perhaps one of the reasons why on a regular basis we present borrowing bills to this House. In case hon. members opposite get sensitive about what Petro-Canada has to do with this borrowing bill, I simply point out that in order to invest moneys we have to borrow from time to time so that we can secure a return on our investment at some future time.

There is no question but that Petro-Canada is our window into the petro-chemical industry. The United States is the only major oil producer in the world which does not have a national petroleum corporation. Mexico has one, Indonesia has one, Nigeria has one, the OPEC countries have one and Venezuela has one. There is a recognition that what is contained under the ground in Saskatchewan really belongs to the people. It does not belong to the fellow who is lucky enough to find it. He should, of course, get a fair return, there is no question about that; but the wealth that is under the ground should belong to the people collectively.

● (1612)

In fact, we were in a very difficult situation at the time Petro-Canada was formed because there was a danger that the multinational corporations, in the interest of satisfying their own shareholders, would make decisions which would be detremental to the national interest and, having made those decisions, would have sufficient capital to give effect to them, thus taking away the birthright that is owing to Canadians. I objected to that very strenuously, of course, and, notwithstanding the opposition's filibuster and their negative attitude, we passed the Petro-Canada legislation, and we are very pleased to have passed it.

The reason I refer to this subject at this stage is to indicate that, with the export of the Candu reactor and our policy with regard to that, with Petro-Canada, with investment in the tar sands, we owe a great deal to the former minister of energy, mines and resources, Mr. Macdonald, who is now back in the private sector. I simply want to draw to the attention of hon. members on the other side that those were sound policies that even they, having rejected them at first, are now recognizing as being wise.

I do not have that much more to say, and I am sure hon. members opposite will be pleased to see me sit down soon, but

some allegations have been made relating to the borrowings in which we have engaged in terms of foreign reserves—

Mr. Baldwin: Mr. Speaker, I rise on a point of order. I was most dreadfully sorry to hear the minister indicate he will sit down shortly. We have heard a masterful demonstration of how to filibuster your own legislation, during which the minister has taken us over the newspapers, which I know he is watching very carefully for criticism of the royal commission. He has touched very briefly on the bill once or twice to show he has a vague knowledge of what the debate should be about. I am sure all hon. members are prepared to allow him an additional 20 minutes if he would like to continue.

Some hon. Members: Hear, hear!

Mr. Blais: Mr. Speaker, I have not departed for one minute from economic considerations. I am sure that every point I raised was connected with the question of government borrowings and the fact that, in order for the government to function properly, it has to invest funds in the economy. I indicated the wisdom of our past decisions, although opposition members have tried to embarrass me through technical means; but, as you well know, Mr. Speaker, I do not embarrass easily. I remember last session rising to speak on points such as the one which the hon. member for Peace River has raised and being told, as you will undoubtedly tell him, Mr. Speaker, that it is customary in the House, in order not to restrict free speech, to permit a relatively wide range of discussion, in particular on financial matters.

I wish to indicate that some question was raised at one time when I was not here as to the cost of borrowing the amounts which the Minister of Finance has seen fit to borrow in order to permit stabilization in the trading of the Canadian dollar. I think there was a question on the recent $750 million borrowing. I am advised—and this is for the enlightenment of the House—that indeed no cost is involved because, as you may understand, Mr. Speaker, you borrow on the international market not in order to spend, when you are dealing with currency exchanges, but so as to put in order the trading of your own currency. The amount, once it is borrowed, is not left in the bank but is reinvested in the country. In fact, it is now securing an interest on the return which will surpass the costs of the borrowing. So indeed those amounts are being borrowed in order to permit Canada to deal more easily with its own currency at no cost to the public purse.

An hon. Member: It only costs the taxpayer, that is all.

Mr. Blais: There is a gentleman over there who is speaking from his behind—

Mr. Knowles (Winnipeg North Centre): Order!

Mr. Blais: In any event, Mr. Speaker, those are all the remarks I have to make. I want to conclude by again commending the hon. member for New Westminster on his remarks. He really touched on a very pertinent question, namely, the fact that in the House there must be an ongoing exchange of information among all parties, and when information is advanced, although we can never guarantee the accuracy of everything we advance, there is a responsibility to be accurate, especially when we are dealing, not with whether tomorrow taxi fares will go up in the Gaspé, but with questions that are of national import and that are seen and interpreted on a regular basis by the press and by the electronic media which transmit everything that happens in the House directly to the livingrooms of the nation. There is a responsibility to cite accurate figures and to make responsible points in their context, and so I fully support what the hon. member for New Westminster advanced.

Some hon. Members: Question.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker—

An hon. Member: You are filibustering your own bill.

Mr. Lang: —we have before us a bill to extend the power of the government to borrow and an amendment from the financial critic of the official opposition to strike out that increase in authority on the rather treacherous grounds that he does not yet have sufficient information about the need for this authority.

It might be difficult for people in the country to understand the nature of this debate. It is not a debate about a specific borrowing taking place. It is not a debate about the ability of the government to borrow money as required in a practical and economic sense. It is a debate about the actual authority and the limit on it which is maintained over the years in order that a parliamentary procedure may take place before additional authority is given. Obviously the authority required for a government in any circumstances is enough to deal with the issues it faces in borrowing and also enough to provide for contingencies so that it may be in a position to take reasonable steps to deal with financial emergencies and foreign exchange activities which might arise. It is, therefore, the amount of authority required to meet governing problems.

What is extraordinary here is that presumably the official opposition, in putting forward their amendment, would vote to curtail this authority of the government, although they themselves know that such authority is required in today's circumstances. It is required in part to deal with budget deficits and in part to deal with matters in the world of exchange where both the U.S. and the Canadian dollar are seriously under attack. I say the Canadian and U.S. dollar because, of course, many people believe that the Canadian dollar is affected by what happens to the U.S. dollar, regardless of what we might do inside our country. This bill could have supplied the specific total amount now for this year to deal with contingencies a year and a half or so ahead. Instead it does it in two stages so as to specify that, in the current fiscal year, no more than $7 billion of that authority will be sought to be used, and therefore it is not requested.

● (1622)

The further amount to deal with contingencies into the future, of course, is a sensible and necessary precaution. The Minister of Finance (Mr. Chrétien) indicated that it is a matter of contingency, largely because of his view of cash balances. The point is that the exact question of government action regarding spending under a budget will come before the House in another form. From time to time in the future, as in the past, the House will have an opportunity to debate specific issues as to how the government is spending, what kind of taxation it is imposing, and what kind of deficits result from that.

The extraordinary thing is that the official opposition criticized the bill, and indeed by its amendment presumed to vote against it. In anything they have said, surely their position has been that the deficits should be higher rather than lower today.

Some hon. Members: Hear, hear!

Mr. Lang: This afternoon we heard an excellent speech by the hon. member for New Westminster (Mr. Leggatt), a member of the New Democratic Party. I regret to hear that he is not planning to seek re-election. His speech was excellent in almost every regard, but I have to reserve my position on his comment that he was not sure if his party would vote against the authority being sought in the bill because of the extent of the borrowing request for next year. He said that on the ground that sooner or later there should be some balanced budgets. I agree with him on that, but surely he would agree that the "sooner or later" will not happen next year in this country. Given all we can project regarding present economic conditions, the situation next year certainly will require a significant deficit again.

For several years now the government has been engaged in a cost cutting exercise, an exercise of retraint in its spending, in limiting growth in the public service, and in cutting back the number of man-years employed. It is not a new venture on our part. When we engaged in it, we knew as we began that it was not an easy exercise. It was an exercise of finding out in various parts of big government operation where things can be done more efficiently, more effectively, and then examine them again as to their efficiency and effectiveness.

It is an ongoing job which in one sense should always continue. In the last three years we have undertaken it with zeal. That is why our situation is so different from that which faced the right hon. member for Prince Albert (Mr. Diefenbaker) when he was prime minister. He entered the debate today, perhaps stung by the memory of the fact that once before in the country when the dollar was falling he was prime minister and found it impossible to escape the blame and criticism for the economic conditions which brought that about.

The difference is that in the late 1950s and early 1960s, the government of the day was in circumstances where the hon. member for New Westminster, had he been in the House then, would have called for economic responsibility and a sign of a government in control of a situation. Instead he would have found the Diefenbaker government spending irresponsibly and exercising no restraint whatever. In those days when the dollar suffered because of lack of confidence in the economy as a result of government action, naturally blame was attached immediately to the government of the day.

It should be noted to some extent the government will fall heir to the spirit of criticism which existed in those days. However, the situation is very signficantly different. Even with the restraint we have been exercising for three years in regard to government spending, and the responsibility we have been showing, time after time the opposition thought we were in a pre-election period and expected us to go to the limit in terms of spending and minimizing taxation. Instead, we produced three budgets which were criticized by the official opposition for not having enough spending and too much taxing. The official opposition, budget after budget, has asserted that our deficits should be larger than they have been. That is a sign of the responsibility of the government.

Our dollar is under attack, as is the American dollar, in a world where certain things fundamentally have changed, oil prices being one of them. Canada has its own special factors which cause a problem for the dollar. In terms of investor confidence, as misplaced as it may be to argue that a separatist government has created threat to the country and its unity, that is without a doubt one factor. It is not a factor investors should take into account, but it is one which is often subtle when looked at by would-be investors, and leads to judgments as to where investments should take place. It is apparent a good amount of Canadian money is going abroad to be invested, rather than simply a lack of foreign money coming here. That is where it becomes important to re-emphasize at every turn the reasons why Canada and Canadians ought to have absolute, firm confidence in the future of the country and its economic development.

Of course, the opposition must, as part of its natural objectives create as much doom and gloom about the future as possible. As a government, we must challenge that and emphasize why Canadians should have confidence in their future and in the actions of the government in relation to the constitution, language, and questions which otherwise might feed separatism.

The government has been successful to such a degree that that threat should not be considered real or realistic in the minds of investors, subject to the continuation of the type of leadership displayed by the government. The fact of the matter is that the Canadian economy is buoyant and strong. More jobs are being created in Canada each year than in any other area of the world, relative to the nature of the economy and the size of the country. Year after year we have seen jobs created in numbers which outpace the proportionate increase in population. If in a 12-month period the number of new jobs is 375,000 higher, it is well out of proportion to the increase in population during that period. If in a ten-year period the increase in jobs is two million, when a population increase of

three million has occurred, then clearly more Canadians in proportion to the population are working at paying jobs and more Canadians are supporting the economy with these jobs than ever before.

We should not let ourselves be misled by the existence at the same time of even a larger number of people seeking work. As a government we are not misled. We know the economy is strong, but we are not misled by the fact that additional efforts must be put to the task of assuring that work is found for those who want it. Even though we expressed satisfaction with the increase in the number of jobs, we are not satisfied about the amount of unemployment and the challenge for additional jobs. We continue to turn our attention to that in economic measures, job-creation measures, industrial incentives measures, and throughout our government of this country.

● (1632)

Behind the unemployment figures we realize, if the official opposition does not, there is a chronic situation, as well as the current one of a lot of people wanting jobs. The chronic problem is that of a very large number of people seeking jobs without jobs to be found for them in the eastern part of the country, from Montreal to the east, throughout a good part of Quebec and the whole of the Atlantic region.

It is for that reason that this government has made effort after effort to try to strengthen and expand the efforts of the Department of Regional Economic Expansion, and has tailored its unemployment programs, its employment-creating programs and its Canada Works program toward assisting the eastern region of the country. I hope hon. members opposite support that effort to help these areas of the country where the problem is chronic.

Instead of supporting it, however, may I remind you again, Mr. Speaker, that hon. members in the Conservative party far too often attack these programs by relating them to assistance for Quebec in that very insidious way they have of ignoring the fact that, because the problem is even more serious in the Atlantic region, even more attention by us has been placed upon the Atlantic region in job-creation and regional development. That we will continue to do and we will continue to look for solutions. We do not say we have found all the answers. We believe, however, that we are facing up to the problem and recognizing it for what it is.

The economy of this country has faced for some years the challenge of inflation, and indeed, if there is one thing more than any other which can be identified as putting pressure on the Canadian dollar and forcing it down, it is inflation in this country, fired by demands for wages and other forms of return which are out of line with what can be expected, given the need to share some of the productivity gains, and given the cost to the world of rapid increases in energy prices. Whether it is foreign oil or increased prices for oil which give great returns to Alberta and Saskatchewan, for which I am naturally grateful as a prairie boy, the fact of the matter is that those returns have to be obtained from all Canadians.

Those who ignored the fact that this was a cost we all had to share and tried, through increases in returns, in wages, profits or salaries, to obtain full recompense for productivity increases and cost of living increases, are the people who tried to move the load of inflation and energy price increases to those who are not protected and cannot protect themselves.

This government, remaining true to its Liberal principles, took steps in these difficult economic times where inflation was a challenge to make sure that those who suffer most from these forms of attack by inflation were helped. That is why we have announced new funds for those who have families and are in a low income position, and it is why we have announced a $20 increase in the guaranteed income supplement for those who are retired and depend upon the old age pension and the income supplement for their livelihood. These are Liberal principles applied at a time when our own policy has been for three years one of stern spending restraint, and at a time when we are facing a budget deficit which we believe is as much as it reasonably ought to be in the economic circumstances of the day.

This is a time when we are facing the need to find those funds and have put into place further spending cuts and the removal of programs, many of which we believe are good in themselves but which simply have to be put in a lower priority category compared to helping the family on low income and the elderly who depend upon the OAS and GIS for their sole support. This also meant we had to cut some programs in order to find funds for the industrial incentive programs we have already put forward and will be putting forward in the House.

We have not decided to go to a larger deficit for these matters because of our challenge in respect of inflation, a challenge we continue to face and are going to have to face by encouraging all Canadians to examine the question of restraint in their own demands upon the economy. Yet we are faced with an opposition which says we should spend more, tax less and have a larger deficit, but should not have the authority to borrow the funds which we would obviously require if the deficit were larger.

That is an irresponsibility from an opposition whose members think they can get away with it because the issue is complex and the people may not understand. I think gradually and over time people have a very shrewd way of judging these irresponsible approaches to economic management, and I think they will so judge the official opposition as well.

The last factor I should like to refer to in this approach by the official opposition is its recent proposal for mortgage deductions from income, which every commentator has seen as being a forgiveness of tax to the rich much more than to the poor. It excludes whole classes of people, including particularly the elderly who own homes free of mortgage. This is a program which will mean a loss of $1.6 billion in revenue for the treasury. It will cost even more when the program works its way through and people take on mortgages to get the benefit of the proposal, as we have seen happen in the United States. The opposition puts this proposal forward without saying what it will do to replace that loss of $1.6 billion in

revenue, or what it will do about the further taxation it will have to impose to balance the budget or to hold the deficit in line with current thinking. That is again an irresponsibility which we will, over the coming months, have to point out clearly to the people of Canada.

Even more than that, I think our real challenge as a government and as a people is not only to continue to grapple with the problem of inflation which is fired by excessive demand, as well as grapple with the problem of chronic unemployment in areas like Quebec and Atlantic Canada, but also to inspire once again confidence among Canadians in the fact that our economy is, indeed, very strong; that in every sector, except those we have had to help because they could not help themselves, real incomes are better than they were before. This is measured in terms of disposable income and savings, and measured in terms which are very visible at airports and railway stations and by those who organize charters abroad. All of this shows that we Canadians are clearly better off than ever before.

The one thing that is lacking is clear confidence in our future. There is no reality in fact for that lack of confidence, and we recognize the challenge to restore it. Because if one thing more than another is needed in addition to restraint on a government that has committed itself, it is restraint on demand for higher wages, salaries and profits. We must find ways of getting Canadians to accept this fact in the absence of a wage and price control program.

One additional thing needed is for Canadians to readdress themselves to the fact that this country is strong and vibrant, that they have been the recipients over time of Liberal policies and programs of many kinds to assist those who are in need and inspire economic growth, without attempting to override the private investment sector in so doing. People in Canada must, as I say, recognize that this country is strong and vibrant and that they should have faith in it. This will restore the flow of investment into this country and will be an important ingredient in dealing with the problems this country faces.

● (1642)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the minister accept a question before he sits down?

Mr. Lang: Yes, I would.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I appreciate the tributes which have been paid this afternoon—and well deserved they have been—to the hon. member for New Westminster (Mr. Leggatt) for the excellent speech he made. Would the minister also not agree that a very constructive speech was made yesterday by the hon. member for Waterloo-Cambridge (Mr. Saltsman); and would he also not agree that all members of his cabinet ought to read the speech made the other day by the hon. member for Windsor West (Mr. Gray)?

Mr. Lang: Mr. Speaker, I am delighted to hear those two suggestions and to understand that there were three great speeches made in the House rather than just the one made today. It is very good news, indeed, and I will personally see whether I can find the other two and read them.

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, it is not an enviable position to be speaking now, since there have by general agreement in the House been so many excellent speeches preceding me that it may be difficult to match their eloquence and substance. I do want to say that I have appreciated very much the speeches and remarks made in the House this afternoon, principally by speakers on this side, because they have been very clarifying and instructive.

An hon. Member: Stonewall.

Mr. O'Connell: I trust that the hon. member believes when he makes a speech he too intends it to be clarifying and instructive as well.

Mr. Baker (Grenville-Carleton): Order. Now, don't get carried away.

Mr. O'Connell: It is essential that the people of Canada understand the government's reasons for asking for this borrowing authority. It is not the borrowing itself that is important but the right for the rest of this fiscal year and throughout the next to borrow sums of money that may be required.

There are a couple of essential points that I would like to add to the understanding we have gained this afternoon. The first one is that this borrowing authority does not represent additional spending by the government in the rest of this fiscal year or the next. It would be a false impression to think that this borrowing was for something new, something not already divulged in the government's program.

The government over the past two years has made it very clear that its firm intention and its practice is to reduce government spending, and it is on course in that respect, not least of all in the announcement on August 1. The total requirements of this government are well known, and they do include a significant deficit this year and next year. There are reasons for those deficits. This borrowing authority is to provide a legal foundation for those deficits, and there are economic and fiscal reasons for doing so. We need to have the legal framework in which to do the borrowing to support those deficits.

A second reason for the borrowing is to bring the authority into line with the stand-by credit already negotiated.

A third reason for the borrowing authority, one that will be of interest to Canadians, is to protect the government's current cash reserves in Canadian dollars for the purchase of American dollars when our dollar rises again.

Why would this lead one to borrow? It is because we have acquired Canadian dollars in the process of the falling dollar as it sought the lower levels. Those dollars will be required again to purchase U.S. dollars as our dollar rises. If those dollars were spent in current operations or in investment in Canada's future, as in Central Mortgage and Housing mort-

gages or in Petro-Canada development in energy and so forth, we would subsequently have to borrow Canadian dollars to purchase U.S. dollars to replenish the reserves. Reserves go out and come back. Canadian dollars are purchased as they fall in value. American dollars are purchased as our dollar rises. Therefore, we want to save Canadian dollars for that return upward. Those are some of the reasons which make it prudent for the government at this time to seek from parliament the authority to borrow.

Is the Canadian debt of such unusual size that it would cause concern in the country? We do have Canadian government debt and it has risen substantially, like most things. Our incomes have risen, as has the value of Canada's production and our entire economy.

The most sensible way of responding to the question whether our debt is now really very high, and would these additions make it unusually high, is to make some comparisons.

Mr. Baker (Grenville-Carleton): You cannot sneeze at $17 billion.

Mr. Stevens: You have tripled the debt in five years.

Mr. O'Connell: Naturally, members of the opposition are going to say yes. I have a table which is an international comparison on public debt as reflected in the debt of central governments such as Great Britain, the United States, Germany, Canada, etc. As the hon. parliamentary secretary to the minister said in his excellent speech this afternoon—and I found it an instructive point—we should compare our Canadian government debt with the American government debt, take a look at what has been the trend to see whether we have diverged, whether we are out of line, or whether we think that their debt is excessively high.

The period for the 1960s shows that the Canadian government debt and the U.S. debt reflected the same percentage of their economic production in any one year. For example, about 39 per cent of our annual production would have paid off the debt in that one year, which means we had that kind of relationship to our total economy. It may be that the debt has doubled or tripled in certain periods, depending on the period you want to take, but the economy has doubled and tripled along with the debt.

It is only reasonable to ask, is the weight of the debt today heavier in the economy than it was back in the sixties? The answer is no; Canada's public debt as reflected by the Government of Canada's direct debt is a lesser burden on the Canadian economy in 1977, according to the last figures we have, by roughly 10 percentage points. That is 25 per cent less. I do not have the actual figures worked out, but it could be said that it would take a little over a quarter of our production to pay the total debt off.

● (1652)

Where do we stand with respect to the United States? In 1977 the United States had a central government debt representing 30 per cent of its gross national product for that year, and I have rounded that figure; the actual figure was 29.9 per cent. The Canadian government's debt was less than the American in relation to its own economy. The figure for Canada was 27.4 per cent. Not only have we stayed generally in line with what is going on in the United States, but we have done a little better.

Some hon. Members: Hear, hear!

Mr. O'Connell: Why have we done a little better? It is not only that we have struggled to invest in the Canadian economy with government borrowing and investments, but that the Canadian economy has outperformed the American economy over those periods of years so that the debt we have is a lesser proportion of the total economy than it is in the American case.

I will not trouble the House at this late time in the afternoon with more statistics that would reflect the faster growth of the Canadian economy over the American economy, because those points were made today and yesterday quite clearly. I want to stress that one of the sources of growth in both economies, and indeed in all economies, is borrowings. Borrowing when seen from another direction is an investment in the future. Borrowing is not made for frivolous reasons. Money is borrowed to invest in a country's social structure and in its economic structure. Investments are made in education. Investments are made in things like Petro-Canada in order to discover new energy resources, particularly in the frontier regions where the cost of exploration and production will be very high.

We are investing in the rehabilitation of grain gathering railway lines in western Canada. That takes in a large sum of money. Borrowings support such investments. Borrowings such as those we are seeking authority for today help to rehabilitate western Canada's grain lines. That is one reason why the economy of Canada is outperforming other economies. We are making investments in restructuring so that revenues will come back later and less subsidies will be required.

Borrowings also go to rehabilitate the fishing harbours in Atlantic Canada. Why do I mention that? If we have the new 200-mile fishing zone off our shores on both coasts, we will have to provide bigger harbours for bigger boats that go out to catch the fish. We will have to invest in shipbuilding and we will have to provide better breakwaters than the old ones used for smaller boats. It is foolishness not to borrow to invest in that sort of future and have the borrowing paid off as taxes bring back funds to repay that debt.

I could go on and on. Such bodies as the Export Development Corporation, the CNR and Air Canada will be asked to borrow on their own, but we have been providing them with hundreds of millions of dollars. Is it fair to say to the taxpayers today: "You pay money in taxes and we will give it to the Export Development Corporation to lend to another country, so that the other country will buy our manufactured goods, our technology and our ability to build an airport for them and engage our engineers and so forth"? No, it is not fair to ask taxpayers, today to pay those taxes, because the returns come in over 20 years, 15 years, ten years. It is money borrowed.

The authority we are now seeking from this parliament is the authority to continue to invest in an improved economy for the sake of those taxpayers ten years, 15 years and 20 years down the line. There is no question in my mind that we not only must continue that process—and these borrowings are for the rest of this year and all of next year—but that we will continue to get returns for it.

I would like to point out one other aspect of why borrowing authority is being sought. I refer to the rather unique spreading out of our revenues as a government and our expenditures as a government. Is anyone in the House going to object to the indexation of family allowance or unemployment insurance or senior citizen's pensions? That change was undertaken I believe in 1973, when the oil crisis sent inflation reverberations all over the world. We had to face those circumstances, and we said we would protect such people against inflation. While our expenditures would rise with whatever the inflation rate was, we said we would protect taxpayers by indexing their tax exemptions. So that as we take in fewer taxes—

Mr. Dick: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The hon. member for Lanark-Renfrew-Carleton is rising on a point of order.

Mr. Dick: Mr. Speaker, would the hon. member permit a question? That suggestion, rather than being from the Liberal government, came in a speech made by the hon. member for Halifax (Mr. Stanfield) in Truro. The Liberal government for one whole year before that turned down all those indexation ideas until they almost got defeated in the—

Miss Bégin: Make up your mind.

Mr. O'Connell: Mr. Speaker, it is virtually impossible for any party in Canada to claim the original patent rights, as it were, to any particular program.

Some hon. Members: Oh, oh!

Mr. O'Connell: Program suggestions come up on this side of the House and on that side as well. But it is this government which protected those people and it will continue to protect those people. I would be surprised if the hon. member and his party would not support this borrowing authority in order to continue that kind of support.

Mr. Deputy Speaker: It being five o'clock, this House stands adjourned until Monday at two o'clock in the afternoon, pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 23, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

MOVEMENT OF GRAIN ON GREAT LAKES—REQUEST FOR LEGISLATION TO END STRIKE—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise, under Standing Order 43, on a matter of deeply urgent and pressing necessity, namely, the continuance of the strike which has stopped much, if not all, shipping on the Great Lakes for wheat and other products and is costing an estimated $10 million a day.

The situation is worsening day by day as the shipping season approaches its end, and promises to be a body-blow of disaster for western farmers who are shocked by the failure of parliament to bring in legislation to end the strike, a measure overdue since its inception.

I would, therefore, move, seconded by the hon. member for Vegreville (Mr. Mazankowski), that such measure should be introduced at once.

Mr. Speaker: Such a motion, under Standing Order 43, can be introduced only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADIAN NATIONAL RAILWAYS

BUS SERVICE IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

In view of the fact that in July of 1976 the government arbitrarily removed the CN bus service in Newfoundland from the jurisdiction of the Newfoundland Public Utilities Commission and placed it under the Canadian Transport Commission, with the result that the CTC, completely captive to the CN and the Minister of Transport, permitted a fare increase of 15 per cent immediately, with a further 15 per cent in the summer of 1977, and in view of the fact that the Sullivan commission of inquiry has found the CN roadcruiser service to be operating with old, unsuitable, totally inadequate equipment at fares far above what is reasonable, and recommends that fares remain at a lower level, I ask leave to move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the government direct CN to withdraw immediately its application for further increases totalling an average of 36 per cent to go into effect on November 1 and February 1, 1979, that the CN be reprimanded for unmitigated audacity and audacious effrontery, and that the government direct CN to accept the recommendations of the Sullivan commission for improvement in the bus services and for lower fares than would be payable for travelling similar distances on a trans-island train service, and that the government return regulatory control of the CN bus service in Newfoundland to the board of commissioners of the public utilities of Newfoundland.

Mr. Speaker: Is there unanimous consent to the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

FUNDING OF HOME INSULATION PROGRAM—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity arising out of the government's decision to chop $116 million from the home insulation program over the next two years.

In view of the fact that the Minister of Energy, Mines and Resources (Mr. Gillespie) has described this program, CHIP, as the key item in the government's energy conservation program, in view of the fact that the minister also stated that the program, if fully implemented, would save this country upwards of 50 million barrels of oil, and bearing in mind that energy conservation is no less important now than it was a year ago when the home insulation program was introduced, I ask leave to move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That the Minister of Energy be directed to restore the $116 million dropped from the CHIP budget and that, further, the government actively promote this program so that it will effectively fulfil the country's conservation objectives.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

S.O. 43

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

SHIPPING

REQUEST MERCHANT MARINE BE ESTABLISHED TO REDUCE UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Considering that it would be in the best interest of our country to have a genuine merchant marine and since our commitments toward NATO impose upon us the obligation to have an adequate fleet of ships, that our dockyards operate below capacity and that a large number of workers in these dockyards are unemployed, I therefore move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the House order that a special committee made up of representatives of the various parties in parliament be set up to consider carefully this serious naval deficiency so that the government could order the building of merchant ships and others which would likely give work to our workers on the dockyards and which would allow our dockyards to maintain a permanent state of competitiveness.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

FINANCE

TRANSFER PAYMENTS TO PROVINCES—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I rise, under Standing Order 43, on a matter of urgent and pressing necessity: urgent because of the serious consequences if action is not immediate; pressing because a budget is to be introduced next month and it is important that opportunity be provided for an early debate so that party positions may be clearly established.

I ask leave to move, seconded by the hon. member for Montreal-Bourassa (Mr. Trudel):

● (1412)

That the government introduce immediately the measures necessary to eliminate the present $11.8 billion deficit and provide a reasonable surplus for use in important areas of federal responsibility, and that the government accomplish this task by recognizing the full provincial jurisdictional responsibility in areas such as medical, hospital, health care and welfare programs and social services as well as in certain educational and cultural fields, and by discontinuing forthwith the huge transfer payments to the provinces in these areas of provincial responsibility, transfer payments which are greater than the federal deficit and which provide billions of dollars of financing for the separatist—

Mr. Speaker: Order, please. Surely the hon. member is using the Standing Order in the same way as the case last week with the hon. member for Prince Edward-Hastings (Mr. Hees). There is some question as to whether the hon. member's motion is a general statement or a matter of urgent and pressing necessity. I would prefer to leave it until we have argued the point of order raised on the last occasion.

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POST OFFICE

CONGRATULATION TO CUPW MEMBERS CROSSING ILLEGAL PICKET LINES—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on a matter of national importance and urgency, under Standing Order 43, to deal with further examples of Post Office lock-outs.

Contrary to the orders of the Postmaster General (Mr. Lamontagne) last week, Mr. Jack Lindsay, the postmaster in my home town of Oakville, confirmed that he was forced to lock out postal workers, without pay, last Tuesday on orders from national Post Office headquarters. Despite this lock-out, all local postal employees returned to work on Wednesday as soon as back-to-work legislation came into effect.

I therefore move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House compliments the CUPW members in Oakville and elsewhere who are crossing illegal picket lines in order to adhere to the law of the land, and instructs the Postmaster General to compensate accordingly those Post Office employees who were locked out by the government without pay last week.

Mr. Speaker: The presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

REMOVAL OF ILLEGAL PICKET LINES—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise, under the provisions of Standing Order 43, to seek the unanimous consent of this House on a matter of urgent and pressing necessity.

In view of the enlightened position taken by one of the country's largest police departments which was enunciated by Police Chief Harold Adamson, of Toronto, to the effect that attempting to remove the pickets at post offices in Toronto would result in a serious breach of the peace, and that Police Chief Harold Adamson has shown considerably more insight into industrial relations in the Post Office than has this government, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House calls on the government to demonstrate the same responsibility shown by the metro Toronto police department in dealing with this dispute.

Mr. Speaker: The presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

POST OFFICE

APPOINTMENT OF MEDIATOR—ARBITRATOR IN LABOUR DISPUTE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Acting Minister of Labour.

Some hon. Members: Oh, oh!

Mr. Clark: I cannot quite understand the shouting across the floor of the House. Perhaps it is a natural inclination to disorderliness.

My question to the Acting Minister of Labour is the same question I put to him four days ago. I understand that he might now have an answer. Can the Acting Minister of Labour tell the House of Commons whether he has named a mediator-arbitrator in the postal dispute, who that person is, whether there has been consultation with CUPW, and whether CUPW is prepared to work with that arbitrator?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, I have the honour to report to the House that I have appointed Mr. Lucien Tremblay, former chief justice of the court of appeal of Quebec, as mediator-arbitrator pursuant to Bill C-8.

In response to the question put by the Leader of the Opposition, the consultation process took place during the weekend. Not only was there consultation, but a last-ditch effort was also made to try to bring the two parties together and to convey the message to the union leaders that they ought to respect the law of the land, that no one should disobey the law of the land, and that they ought to encourage their membership to go back to work.

In a spirit of co-operation, the government was ready to start constructive negotiations immediately during the weekend. Unfortunately, these efforts were not successful and I indicated this morning, in meeting the union leaders, that I had no choice but to appoint immediately a mediator-arbitrator pursuant to Bill C-8.

● (1417)

Mr. Clark: Mr. Speaker, I can certainly express the pleasure on this side of the House that the Acting Minister of Labour, who promised a week ago that he would name an arbitrator-mediator within hours, has now—some six days later—been able to make that appointment.

Some hon. Members: Oh, oh!

Mr. Clark: I would like the Acting Minister of Labour to either confirm or set the record straight on a news report by the Canadian Press this morning, quoting the minister as saying:

There can be no negotiations until the union obeys the back-to-work order passed last week by parliament.

That statement, if it is correct, would appear to conflict quite directly with section 6(1)(a) of Bill C-8 passed by this parliament, which instructed the mediator to proceed forthwith with his negotiations.

Can the Acting Minister of Labour tell the House of Commons whether it is the position of the government that the members of CUPW must obey the law before the mediator begins his work?

Mr. Ouellet: If the Leader of the Opposition would look at the law, he would realize that under the law the mediator-arbitrator has a role to play. The law does not specify that he has to start immediately, but to start at a time which in his judgment is appropriate for him to do active and useful work.

I think the Leader of the Opposition is trying to play it on both sides of the fence. I suppose it is easy for the Leader of the Opposition to do this: it is easy to criticize. But basically what he should remember is that he would have been the first to complain to me if we had rushed into appointing someone without allowing time for some consultations and a genuine effort to pass the message across to the union leader that the union should respect the law and should sit down and work constructively with the government team, under the assistance of the mediator-arbitrator.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, this matter has been going on for far too long already, partly because of this government's failure to act quickly on its responsibilities. Let me refer the minister, who presumably had something to do with the language of the law, to the precise language of the law passed by this House. With reference to the mediator-arbitrator, it says:

—who shall

(a) forthwith—

That means immediately

—endeavour to mediate all matters—

I ask the Acting Minister of Labour a simple question: has he instructed his mediator-arbitrator, as is indicated by the Canadian Press report this morning, that no mediation is to continue—in other words, that he is not to begin forthwith, but that mediation is to proceed only if members of CUPW have first agreed to obey the law?

Mr. Ouellet: I think those are two separate issues. I do not think the Leader of the Opposition has to give readings of the bill to the appointed mediator-arbitrator. That person is a very well known and respected former judge who obviously knows the law very well, and it will be as easy for him to interpret the law as it is for the Leader of the Opposition.

Secondly the question of whether or not the work of this mediator-arbitrator should start before or after the unions go back to work and respect the law is another question. I think the Minister of Justice will take steps in order to ensure that the law is respected.

Some hon. Members: When?

Mr. Ouellet: He will not act beyond what are his responsibilities. He has a task to do, and I believe that he will immediately take steps to do his job in a way which in his judgment is the best way to do it.

Mr. Clark: The instruction of the law is very clear. The instruction of the law to the mediator is to begin immediately. My question is whether the Acting Minister of Labour has given contrary instructions.

Has the minister told the mediator that he should not begin his work until members of CUPW obey the law? In other words, has a delay been suggested to the mediator by the Acting Minister of Labour, a delay until the law is obeyed; because that is the clear import of the story, which the minister has not yet denied? I gave him the opportunity to set the record straight, to clear the import of the story by Canadian Press that the minister has suggested that the law passed by parliament, as it relates to the immediacy with which the mediator takes up his responsibilities, will not come into play until CUPW members have themselves obeyed the laws of the land. What instruction has been given to the mediator?

● (1422)

Mr. Ouellet: Mr. Speaker, I can state quite categorically that I have not said such a thing to the mediator-arbitrator.

GOVERNMENT ACTION AGAINST ILLEGAL STRIKERS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is directed to the Minister of Justice. At 12.01 a.m. last Thursday legislation was passed and proclaimed respecting the restoration of service within the Post Office. As of today, we do not have full and normal service within the Post Office. On Friday I asked the minister a question respecting the remedy of dismissal and he indicated to me in his answer that that remedy was subject to a great deal of difficulty as to its application by the government.

It is important for the House and Canadians to understand just what remedies are available: we should know what remedies are available to the government, in view of the open defiance by CUPW of the law of the land. Is the minister prepared to make a statement on motions later today in order to indicate to the House and the country the view of the government as to what its remedies are in this situation? Regarding the obeying of the law, this situation seems to be reaching an impasse.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I do not think it is necessary for the Minister of Justice, or indeed anyone else, to make legal statements in the House as to what rights are and what the law is, in an elaborate way. Certainly, from time to time announcements may be made and decisions may be taken about such things as dismissals, but those are not under the authority of the Minister of Justice; rather, they are under the authority of the appropriate department, department head and minister.

As far as the current postal situation is concerned, clearly there are a number of remedies available. No doubt the public is interested in them. They include injunctions, and we are seeking those. We obtained some this morning in various locations. Also, there are various procedures by way of prosecution which are available to us. I think there is easy misunderstanding in the public mind that these prosecutions may follow very readily, simply because everyone in the public knows that these offences are being committed. That is an easy conclusion. But for the purposes of law enforcement, an attorney general must take care to ensure that the facts and evidence to ground a prosecution before the courts, and not in the media, are available.

That is what we are in the process of doing. I think it is important to say that that evidence, simply because we are in a strike and postal services are halted, should not be obtained in any careless or hasty way. In these cases, ordinarily we study the situation thoroughly in order to safeguard the liberty of the subject. This evidence is being obtained, the charges will be laid based on that evidence and those charges will be pursued to a conclusion before and under the law, regardless of the outcome or stage of a particular dispute. It is a matter of an offence against the law of Canada. Those who have offended will be charged on the basis of adequate evidence, and those charges will be completed.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Mr. Speaker, it is because of the importance of the public knowing what the position is that I invited the minister to make a statement on motions.

There is another problem relating to the law and its enforcement respecting those within CUPW who want to obey the law and go back to work. Aside from the injunction proceedings about which the minister must have some reservations, can he indicate to the House what steps he and the government are prepared to take to ensure that the people within CUPW who want to go back, do their job and obey the law passed by parliament last week will have the opportunity to do so?

● (1427)

Mr. Lang: Mr. Speaker, we have been, as has the Post Office, urging the return of these various employees to work, assuring them of every possible protection in the exercise of

what is now their legal duty. That is the position we have been taking and will continue to take.

* * *

GOVERNMENT EXPENDITURES

REASON FOR REDUCED BUDGET OF DEPARTMENT OF AGRICULTURE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the President of the Treasury Board. In the recently announced cutbacks by the federal government, the average cutback for most departments was around 4 per cent but the cutback in the Department of Agriculture was about 8 per cent.

I would ask the minister why he took such a heavy meat axe to the Department of Agriculture, because many valuable programs such as the Farm Credit Corporation program are helping farmers but they will now be severely hampered by this severe cutback.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, if you segregated the reduction in the capital advance to the Farm Credit Corporation, the percentage reduction to which the hon. member refers would be considerably reduced. The reduction in the advance from the consolidated revenue fund to that Crown corporation does not necessarily mean any diminution in the efforts of that corporation on behalf of farmers: there are other methods that can be followed.

In so far as the selection of programs is concerned, Mr. Speaker, this was not an across-the-board percentage reduction by any department, and the average the hon. member mentioned is simply that, a statistical average. The choice of reductions was based on an assessment of programs starting with those that were considered to lack some degree of acceptable efficiency, and moving to those that might have been quite efficiently run, but where the priorities of objectives were lower than we now thought necessary in terms of over-all reduction in respect of reordering the funds freed up. That was the general process by which these were decided. The Department of Agriculture I think fared just as well or just as badly as any other in that sense.

Mr. Nystrom: Regardless of how it is put, Mr. Speaker, the department is still cut back by 8 per cent. I have here in my hands a cabinet document dated June 29 and signed by a senior official in the Treasury Board. It indicates that the Treasury Board had recommended or authorized that the Department of Agriculture, namely, the minister, should discuss with the provinces two new agricultural programs, and the document went on to state:

> No additional funds or man-years be committed by the federal government for the above mentioned programs until Agriculture Canada completes... its analysis evaluation of existing federal government programs currently estimated to be $1 billion per annum, and reports to cabinet as directed—

It then gives the file number of a cabinet document. I would ask the President of the Treasury Board whether this total evaluation of federal Department of Agriculture programs referred to in this cabinet document is now completed and, if so, what are the results; if it has not been completed, what is the nature of the evaluation and are provincial governments being consulted?

Mr. Andras: Mr. Speaker, I have not had access to the evaluation. I do not think from my current knowledge that it is yet completed. Probably I will not have the full details until later this year.

Mr. Nystrom: Mr. Speaker, the cabinet documents refer to two programs that the Minister of Agriculture should be discussing with the provinces, namely, the new technology development fund and a family farm improvement program. We have consulted this morning with some of the provincial governments and they know very little about these two programs. Can the minister explain to the House what these programs entail? Is the Minister of Agriculture now pursuing these programs, or is he stopped dead in his tracks because of the re-evaluation? Is that re-evaluation also going to affect other existing federal programs such as the ones I have already mentioned, or others about which the farmers are concerned?

Mr. Andras: Mr. Speaker, I think that question could be best answered in detail by the Minister of Agriculture, and I will certainly draw his attention to its existence in *Hansard*.

* * *

● (1432)

[*Translation*]

INDUSTRY

REQUESTED REDUCTION IN TEXTILE IMPORTS TO PROTECT CANADIAN INDUSTRY

Mr. C. A. Gauthier (Roberval): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I shall direct my question to his parliamentary secretary.

As the department will soon have to review the quotas for textile imports for the year 1979, could the parliamentary secretary tell the House whether they intend to reduce considerably those quotas in order to protect more our Canadian textile industries on local and national markets?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, in fact the general quotas will be replaced starting from January 1 by bilateral agreements signed with the seven countries which are the main exporters of clothing to Canada. The level of imports from those countries for 1979 will be approximately the same as in 1975.

Oral Questions

PROPOSED MANUFACTURERS' PERMITS RESPECTING INCOME TAX

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I thank the parliamentary secretary for his statement. Still, with a view to encouraging the manufacturers even more, have the officials of the government read, or could they read, the statement of the manufacturers who want to obtain, among other things, consolidated tax forms in order to stimulate new manufacturing undertakings and create more jobs in that sector?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, the government has indeed read the study prepared by the clothing and textiles sector. The study was one of 23 that were tabled in July last. This morning, a subcommittee known as the second level committee, tabled its final report with the government; yes, the government will take into consideration the recommendations of both the textiles and clothing industry and the other industrial sectors in Canada.

REQUESTED REDUCTION IN TEXTILE IMPORTS TO PROTECT CANADIAN INDUSTRY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a supplementary for the Parliamentary Secretary to the Minister of Industry, Trade and Commerce.

Has the Textile and Clothing Board recently made a report and, if so, does it recommend that imports be reduced not only for textiles but also in the clothing sectors in order to protect our clothing plants in Canada?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, naturally, the Textile and Clothing Board meet the government regularly. The board would like us to reduce the clothing imports in Canada and I believe the government, through the Deputy Prime Minister, and on the occasion of the GATT negotiations, has indicated its firm intention of protecting that industrial sector which is of prime importance to Canada and particularly Quebec.

* * *

[*English*]

TRANSPORT

MOVEMENT OF GRAIN ON GREAT LAKES—INTRODUCTION OF LEGISLATION TO END STRIKE

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Acting Minister of Labour. Given the fact that the expressed hope and optimism of the Minister of Transport for an early settlement of the Great Lakes labour dispute did not materialize over the weekend—the strike is now in its second week—and since it has been made clear by the Lake Carriers Association that unless a settlement is reached today, lay-offs will commence immediately, which will further contribute to the prospect of a premature shutdown of the total system, could the minister tell the House whether legislation will be introduced immediately if the talks break off without success today?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, if we had followed the view of the opposition, legislation would have been introduced last week which would have deprived the deck officers' union and management of arriving at a settlement. Indeed, the negotiations that were carried out, allowed for a collective agreement for three years to be reached and signed by both parties.

It is true that discussions with the marine engineers are taking place at the present time. I asked for an update on the negotiations before coming to the House at two o'clock. The report I received was that the parties were still actively negotiating. I think it would be grossly improper for parliament to legislate a settlement while the parties are still negotiating.

Mr. Mazankowski: Mr. Speaker, my question directed to the minister was in the event that talks did break down. We on this side of the House are finding it very difficult to rationalize the government's position with respect to the handling of this dispute vis-à-vis the postal dispute. There seems to be a double standard. Perhaps the minister would undertake to tell the House how much longer this country can afford the kind of economic disruption that is currently taking place, before the government proposes any concrete, positive action.

Mr. Ouellet: Mr. Speaker, the government, through the Department of Labour, is hoping for and assisting in the settlement of this matter. The hon. member ought to keep in mind that the due process of collective bargaining through negotiation should be carried out to the fullest extent before adopting the extreme recourse of legislating against the union. The hon. member should not draw a parallel with what was done in the case of the postal workers. In that case, after negotiations—

Mr. Mazankowski: Even before they went to strike.

Mr. Ouellet: —it became clear that there was no possibility of a negotiated settlement, and it was only after that that the government was asked to intervene.

With relation to this dispute, I appreciate—and members of this House should realize this—that the government is monitoring the situation very carefully. We are as deeply concerned as anybody else about the shutdown of shipping operations on the Great Lakes. I would like to remind the hon. member that, indeed, in the past there have been stoppages of activities on the Great Lakes due to strikes, and I would like him to review what happened in those circumstances while the Conservative party was in power.

Mr. Speaker: Order, please.

Mr. Ouellet: The strikes carried on for many days.

PROPOSED STRIKE BY NORDAIR PILOTS—STATE OF NEGOTIATIONS

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is also for the Acting Minister of Labour. It has to do with the proposed strike by the Nordair pilots which may come as early as tomorrow morning.

Would the minister bring the House of Commons on what has transpired to this point and, specifically, how close are the pilots and the company to a settlement so that, hopefully, this further disruption may be averted before tomorrow?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, we have asked officials of the Department of Labour to look into this dispute and try to find a way of avoiding the disruption of service. The Department of Labour is giving assistance in relation to that conflict and we hope there will be no stoppage of activities.

PROPOSED STRIKE BY NORDAIR PILOTS—CONTINGENCY PLANS

Mr. Jack Murta (Lisgar): Mr. Speaker, my supplementary question is to the Minister of Transport. In the unfortunate event there is a strike at Nordair, has the Department of Transport given any consideration to placing additional flights, either by Air Canada or another third-level air carrier, to fill the void that will certainly be created, especially in areas such as the eastern Arctic and northern parts of Quebec which will be without air service of any kind in terms of bringing in supplies and other products?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I think it would be premature to comment on the situation, except to indicate that in circumstances like this the practice of the Canadian Transport Commission, among others, is to attempt to facilitate substitute arrangements.

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[*Translation*]

PUBLIC SERVICE

REQUEST LAY-OFFS BE REDUCED IN NATIONAL CAPITAL REGION

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is directed to the President of the Treasury Board. In view of the announced budgetary cutbacks which will indirectly result in a reduction in the number of man-years in the public service, especially in the national capital area, does the minister intend to take what I would call drastic action so that the departments adhere religiously to the spirit of his October 12, 1978, statement, as well as to the statement made by the chairman of the Public Service Commission in this regard, in order to minimize the number of lay-offs among the civil servants of the national capital region?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the work force reduction policy to which I have made some public reference does provide for reassignment of surplus employees to other jobs for which they are fitted and which become vacant. Relocation and retraining will be provided where this will assist in making people competent for the particular jobs. Reassignment will be based upon preference for those who are competent to fill the vacant positions. The Public Service Commission has established the reassignment program, a new clearance system which will give preference to government employees whose jobs have become redundant, and will help in every way to relocate them.

The work force reduction program is based on the 1969 policy but it has been adjusted in consultation among the national joint council and the heads of the bargaining agents. Full details will be made public in the very near future. One or two items still have to be decided upon.

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● (1442)

THE CANADIAN ECONOMY

ANTICIPATED LEVEL OF GOVERNMENT'S CASH DEFICIT FOR 1980

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, I think my question should properly be put to the President of the Treasury Board, who on September 8 joined the Minister of Finance at a press conference, at which time it was indicated that 1980 expenditures would be $52.6 billion and that the government's anticipated cash deficit would be $9.7 billion.

Would the President of the Treasury Board indicate to us the revenue figures used to come up with a cash deficit of $9.7 billion? How much does the government anticipate its revenue to be for fiscal 1980?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the over-all receipts of the Government of Canada is a matter of simple deduction based on those two figures, so the hon. member can make any forecast as easily as I can. The Minister of Finance has indicated, however, that the detailed breakdown of revenue and other receipts will be presented to the House in a budget some time in mid-November.

REFERENCE OF BILL C-7 TO COMMITTEE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary question is to the Prime Minister. In view of the fact there is some uncertainty about the shortfall in fiscal year 1980 between the government's revenue figures, which are well short of their expenditures figure of $52.6 billion, would the Prime Minister at least consider speaking to the House leader with a view to having Bill C-7 referred to a committee of the whole House, so that the membership of the House can deal

with the bill, get the facts on the table and, above all, let the people of Canada see through television exactly what is the position of the Minister of Finance?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member has a very able House leader who, through the so-called usual channels, meets with the House leader on the government side. I am sure that if the hon. member has representations to make to his House leader, he could bring them up at the weekly caucus, if he ever goes.

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POST OFFICE

LOCKING-OUT OF EMPLOYEES AT OAKVILLE, ONT.

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is directed to the Postmaster General: it is further to my motion, which I noticed the Postmaster General turned down.

I should like to ask him on whose orders postal workers were locked out, without pay, in Oakville and elsewhere, and what steps is he taking to compensate the people affected?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I inquired concerning the Oakville case, and if orders were given not to pay employees who came to work, that will be immediately rectified. The government's general policy since Bill C-8 was made law is that all postal workers or letter carriers who report to our facilities are to be received, given work and paid.

[*English*]

LAYING OF CHARGES AGAINST ILLEGAL STRIKERS

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my supplementary question is for the Minister of Justice.

In view of the fact that there are a number of rank and file members of CUPW who would like to return to work and obey the law because Canadians are getting sick and tired of this postal strike which has been going against the law for nearly a week, when are the minister and the government going to stop pussy-footing around on this issue and lay the obvious charges, particularly against the union leadership, and bring postal service back by perhaps decertifying the union and replacing those unwilling to work with the many unemployed?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am fairly well satisfied that the attitude demonstrated by the hon. member would not be helpful in settling the dispute. In fact, in addition to developing material in order to lay charges, to which I referred earlier, we are proceeding to attempt to obtain injunctions in a variety of places. The immediate objective is to end the picketing so that it is easier and, indeed, possible for those who wish to return to work to do so.

CONSULTATION WITH ATTORNEY GENERAL OF ONTARIO

Mr. Jim Fleming (York West): Mr. Speaker, I should like to ask the Minister of Justice, in this area of questioning, whether he has any comment to make or if he has reacted by contacting the Attorney General of Ontario or the chairman of the metro police commission, on media reports which seemingly indicate that the chief of police of metropolitan Toronto is not prepared to have his staff act against illegal CUPW picket-line activity.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the report of the comment by the chief of police of Toronto was in connection with the situation as it exists in advance of an injunction being obtained. Police forces, of course, attempt to exercise their responsibilities and to carry out their duties, recognizing that at any given moment in time there may be a series of priorities with which they have to work.

I believe that, in fact, the comments of the chief of police are more in aid of obtaining an injunction and the subsequent enforcement of that injunction than they are pointed in any other direction.

* * *

ENERGY

FUTURE OF HOME INSULATION PROGRAM

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. It has been announced that $116 million will be chopped from the budget of the Canadian Home Insulation Program over the next two years.

When this program was unveiled, the minister described the Canadian Home Insulation Program as the "key item" in a campaign to reduce the average rate of growth of energy use in Canada to zero per cent, per person, by 1985. With the cutback of funds to this program, I would like to ask the minister if he has abandoned that objective and decided to write off CHIP as a failure.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Not at all, Mr. Speaker: the program is going forward. Some 50,000 householders across the country have benefited from the program. We would expect some hundreds of thousands to benefit from it in the next year and the year following.

Mr. Blackburn: Mr. Speaker, it is rather interesting that the minister says the program is going ahead even though they are cutting back $116 million.

URBAN AFFAIRS

ALLEGED FAILURE OF DEPARTMENT TO PROMOTE HOME INSULATION PROGRAM

Mr. Derek Blackburn (Brant): Mr. Speaker, I have a supplementary question for the Minister of State for Urban Affairs, who is responsible for the administration of the Canadian Home Insulation Program through Central Mortgage and Housing Corporation.

In view of the fact that the Canadian Home Insulation Program has been taken advantage of by only 50,000 of the 1.2 million single-unit dwellings eligible for the grant, I would like to ask the minister why his department has failed so miserably to promote the very worth-while aims and objectives of this program.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I do not think the department has failed. It would be more accurate to say that the public did not respond to this program as quickly as we would have liked. But is does not prevent the Canadian government from putting subventions at the disposal of those who wish to insulate their homes. We believe in the utility of this program. We will continue to promote it in order to encourage the Canadian public to take advantage of it and by doing so, we hope not only that energy conservation will be greater in Canada, but also that home owners insulating their homes will get some advantage out of it as they will save money on their heating bills.

* * *

[*English*]

GRAIN

REASON FOR LEASING ELEVATOR AT PRESCOTT, ONT.

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is for the Minister of Transport and concerns a matter that is very important in my part of the country, namely, the plan announced last week by the National Harbours Board to call tenders for the leasing of the government-owned, large grain elevator establishment at Prescott, Ontario, to be run by private enterprise.

Could the minister tell the House the reasons for the government taking this step, when in actual fact the establishment is making money for the government? Also, is he prepared to guarantee that job security will be written into any lease entered into by the government for the 30 full-time and 40 part-time public service employees engaged at this establishment?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am surprised that the hon. member does not understand why at certain times a facility can be handled by the private sector rather than by the government. We think that can often be done to advantage, and this particular case seems to be such a situation.

Of course, we will be looking at proposals or bids with many interests in mind, including those of the employees, and we will attempt to assure that employment is offered as far as possible. We will also look at bids from the point of view of the Foreign Investment Review Agency's principles in order to ensure the best result for Canada in the way the operation of these facilities continues.

Mr. Cossitt: Mr. Speaker, a supplementary question. I am surprised that the minister would want to dispose of a public enterprise that is making money for the government.

May I ask the minister this supplementary question? Can he explain why the National Harbours Board refused completely to give any information on the matter of job security last week to the Public Service Alliance of Canada?

Mr. Lang: Mr. Speaker, I was not aware of the request or the refusal. I will look into that matter.

* * *

INDUSTRY

TAKEOVER OF CANADIAN BUSINESSES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is for the minister filling in for the Minister of Industry, Trade and Commerce who is away for a 95 per cent segment of his assignment.

Last week, in an answer to a question by the hon. member for Okanagan Boundary, he indicated that FIRA approved the Weyerhaeuser purchase of Northwood mills under some very specific considerations.

● (1452)

Is one of those considerations the fact that lumber retailers in the lower mainland of British Columbia must go to the United States in order to make their purchases respecting Canadian lumber sales within Canada? Also, what implications will this have on the market?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I will report this allegation to the Minister of Industry, Trade and Commerce. I could not give an answer right now.

Mr. Friesen: It is not only an allegation; it is the only number in the phone book. I would also like to ask the minister whether he has considered the unenviable position of the small, independent mills which will be cut off from their market for chips and, therefore, could be driven out of business because of this unfortunate sale.

Mr. Abbott: Again, Mr. Speaker, I cannot comment on the details. When the minister returns, I know he will deal with it in detail.

Oral Questions

FEDERAL-PROVINCIAL CONFERENCES

AGENDA FOR FIRST MINISTERS' CONFERENCE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Prime Minister: it concerns the conference of first ministers which is slated to take place beginning next week.

I wish to ask the Prime Minister whether the agenda for that conference has been finalized, and whether it will be made public beforehand so that Canadians will know what matters will be discussed at this very important conference.

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, the agenda has been formalized. I remember a series of exchanges between the premiers and myself in which we agreed on an agenda. I will see if there is any reason why that agenda could not be tabled. Surely, we would be anxious to do so. I will find out, I believe before tomorrow, if there is any objection on the part of any premiers. I would think not.

Miss MacDonald: Can the Prime Minister inform the House whether the agenda will include a discussion of the terms of reference to the Supreme Court of certain constitutional amendments which were announced some weeks ago by the Minister of Justice?

Mr. Trudeau: Mr. Speaker, I am not clear on the nature of the subject. I do not have any memory of the statement of the Minister of Justice to which the hon. lady refers.

* * *

PUBLIC SERVICE

STUDY OF OVERCLASSIFICATION OF EMPLOYEES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question for the President of the Treasury Board dealing with overclassification in the public service. I need not remind the minister that, as a result of the ineptness and mismanagement of this government, the people of Canada have been faced with millions of dollars in waste.

Prior to the summer break, the minister indicated he would have a full study made outside of the national capital region. My question is very short, Mr. Speaker.

An hon. Member: Well, ask it.

Mr. Alexander: Watch your language, Mr. Minister. The Acting Minister of Labour is using profanity. Just watch your language.

Some hon. Members: Oh, oh!

Mr. Alexander: I don't understand, Mr. Speaker.

Mr. Speaker: Perhaps the hon. member would put his question.

Some hon. Members: Hear, hear!

[Mr. Abbott.]

Mr. Alexander: I would like to know whether the study the minister said would be undertaken has been completed. If so, has he anything to report in terms of what action he is going to take in order to rectify this very serious matter?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the classification audit in the national capital area and in the non-capital area is, I understand, complete or very close to completion. I have not had an opportunity to study it in detail. Until I have had that chance, I cannot comment further.

Mr. Alexander: Given the fact this government is so interested in freedom of information, will the minister make this study public, so that we will know what the problems are and how we can attack them, or are we to be faced with the usual cover-up for which this government is so famous?

Mr. Andras: Mr. Speaker, we will give the information to the hon. member as we do in 95 per cent of these kinds of cases.

* * *

UNEMPLOYMENT INSURANCE

CHANGES TO PROGRAM—EFFECT ON PROVINCES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is to the Minister of Employment and Immigration. When the minister announced the recent changes in the Unemployment Insurance Act, he suggested there would be a minimal effect on the provinces. Someone said the effect would be $50 million across the country, a figure which is disputed by the provincial governments, who feel it will be more like $100 million to $200 million.

Will the minister assure the House that he will table the method by which he calculated this $50 million overrun on the social welfare programs of this country?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, because of the concern expressed by my provincial colleagues, I met with them and we set up an impact committee to look into this measure. That meeting was held on October 19. Four of the provinces indicated they cannot dispute the figures submitted by us.

The information that was tabled before the ministers and their officials will be made available either at the committee stage or at second reading of the bill. Although some people are not prepared to accept the $50 million figure, they do not have a model whereby it can be contradicted. We must remember that the Canada Assistance Plan makes provision for us to pick up 50 per cent of that cost. Therefore, it is closer to $25 million than $50 million.

CANADIAN NATIONAL RAILWAYS

BUS SERVICE IN NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Minister of Transport. As the minister should know, the CN bus service—the only trans-island bus service in Newfoundland—has applied to the CTC for a rate increase of 38 per cent, 20 per cent on November 1 and 18 per cent next February 1, after receiving increases of 23 per cent over the past two years. The CTC has stated that under the law it must give the increase on an interim basis to CN on November 1, despite the fact there will have been no hearing to that point.

Will the minister direct CN to withdraw these outrageous increases which they are looking for, in view of the government's battle against inflation and all the other economic policies we have heard described in the last few weeks?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, we have been looking closely at the rate structure of buses in the CN service in Newfoundland, particularly with regard to seeing whether the rates at any given point in time seemed to be moving ahead of those in other parts of Canada, especially in the Atlantic area. This had not previously been the case; the rates in Newfoundland had been in line with or lower than other Atlantic rates. That does not end our concern, however. Following the Sullivan commission interim report, we have been discussing the question of the possible transfer of the bus system from CN to VIA. Those discussions are going forward very well.

Mr. Crosbie: The Sullivan commission, which the minister appointed, stated that CN fares are far and above what are reasonable. It recommended lower fares, fares that would be comparable to a trans-island railway passenger fare because this system replaced the railway passenger system. Is the minister going to act on those recommendations? I ask this in view of the fact that CN was stated to have unsuitable, inadequate equipment, and the fares were described by that independent commission as being far too high.

Is the minister going to act? VIA Rail will still have to impose fares. Will the minister now act on this fare question, in accordance with the royal commission?

Mr. Lang: Mr. Speaker, I have indicated my concern that the fares not be too high and outlined the comparisons of them in Newfoundland with bus fares in other regions, such as the rest of the Atlantic provinces. Bus fares are very often slightly lower than comparable rail fares for similar distances. Therefore, that comparison may be even more favourable than the one the hon. member suggests.

Recent developments have seen the acquisition of three new buses, and discussions in conjunction with VIA's takeover of the service will involve the acquiring of new equipment so that better service can be provided to the people of Newfoundland.

PROPOSED STRIKE BY NORDAIR PILOTS—AIR CANADA CONTROL OF NORDAIR

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I have a question for the Minister of Transport: it is supplementary to that asked by my colleague from Lisgar.

One of the considerations in the new negotiations between the employees of Nordair and the company relates to the acquisition by Air Canada. As there is some apprehension in terms of labour relations on this issue, has the government reconsidered its position with regard to Air Canada acquiring control of Nordair, or does it continue to hold the position that Air Canada should pursue that application?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the hon. member misstates the current situation. An appeal is before the governor in council on the very question of whether the Canadian Transport Commission's decision in approving the acquisition of Nordair by Air Canada should go ahead. I should emphasize that even that decision very clearly stated that the Nordair's operations should remain separate and distinct from those of Air Canada. I thought that would be somewhat applicable to the parties in this labour dispute.

Mr. Hnatyshyn: I want to ask the minister a straightforward question. Is the government's position that it will support the appeal with regard to the acquisition of Nordair by Air Canada, or will they take a contrary position and reject that appeal, which would then prevent Air Canada acquiring control of Nordair?

● (1502)

Mr. Lang: The hon. member is asking what decision we have reached. We have not announced a decision because we have not yet taken a decision. We have given careful consideration to all the issues involved, to the arguments advanced before the CTC and to the conclusion which was reached. As soon as a decision is made by the government as to whether or not the takeover should be confirmed, that decision will be announced.

* * *

PRIVILEGE

MR. FRIESEN—BROADCASTING OF CBC LICENCE RENEWAL APPLICATION PROCEEDINGS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise on a question of privilege. Some days ago, at the earliest opportunity, I gave you notice of my wish to raise a question which I felt I should bring before the House as it seemed to me to touch upon parliamentary privilege. The incident involves the behaviour of the CBC in relation to a member of parliament, namely, myself. The CBC is a Crown corporation responsible to parliament. Crown corporations enjoy a wide measure of independence and freedom from government control, which is quite proper. This means, however, that they

must be accountable to parliament for their actions. Without parliamentary control and supervision their autonomy would be virtually total, and since they exist to serve the public interest, and incur vast public expenditures in the process, control by parliament, as I think all hon. members would agree, is absolutely vital.

On October 7 I appeared before the CRTC hearings to make an intervention relative to the CBC licence renewal application. CBC provided direct feed of these hearings to all cable systems across Canada via satellite.

I provided an advance copy of my remarks to the CBC president and vice president. When my turn came on the agenda, I was announced by Mr. Camu to be the next intervener. At that point the television screens in the West immediately went black with instantaneous supply of recorded music for the ten minute duration of my presentation. I have checked and there were no technical problems with the cable systems or telephone companies. I was told that the problem was at the source, namely, the CBC. In addition to this, if technology had been a problem the CBC has not seen fit to send me an explanation.

This is a very brief account of the incident which forms the subject of my complaint. I submit that the evidence of members of parliament at these hearings has a significance which is of some importance. It is certainly no less important than that of other witnesses, and may even have a special importance in view of parliament's unique responsibilities in overseeing the activities of the CBC. I believe I was the victim of a serious affront on the part of the CBC in my capacity as a member of parliament. I believe that the CRTC was similarly affronted, as in blacking out my evidence the CBC was impairing the coverage of the CRTC's hearings. I have written to the CRTC notifying them of this misadventure.

I do not know whether I have chosen the appropriate method of bringing this matter before the attention of the House, but I felt it was my duty to do so and I knew of no other way. In conclusion, I would request that if this matter is not considered to be a fitting one to refer to the Standing Committee on Privileges and Elections, it be referred instead to the Standing Committee on Broadcasting, Films and Assistance to the Arts. I feel strongly that I should be given the opportunity to submit this matter to the judgment of my fellow-members and that the CBC should be called upon to offer an explanation.

Mr. Speaker: In the course of his remarks the hon. member did make reference to the relationship between the CBC, as a Crown corporation, and parliament. The role of the corporation is, as we know, a special one. Nevertheless, I would hope that in these circumstances the Secretary of State (Mr. Roberts), who reports to parliament for the CBC, would wish to look into the allegations made by the hon. member and report back to the House, at which time the House can address itself to the question of whether a question of privilege can properly be founded. Until that time, pending an intervention by the Secretary of State, I will certainly preserve the right of the hon. member to proceed with his question of privilege.

[Mr. Friesen.]

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REFERENCES FORWARDED TO ADMINISTRATOR

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act I should like to table, in both official languages, a copy of the references from the Anti-Inflation Board to the Administrator with respect to the matters in an attached list.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is that agreed?

[*English*]

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise with regard to question No. 3 on the order paper because it has been on successive order papers for two years and four months. It was put down on May 25, 1976, and it still stands.

When I raised a point of order a few days ago with regard to several other unanswered questions, the reply from the parliamentary secretary was to the effect that a lot of these questions call for a great deal of research. That was one of his excuses for the failure to answer them. I submit that very little research is needed in order to answer this question—that it could be answered in about an hour if somebody wanted to take the trouble. It asks simply this: how many ministers of the Crown have been accepting a $2,000 car allowance year, and how many have not; how many have returned the $2,000 car allowance year, and how many have not; how many have returned the $2,000 because they are not using it—they are being driven around in chauffeur-driven limousines supplied by the government? For example, is the Prime Minister (Mr. Trudeau), with his chauffeur-driven battleship, accepting this $2,000 on the side?

Does it really take two years and four months to find out how many of these gentlemen, who are so busy they have now left the chamber, are accepting $2,000 they do not really need because they do not use their personal cars? I fail to understand why it should take so long to answer such a simple question. When the parliamentary secretary rises to reply I hope he will not confuse the issue by giving us various percentages, as he usually does, saying the government has answered 70 per cent or 80 per cent or 90 per cent of the questions, and so on. Will he simply tell us why it has taken two years and four months to inform the House which of these ministers are taking money from the public trough?

[*Translation*]

Mr. Pinard: Mr. Speaker, there is no doubt that in the mind of the hon. member that question can be of great public concern in Canada. Nevertheless it does not belong to me to decide whether his question is relevant or not.

I will merely point out to the hon. member that last year we began answering questions on the order paper the tenth day after the Speech from the Throne. Today is eighth day and the hon. member says that he has been waiting for two years. I do not think that a few days or months more will overly tax his patience.

Anyhow, Mr. Speaker, his question required research in some forty agencies or departments. We are therefore making thorough inquiries to provide thorough and accurate answers as we usually do.

And as he pointed out very aptly, last year we answered almost 90 per cent of the questions, including 90 per cent of those which came from the hon. member himself. He realizes, therefore, that he has been well taken care of by this parliament and I can assure him that we will continue to do so.

[*English*]

Mr. Speaker: Order. Shall the questions stand?

Some hon. Members: Agreed.

● (1512)

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Friday, October 20, consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs, and the amendment thereto (Mr. Stevens) (p. 271).

Some hon. Members: Question.

Mr. Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Speaker: The question is upon the amendment. All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the amendment (Mr. Stevens) which was negatived on the following division:

● (1522)

(Division No. 4)

YEAS

Messrs.

Alexander
Allard
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Bawden
Blackburn
Cadieu
Caouette (Villeneuve)
Clark (Rocky Mountain)
Coates
Cossitt
Crosbie
Crouse
Diefenbaker
Epp
Fraser
Friesen
Gauthier (Roberval)
Gillies
Grafftey
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hees
Hnatyshyn
Hogan
Holmes
Jarvis
Jelinek
Johnston
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Lambert (Edmonton West)
Lawrence
MacDonald (Miss) (Kingston and the Islands)
MacKay
Mazankowski
McKenzie
McKinley
McKinnon
Mitges
Murta
Nielsen
Nowlan
Nystrom
Paproski
Patterson
Peters
Pigott (Mrs.)
Smith (Churchill)
Stanfield
Stevens
Symes
Whittaker
Yewchuk—55.

NAYS

Messrs.

Abbott
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Clermont
Collenette
Condon
Cullen
Cyr
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Duquet
Ethier
Faulkner
Fleming
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gillespie
Goodale
Goyer
Guay
Guilbault
Harquail
Herbert
Horner
Isabelle
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Lang
Langlois
Lefebvre
Loiselle (Chambly)
MacDonald (Cardigan)
MacFarlane
MacGuigan
Marchand
Martin
McIsaac
Milne
Nicholson (Miss)
O'Connell
Ouellet
Parent
Pearsall
Penner
Philbrook
Pinard
Portelance
Prud'homme
Railton
Reid
Roberts
Rompkey
Rooney
Roy (Laval)
Smith (Saint-Jean)
Stewart (Cochrane)
Trudeau
Turner
Watson
Young—84.

● (1602)

Mr. Speaker: I therefore declare the amendment lost.

Amendment (Mr. Stevens) negatived.

Mr. Speaker: The question then is upon the main motion.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, this is the first opportunity I have had to rise in this House since returning on October 10 to start this new session, and it is my first opportunity to make the observation that this is a government in chaos. It is a government that has lost control of its mandate to run the country.

We were told that it was important to bring the House back to face serious economic problems and economic legislation and the government's program for turning around the economy of the country. There is not a single economic bill on the order paper, however, nor is there any of the promised legislation for action that the government said was awaiting the recall of the House. There is not any of the promised legislation and action that the government said it was awaiting the recall of the House in order to deal with, put it in place, and get the economy rolling again. There are no economic bills. There are no references to the Standing Committee on Finance, Trade and Economic Affairs of such things as the commodity tax or Bank Act, items which were not completed in the last session of this parliament and given as examples by this government of vital pieces of legislation which needed to be handled by this House.

● (1612)

We have been promised a budget for the latter part of November. However, before that budget this government has the colossal gall to bring in this bill asking for authority to borrow $17 billion. That is an incredible sum, totally incomprehensible.

We are not told what the money is required for, what government expenditures are going to be next year, what anticipated revenues will be next year, what the rates will be, and whether there will be increases or decreases in the taxes. We are told nothing.

This country, through this House, is given absolutely no information about the government's plans for next year, yet we are asked to give the government authority to plunge this country further into debt to the tune of $17 billion. Can you imagine an individual or corporation going to a bank and saying, "I would like to borrow some money. I would like a line of credit for a few tens or hundreds of thousands." The bank is likely to ask for what purpose. "Well, I can't tell you." The bank would ask how you are going to repay the loan. You would say, "I can't tell you for sure." When asked how are you going to spend the money you would reply, "I can't tell you that, but I ask you to give me this loan now because I need it, but I can't tell you for what." You would be thrown out on your ear. You would not get one red cent from that banker.

[Mr. Speaker.]

That is the situation here. This government is coming to this House and asking for authority to borrow $17 billion. We are asked to trust it in terms of why it is needed.

We have a trustee position with regard to the taxpayers of this country. We have been elected by our constituents to represent their interests. When the government asks that a debt be incurred on their behalf, we have a responsibility to ask for what purpose, and to deny that authority until such time as we have been told why. Anyone who does not live up to that responsibility is failing the taxpayers within his constituency.

We are told that this is an emergency and the government needs the borrowing authority now. Some emergency! Last Friday we were quite ready to vote on the amendment. Apparently the government was not. We had to endure the spectacle of the Solicitor General (Mr. Blais) proving to this House and the country that he knows as much about economics as he does about law. He rambled on in such a manner, using up the allotted time so there would not be a vote on that day. That is an example of a government in a hurry to get things done and move on with the nation's business—the Solicitor General standing up in the House to kill time, trying to make it sound as though he knows something about economics.

We would be failing in our responsibility to pass this legislation without questioning. This is an incomprehensible sum, $17 billion. In order to get it down to something we can understand, I will refer to income tax statistics. There are approximately nine million taxpayer in this country. On a per capita basis, that represents $2,000 for each taxpayer. That is not per individual but per taxpayer in this country. In 1976, the last year for which figures are available, the total income tax collected from these nearly nine million taxpayers was only $13,808 million. We are being asked to authorize borrowing in excess of the total income tax collected in the last year for which data are available.

If anyone managed their business, home or private life in that manner, they would be bankrupt. That is precisely what this government is doing, bankrupting us. This is precisely what the world economic community is telling us in driving our dollar down to 84 cents. They are saying precisely the same thing to this government that a banker would say to you, or I if we walked in and said, "We want more money; don't ask us why; don't ask us how we are going to repay it; we don't know but we will figure it out, trust us."

This money, $17 billion, or $2,000 per taxpayer, means that the total debt endured by each taxpayer in Canada will be $10,000. Each and every taxpayer in this country will be in debt to the tune of $10,000. The interest on that debt is about 8 per cent. That means from now on each taxpayer in this country will pay $800 a year for interest on that debt. That is not paying off principle. That is just interest on the debt, $800 per taxpayer per year forever into the future, unless we find some way of paying off the debt.

We must remind ourselves that this money is not being used for capital expenditures. It is not an investment in a capital project which will yield some dividends and allow us to repay

the debt over a period of time. It is operating funds. This is like going to the bank and borrowing money to buy groceries. Household Finance would laugh in your face if you tried to borrow money in order to purchase groceries or pay rent, without offering a plausible story as to how you are going to repay the money.

That is what this government is asking this House to do. We do not know how this will be paid back. We do not know what growth it has planned for Canada next year and the year after. There is no indication of what tax rates will be in place or by what rate they expect revenues to grow.

We are told the government needs $17 billion to spend on operating expenditures. This is most irresponsible for any kind of operation that you can consider. As I say, if a family operated in that way, it would soon be bankrupt. Any business would certainly be bankrupt. Any banker approached to finance that kind of operation would laugh in your face.

To compound the insult to this House and the country, of the government asking for this $17 billion without any indication as to how it will be paid back, on March 16 last the Minister of Finance (Mr. Chrétien) came to this House and asked for authority to borrow $5 billion. He said, and I quote from page 3859 of *Hansard:*

> The authority in this bill to borrow a further $5 billion, together with the unused portion of the $16 billion authority granted in March and December of 1977, should provide the government with sufficient borrowing powers to meet all cash requirements for the fiscal year 1978-79, and provide a margin as usual for contingencies.

In March the minister assured the House that an extra $5 billion in borrowing would look after everything for 1978-79, with a significant margin for contingencies. Now he produces a bill which calls for an extra $7 million of borrowing for fiscal year 1978-79—$10 billion is for fiscal 1979-80. There are only two possible explanations. One is that the minister misled the House last March and that the $5 million extra borrowing power called for at that time was not enough to look after the whole of the fiscal year 1978-79, and he knew it. The other is he was so widely out in his projection for cash requirements that he needed another $7 billion.

● (1622)

There are only two possible conclusions to be reached. The first is that the government was being dishonest, a possibility which has to be entertained because at that time it was looking for an election in June, or maybe in October at the latest, and if ministers' statements were not completely honest they probably would not be called upon to account for them. The second possibility, equally damaging, is that the minister was incompetent. Mr. Speaker, can you imagine estimates being so far out as to call for an additional $7 billion, a sum equivalent to half the total income tax collected? It means that the deficit for this year will be wildly in excess of the minister's earlier prediction of $11 billion, huge though that is in itself; it will be much greater than that if he really needs this extra $7 billion.

Things have got to the stage of being tragic. It is not just a question of being angered by this misrepresentation or incompetence on the part of the government. The people of Canada are facing a critical situation as a result of the kind of direction and management they are getting. It is truly a frightening thing to reflect that we have been misled by the Minister of Finance or, in the alternative, that the government is so incompetent in its estimates of its cash requirements and the economy as to require on extra $7 billion. Clearly, all this has to stop. It is essential that changes be made and be made quickly. Unless they are, we shall find ourselves in an indescribable economic mess.

The word "depression" is not too extreme to describe what might happen unless the situation is brought under control. The government must do something about the excessive spending habits which have been built up over the last ten years. The fact of the matter is that taxpayers are simply unwilling to pay the taxes necessary to sustain that kind of spending. This is not just a subjective evaluation; it is an assessment which can be backed up logically and analytically. The evidence that people have reached their limit in their willingness to pay taxes is everywhere.

Recently I read an article describing the growth in cash economy here in Canada. What is happening increasingly is that the cash economy as opposed to the monetary economy is growing rapidly. This shows that an awful lot of people have taken to using, in their business and personal transactions, cold cash which cannot be traced or taxed. It is estimated that the proportion of the economy directly affected is upwards of 35 per cent. In other words, 35 per cent of the economy is effectively beyond the tax system. The assessment is relatively simple to make because the Bank of Canada knows how much cash is in circulation and the amount is growing far more rapidly than would be dictated by normal economic growth. So there is widespread tax evasion by millions of Canadians who now prefer to deal in cash as opposed to taking part in transactions which can be traced and taxed. This is of enormous consequence. Millions of Canadians are saying, "I am paying too much, and rather than pay more I am willing to resort to the inconvenience of a 'sock under the bed' instead of following normal accounting procedures which the tax man can trace".

In addition, there is evidence everywhere of the growth of the barter economy. A dentist attends to the teeth of the carpenter's children and, in exchange, gets a new bar built in his rumpus room; the lawyer, in exchange for helping draw up a will, accepts a leg of beef from the farmer. Indeed, there are firms which have set themselves up in the barter business and which bring together people who have something to trade and who would like some other commodity or service in exchange. These firms are making a lot of money from people who want to take part in barter arrangements of this sort. And the customers are saying quite clearly, "We are paying too much in taxes and refuse to pay any more."

All this has serious consequences for Canadian society. There is only one recourse and it is to cut expenditure. Governments cannot raise taxes beyond the willingness of people to pay them; all they can do is run deficits, as has been

the case for so many years. But there is a limit to the amount we can borrow without bringing chaos to the capital market. One way out is for the government to borrow from the Bank of Canada, which gets the funds through printing money. Printing money leads to inflation; it is in essence a process of taxation since it debases the value of the money Canadians hold. And we all know the consequences of inflation, the damage it does to the economy. As I say, there is no alternative to these huge deficits than to cut expenditures.

We must also cut taxes. We must cut taxes because we are at the point at which a reduction in taxation would lead to the receipt of more revenue than would an increase in taxation. This may sound like a contradiction, but it is not. If we accept the premise that a tax rate of 100 per cent yields zero revenue to government because no one would produce anything which would be subject to taxation, then at some point there must be a point in the relationship between revenues and taxation at which revenues begin to decline, that is, at which a higher tax rate will serve only to reduce revenue. This thesis is a very elementary one but I do not think it is assailable from a logical point of view; it may be argued we are not yet at that point of the curve, but I believe the empirical evidence is that we are, and that a reduction in the tax rate will result in an increase in government revenue.

● (1632)

Anyone who claims that deducting mortgage interest, as proposed by my leader and my party, would reduce government revenues, is dead wrong. That would increase government revenues, but we cannot rely just on reduction of taxes to raise revenues. There has to be a reduction in expenditures as well, because spending has gone beyond what an economy can or is willing to support in a non-wartime period. The people of Canada have sent this message to the government. They sent this message loudly and clearly via Martin Goldfarb and Associates.

The government responded with its so-called expenditure cuts announced September 8 of this year. Were those cuts or were they not? A couple of things which stand out must be mentioned. One is that the cuts of $2.5 billion proposed were cuts from projected expenditures of $54.6 billion, or a 12 per cent increase. In other words, the projected increase in spending for next year, before these so-called cuts were announced, was to be 12 per cent, yet last February or March the President of the Treasury Board (Mr. Andras) presented spending estimates for this year which showed a 9 per cent increase, and he said the government would do better next year.

In February or March the President of the Treasury Board said that spending for next year would increase by less than 9 per cent. Later he said he would cut $2.5 billion from projected expenditure increases of 12 per cent. What are we supposed to believe?

Does the President of the Treasury Board think that we have short memories or that we will not go back and look at what he said last February or March? Or was he anticipating that an election would come along and bail him out so that he would not have to account? He was either deceiving us last February or March, or these cuts are pure fiction, simply a rearrangement which has nothing to do with reality. I suspect that there is probably a little of each, although this is not the first time this minister has attempted to deceive the House with regard to the spending plans of the government. This afternoon in question period, when asked about cuts regarding the Farm Credit Corporation, the minister indicated that they are not cuts at all but just a bookkeeping change. He said that the Farm Credit Corporation will not get its cash from the government any more. He said it will go directly to the market place.

It makes no difference whether the money comes directly from the market place or from the government; that is still government spending. To call it anything else is pure, unadulterated flim-flam. Exactly the same thing was done with regard to the Export Development Corporation, the Federal Business Development Bank, and CMHC. If we add on the amount of money borrowed by these Crown corporations, spending would be in the vicinity of $1 billion more. The government claims to be spending $1 billion less when in fact only bookkeeping changes are taking place. All the government is doing is rearranging the books in such a way that, if a business were to do the same, the securities exchange commission would de-list that business's stock. Any self-respecting auditor would refuse to sign the books, yet the government does it time after time. That is incredibly irresponsible behaviour. The sooner we turf these rascals out, the better chance we have of turning the economy of this country around.

The first and most important thing in bringing spending under control is to be honest about the spending process. That was the advice of the C. D. Howe Research Institute in its 1975 policy review. Three years ago that institute recognized that one of the reasons government spending has grown at the rate it has—and it has been allowed to grow at that rate—is fundamental dishonesty on the part of governments in presenting their spending plans.

First and foremost, there has to be more honesty about spending programs. The Minister of Employment and Immigration (Mr. Cullen) should not be allowed to claim that he has cut the expenditures of the unemployment insurance program when in fact he has simply put some of the expenditures on the backs of employees and employers as they make their contributions. That is not a cut in government spending. It is movement of taxes from one place to another. The Minister of Employment and Immigration is not the only one who does that. Every ministry is doing the same thing. There has to be honesty about the spending process, as well as a willingness to make genuine cuts.

Is there a business, individual, or corporation which cannot find flab amounting to 5 per cent? Of course 5 per cent of fat could be cut without doing any harm. A cut of 5 per cent in government expenditures—a very small amount—would reduce expenditures by over $2.5 billion. The cost of sustaining that kind of debt is about $200 million a year. A 5 per cent cut

in the fat—not the muscle, the bone or the gristle—would reduce government spending by $2.5 billion and the amount Canadians have to pay in terms of interest on the national debt by $200 million a year.

Anyone with any degree of competence can find that kind of excess spending which can be cut. We were told earlier this year that a spot-check of civil service positions showed that 16 per cent of civil service positions was over-classified, that is, 16 per cent of civil servants are getting paid for jobs of a higher level than the jobs they are actually doing. The cost of that alone was estimated to be in the order of $175 million. Our economy is as bad today as it has been in recent history, certainly since the depression.

Mr. Martin: Nonsense.

Mr. Andre: That is what the world is telling us. That is why our dollar is valued at 84 cents American. The world financial community is giving us the same message it gave New York city a few years ago. We are being told to bring our spending under control and to bring our revenue figures closer to our expenditure figures or else the world financial community will have to charge us much more in our dealings and loans. That is why the Canadian dollar is discounted to 84 cents American. If we had the healthy economy which we have the potential to have, our dollar would be worth much more than 84 cents American. That is the clear message.

We cannot bring our economy into line without first cutting expenditures. We must cut back on the horrendous growth in spending on the part of this government. We must cut that fat, not just because we cannot afford it but, in addition, people are becoming unwilling to pay taxes. We see growth in the cash economy to avoid taxes and growth in the barter economy to avoid taxes.

We see an increase in plain, ordinary tax evasion because the public sees how this government spends money. Any taxpayer who might feel a little bit of conscience or a little guilt about employing a tax-evasion scheme certainly loses that guilt when he finds out that the Minister of Transport (Mr. Lang) spent $8,000 of that taxpayer's money flying his friends to a Grey Cup game, and that the Minister of Transport sent his nanny back to England on a government aircraft, and when he sees profligate waste and abuse of his money by this government. If anybody feels guilty about avoiding taxes, they will certainly lose their guilt quickly when they see the kinds of examples of abuse of trust placed in the government.

● (1642)

It is absolutely essential that government spending be reduced, that the tremendous waste be stopped. My colleague, the hon. member for Winnipeg South Centre (Mr. McKenzie), last Thursday ran through a litany of examples of the government's abuse of the trust placed in it and the waste of our tax dollars. Those are not just little problems that are brought up for political advantage on a short-term basis. Those are very serious problems which have serious consequences on the attitudes of Canadians, their attitude towards paying taxes, the ability of this government to collect sufficient revenue to provide those services which are essential and to be able to close this gap between revenues and expenditures. Only when that is done, only when we have evidence that this government will be fiscally responsible, that it will treat taxpayers' money with the respect it deserves, should the House be asked to vote on whether this government should be given extended borrowing privileges. It is an insult to the House and to the country for the government to come to us now and ask us to authorize $17 billion in further borrowing, giving us absolutely no indication of what the money will be used for and where it is coming from. I, for one, will not abuse the trust of the people of Canada by approving of that kind of irresponsible behaviour.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, there are several significant things about this debate today. In the first place there is the fact that we are having the debate today. On Friday this party suppressed its natural anxiety to contribute to the debate and we sat and listened with disbelief to five members of the government party who, one after another, occupied the time of the House from about 3 p.m. to 5 p.m. I think it was an extraordinary example of members of the government party talking out their own legislation, because there is no doubt in my mind that since we had nothing to say and the NDP put up one speaker, and after the right hon. member for Prince Albert (Mr. Diefenbaker) we did not make any further contribution, the government was talking out its own bill.

We had made what I thought, from a disinterested and objective point of view, was a very spirited attack on this legislation. I think we could have had a vote and given second reading to the bill on Friday and, as my friend, the hon. member for York-Simcoe (Mr. Stevens) said, brought the bill to the House for committee of the whole. I say that in passing—

Mr. Martin: Mr. Speaker, I rise on a point of order. It seems to me that some of the comments that are being made by the hon. member for Peace River (Mr. Baldwin) are out of order because indeed a number of members on this side had been speaking for the purpose of putting positive facts on the record in the course of the debate, and I think it is very important that that be noted. Members on this side were bringing out extremely important statistics which were very positive—

The Acting Speaker (Mr. Ethier): Order, please. This may be a point of debate or argument, but it is not a point of order.

Since I have the floor may I, at this time, read the proceedings on the adjournment motion.

Borrowing Authority Act

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be debated at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—War Veterans Allowance Act—Legislation to amend—Level of pension for widows of disabled veterans; the hon. member for Surrey-White Rock (Mr. Friesen)—Finance—Grants in lieu of taxes; the hon. member for Victoria (Mr. McKinnon)—Transport—Request for continuation of Esquimalt and Nanaimo rail passenger service.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I will not continue speaking on this other than simply to say that what we listened to on Friday from members on the government side was two hours of concentrated bilge, twaddle and nonsense. I think my friend, the hon. member for Calgary Centre (Mr. Andre), in describing the speech made by the Solicitor General (Mr. Blais), expressed a very harsh criticism of the Solicitor General who, he said, knew as little about economics as he did about law. I consider that to be exceedingly harsh criticism and I hope that if, in the few remaining months during which this government is in power, it becomes necessary, as it probably will be, to have a new minister of finance, we are not inflicted with the disaster of the present Solicitor General becoming minister of finance, in light of the very reasonable assessment of his knowledge of economics made by the hon. member for Calgary Centre.

Another thing about this debate is the fact that there is such a bill. I think it has been mentioned by several members who participated in the debate that until November of 1977 the general attitude of this government was to tack on borrowing power to the supply bill, thereby depriving members of the House of the opportunity to debate this important issue. Last November, because we were debating income tax legislation, the Minister of Finance (Mr. Chrétien) tacked borrowing authority on to that legislation thereby enabling the House, at second reading and committee of the whole, to have discussion on the matter.

At the time the Minister of Finance admitted that what had been the practice heretofore was not a good practice because it deprived members of the House of the opportunity to discuss the question of borrowing authority, which is a very important privilege. It is not the granting of supply—we all admit that—but it connotes the granting of supply and it puts the government in the position—I intend to demonstrate this later—with the use of other powers, to be virtually given what is in effect supply. We had that debate and the Minister of Finance said in November of 1977 that he recognized the government had been depriving members of the House of the right, which they should have, to discuss the question of borrowing authority, and he would do something about it.

Then we come to March 1978. Because of a special agreement made among the House leaders to give effect to the urgent need of the government to borrow more money, a special order was made. We had two days of supply set back to back and in the second day—or the first day, I am not sure which it was—we had a bill with regard to supply and the question was debated with a time limit put on it. As has been said by my friend, the hon. member for York-Simcoe, by the hon. member for Calgary Centre and others, when we had that debate last March, the minister said—and I am simply quoting what has been put on record already, but it needs to be said over and over again, as reported at page 3859 of *Hansard* of March 16, 1978:

> The authority in this bill to borrow a further $5 billion together with the unused portion of the $16 billion authority granted in March and December of 1977, should provide the government with sufficient borrowing powers to meet all cash requirements for the fiscal year 1978-79, and provide a margin as usual for contingencies.

Later on in the same speech, as reported at page 3860 of *Hansard*, the minister again said:

> The unused part of the existing borrowing rights, and the new $5 billion authority requested will cover our domestic cash requirements in 1978-79, and will be used to draw on the $1.5 billion U.S. credit opening and the $750 million U.S. loan which is being negotiated.

● (1652)

I call the attention of the House to those statements which are clear, categorical assertions of fact. This parliament acts on behalf of the people and the taxpayers to grant supply and authority for borrowing to the government. There is a contractual relationship. When the government asks for supply, or indicates that it requires the authority to borrow money in order to implement supply, then certain categorical facts should be set before the House.

All of us are entitled to rely on the statements of the Minister of Finance as being accurate and factual. When the contract is broken, we must say to ourselves, "What will be the situation in the future? What about the requests for borrowing authority being made now? To what extent may we rely upon those?" This is far more important to the millions of taxpayers

outside the House, which taxpayers bear the burden of finding the money to pay the taxes needed to cover the borrowed moneys. They look to us to demand from the government the facts upon which the legislation is passed.

The reasons for the bill before us are very clear and simple. The hon. parliamentary secretary made a rather ridiculous point of order a little while ago. I admire him very much. Eventually he will learn what points of order are proper and what are not. I should like to refer to the comments of the hon. Parliamentary Secretary to the Minister of Finance (Mr. Martin) as reported at page 281 of *Hansard* dated October 19, 1978. He was referring to the hon. member for Simcoe North (Mr. Rynard) when he made the following comment:

> The hon. member knows this. He knows authority is being obtained now to cover the government's needs not only for the balance of the present fiscal year but for the next fiscal year so as to avoid our having to come back to parliament time and time again for the necessary legislation . . .

That is the motto of hon. members opposite. They do not want to come back to parliament. They want us to grant wide powers respecting expenditures and borrowing money. They dislike parliament; it is alien to their method of government. They come here only because the constitution compels them.

The granting of a borrowing authority for the ensuing fiscal year would place us in a very dangerous situation. Together with the other powers the government possesses, and without bringing forward estimates or supply, the government is requesting a $10 billion borrowing power to cover estimates which have not been brought down. Apparently these funds are for certain programs which might be brought in next year. They are asking for a blank cheque.

The hon. member for Calgary Centre put his finger on it when he said that we are losing control of the opportunity and the power of challenging government spending, authority to borrow, authority respecting estimates, to act through orders in council and so on. That demonstrates the imperative, urgent and pressing need. There is no mechanism to make government appear before us to be challenged, of making it provide truthful information, or making the government justify its spending programs. That is the basis upon which this bill is being presented. Parliament, individuals, organizations, and the media do not have this power. In fact it is not within the four corners of the public service.

Once again I should like to refer to a rather fascinating story which I put on the record at the end of the last session. It concerns a very senior public servant in England who wrote a book entitled, "Your Disobedient Servant". Mr. Leslie Chapman wrote his book after resigning from the public service. He had been the regional director of the property services agency for the five southern countries in England. I hope the Minister of Public Works (Mr. Buchanan) will read my speech today, because he is interested in saving taxpayers' money. If he does not listen, at least he can read it later on.

This gentleman was able to institute savings within the four corners of his particular area of jurisdiction which amounted to 35 per cent. He had a spending program for property maintenance of 10.5 million pounds sterling. Approximately two or three years after the insitution of his program, he was able to show a reduction of 35 per cent of 3.5 million pounds. One would have thought that the senior officers of his department, the ministers and his colleagues, who were also regional directors, would have been interested in finding out how this reduction was accomplished. They should have been interested in what marvels this man exercised in order to save such an amount of money, without drawing blood and with the full approval of the involved unions. During the period of these reforms, he undertook consultation with the concerned unions.

They should have allowed him an opportunity to explain his program for the benefit of other departments. Instead of that, his colleagues disagreed and pooh-poohed it because they felt that the circumstances within his department did not exist in others. The permanent secretary, who is the equivalent of our deputy prime minister, said that he would take it under advisement, which is the usual guise. Nothing was done about it at all, and ultimately their public accounts committee got wind of the situation. That committee called a number of people before it, including the permanent secretary, for the purposes of obtaining evidence as to why no reasonable savings were possible within other departments. Subsequently, in approximately six months, the permanent secretary reappeared before the committee and admitted that he was wrong, that his previous statements were incorrect. By that time Mr. Chapman had resigned and had written his book. He explained thoroughly his experiences in the book. It should be required reading for all ministers of the government. I recommend it to the Minister of Employment and Immigration (Mr. Cullen) as well as others. In fact I hope the Prime Minister (Mr. Trudeau) will bring his mind down from the high, high clouds of constitutional problems and direct his attention to the simple, ordinary concerns of Canadians.

People are concerned with government expenditures and realize that there is a need for savings. The sequel to the story is that Mr. Chapman attempted to give evidence before the public accounts committee. But he was told that if he gave his story as an ex-employee or an ex-senior public servant of the government of England, he would be prosecuted under their Official Secrets Act.

● (1702)

That is what has happened, and that is why I said a little while ago it is useless to look within the four corners of the civil service for the kinds of savings that are possible, and I mean the simple, ordinary, homely savings which you and I, Mr. Speaker, realize in respect of our own households and our own businesses. A government adopting to its own use practices of this kind could successfully save lots of money without the necessity of decisions coming from the top that there will be a 20 per cent cut here, a 30 per cent cut there, and some 5,000 employees laid off. I am not talking about the merits of this, I am just talking about the way the government approaches it. I do not believe any of this in any event, and I do not think anybody else does.

To conclude this sad story of Leslie Chapman, "Your Disobedient Servant," I should just like to read two additional quotations from the book. The first appears at page 157, and is as follows:

> There can be no shadow of doubt that the Official Secrets Act as it is at present worded and used contributes to the continuance of waste and extravagance on a massive scale in the public sector, and protects those who are responsible from the consequences of inefficiency, error and downright negligence.

That could be applied so aptly, so well, and so truthfully to this poor, shivering, frightened, weary and inefficient government.

Finally, the other quotation which appears at page 159 of the book, is as follows:

> This book is concerned only with the financial consequences of unnecessary secrecy in the public sector, and there should be no room for misunderstanding on this point: while the Official Secrets Act is used as it is in this country, bungling and incompetence of all kinds can flourish undetected and the taxpayer will pay dearly for this.

That is the situation which exists in this government, and I know it as do you, Mr. Speaker, although you are in a neutral position and cannot make any comment. The ministers sitting opposite know, and the public at long last is beginning to know and to realize this, and will act accordingly as it did at the by-elections of a week ago. This is the situation and it is expressed in that particular act. We must find some better way of protecting the public in this regard.

Let us consider the period which led up to the situation bringing about this simple demand by the Minister of Finance in casually seeking authority to extend the government's borrowing power by $17 billion. During this period we saw program after program put together by government economists, political scientists and pseudo-experts, who all believe they really know better than the public itself what is best for the rest of us. Most of these programs were accepted gratefully by the executive as election bait, and with the massive propaganda machinery at the disposal of the government they were sold to the voters who were in fact being bribed with taxpayers' money, not realizing that they are one and the same person.

The result was inevitable. We were led to expect the impossible, and in doing so we bypassed the attainable. The grand masters of the Trudeau government, which manipulated this conspiracy of vast expenditures, now tell us that it was really the public which made these demands and the public will simply have to pay for them by massive use of the printing presses, which is what this bill is all about. We are told bluntly there is nothing we can do about it, particularly in parliament, except acquiesce.

As the rules stand now, that is the case. There is nothing we can do. We can make a few speeches, and government members are compelled by the rules to stay and listen to them. Members will blindly support the government when the bill comes to second reading, through committee, and third reading. The bill will go through, but there are other ways of dealing with this, and I referred to the by-elections as one.

In other parts of the world there have been attempts made by other governments to obtain the powers and authorities such as those this government is seeking. I am talking about proposition 13 in California. We have a parliamentary system. The question of referendum will likely be employed, or the government would like to employ it for its own purposes in connection with constitutional issues. For my own part I do not believe in it and I do not think it will work.

However, I just want to say through you, Mr. Speaker, to hon. members opposite who sit there smiling, and I understand why they sit there and do not worry about this, that all over this continent there is a growing feeling of irritation, anger, discontent and challenge, not only in respect of governments but in respect of the whole machinery and process of governing, which includes legislatures, parliaments, and perhaps extending even to the media, so far as I know. This whole process is under challenge. I suggest very sincerely to my hon. friends that if measures of this kind and extravagant expenditures with no accounting, no truthfulness and no facts, continue by this and other governments, the public will seek and find other ways of dealing with the situation.

I agree with the late Sir Winston Churchill, that while there are defects in the system under which we operate, there has still been no better way yet found of bringing about an improvement over the parliamentary system. We can change and reform the system, but it is still the best system. I would like to see a solution.

I have been in this House perhaps too long, as some of my friends would say, during which time I have seen this happen over and over again. As I travel around this country I am convinced that the public, the taxpayers, the consumers, and the property owners will no longer tolerate, without some form of challenge, the situation that has been brought about.

Surely an example of this is the situation we are facing in respect of the postal strike, and the impunity with which, so far, the strikers have resisted this legislation. I am not on their side, and I am not going into the question of the law. We have passed this law and we cannot deal with it now, but when we pass a law there must be obedience to that law. If it is not a good law the remedy lies elsewhere in having it changed. However, the fact that there exists throughout this country now what is in fact a challenge to the power of this parliament and this government is a sure indication of how the people feel about parliament and about government.

The Parliamentary Secretary to the Minister of Finance when speaking to this bill said that this House had approved the estimates and now had a responsibility to give the minister the power to borrow to cover the bill of payment. This, of course, is wrong so far as the fiscal year 1979-80 is concerned. I imagine the parliamentary secretary would now admit he was perhaps a little too enthusiastic in his statement and should have made a distinction.

As far as the fiscal year 1979-80 is concerned, we do not have the estimates as yet. The Treasury Board is probably dealing with those estimates now, trying to cut them down or add to them, as the case may be. We will know what they are

to be a little later on. This was pointed out by my colleague, the hon. member for York-Simcoe. In fact he is absolutely right in the sense that this parliament, this House, which is presumed to be the caretaker of the public purse, is absolutely impotent to check or challenge the use of that purse, yet the minister comes before this House casually, almost in an impertinent way, with a short speech saying he wants this bill put through right away, "Hurry up, give me this borrowing power so I can take it to the Senate and get the money." In that way he is acting in accordance with the actual state of affairs in that this parliament in general, and this House in particular, are powerless to challenge the government's right in this regard.

● (1712)

We are impotent, not only because of the increase in tightening of party discipline, particularly on the government side, and a general unwillingness to challenge spending decisions made by government bureaucrats, who are not accountable to this House, but, as well, by reason of the extent to which this House in particular, and government in general, have given up all means of meeting this challenge. A very substantial part of the moneys which are spent, and which this borrowing power will be used to cover, ultimately is in the so-called statutory items which are held to be outside of our scope. I think it is a doubtful proposition, but it was a ruling from the Chair here in the past. I think that each vote in the estimates is a separate bill and can be challenged, but the rules are such that we cannot do it, and they are strictly enforced against us.

There are the debt charges and, the way the government is going with its borrowing, these are going to steadily escalate as taking a greater part of the tax dollar. That leaves approximately 30 per cent of the government spending, which may well be $53 billion this year, which lies within the competence of parliament and the right of the House to challenge. But even with that comparatively small percentage we have now powers to do it. By fiat, precedent and ruling in this House, coupled with the utterly hopeless system of examining estimates amounting to billions of dollars over the last decade or so, parliament has become a farce which, in fact, is a prologue to a tragedy. This is neither the time nor place to document this contention.

I do not think that there is a member of this House on either side who can stand up and honestly deny that public spending is and has been for years out of control, and this House can do nothing about it. The Auditor General has said that for a number of years. The last Auditor General has said that, and so has Mr. Lambert who heads the royal commission on accountability. It has been said by many people, and it was even said by a former minister on the government side, the hon. member for Scarborough East (Mr. O'Connell), while participating at the end of the debate on March 16, 1978, on the bill to which I have already made reference.

The hon. member said at page 3867 of *Hansard*:

> Mr. Speaker, I should like to share in this expression of concern about the means at our disposal for the control of expenditures. I think it is a part of a general concern that has arisen over the complexity of legislation, the growth of the regulatory process, the growth and difficulty of managing expenditures. Along with the hon. member—

That is my colleague, the hon. member for Grenville-Carleton (Mr. Baker), who had the floor ahead of him.

> —I want to say I share the expression of concern raised by the hon. member and hope that the President of the Treasury Board (Mr. Andras) and his colleagues will give very serious thoughts to the concern we all feel, regardless of where we sit in this House.

I am awaiting hopefully for the Lambert commission to make a report. I hope and believe, from what was said by Mr. Lambert and his commission in the interim report, that they will deal with the question of accountability of the government to the House for its spending, or making known the information which this House needs to deal with those expenditures, and that they will make some very useful recommendations. However, it cannot stop there. I am hoping that this House will have the courage, determination, and grit to take hold of this issue and lay down some very strong recommendations so that the parliament which succeeds us will have an opportunity on behalf of the public to come to grips with this problem which, as my hon. friend from Calgary Centre has said, is on the verge of swallowing us.

No one can go on. If we were a private corporation we would be declared bankrupt and put in the hands of the receiver, but because we have the capacity to reach out and put our hands in the pockets of the taxpayer and come up with enough money, and enough bank credit by way of borrowing authority, we are not bankrupt. That is the only reason. It will not be the government that goes bankrupt; it will be the taxpayers of this country.

I hope that this parliament, now in its declining days, will render no greater service to the parliament which will succeed us than to call attention to this situation and make certain concrete, specific proposals that will permit that parliament, as trustees for the taxpayers and on behalf of the public, to challenge and properly scrutinize payment proposals and expenditures, so governments planning those payments will know that they will have to come and face a knowledgeable, determined House of Commons and Senate on both sides, and that their expenditures will be based accordingly.

There are two more short points I would like to make. I said earlier that I was concerned about the fact that the Minister of Finance had come to us on March 16 of this year and made a categorical assertion to the effect that the $5 billion borrowing authority then sought would be adequate, with a residue left over from the previous fiscal year, to complete all of the borrowing requirements for the fiscal year 1978-1979. That has not been the case, nor has there been an explanation for it. This is why I would hope, and I would think that it would be to the credit of this House and the government, that the government will provide that this bill, after second reading, would come into this House and committee of the whole, so there would be an opportunity for us to ask questions. Then the Minister of Finance, in full view of this House and the public, will come forth with reasons why, having made this statement in March, 1978, he is now coming before this House again in

October, 1978, and saying, "Sorry, boys, I made a little slip. I was $7 billion short of my borrowing authority."

Mr. Paproski: Shame, shame!

Mr. Baldwin: The other thing which concerns me, Mr. Speaker, is the question of granting in advance the borrowing authority of $10 billion for the fiscal year 1979-1980. I would suggest as a possible scenario, especially to a government headed by a man who has not hesitated to use the War Measures Act and has indicated his willingness to take other unusual powers, that the right given by this parliament to the government to borrow $10 billion, coupled with the right which exists under the Financial Administration Act to govern by Governor General's warrants, would permit the government, for example, in December of this year or, better still, in March of next year, not to dissolve this House, but to adjourn it and govern for ten or 11 months without calling parliament together. That is the scenario which that particular authorization would permit.

I do not say that the government is intending to do such a thing. But we would be derelict in our duty to our constituents in asking them to vote for us as members of parliament with the responsibility to hold government accountable, if we had to admit to them shamefacedly that we gave the government authority to govern this country without the benefit of parliament for ten months. Once parliament has adjourned, it could use Governor General's warrants. I think this is an utterly impossible situation. I would vote against the bill in any event. Under no circumstances could I vote for it, and I hope that no hon. member will vote for a bill that would give this kind of blank cheque to this government. If one does, Mr. Speaker, I do not think that he deserves the confidence of his constituents.

Mr. Jake Epp (Provencher): My intervention, Mr. Speaker, in the debate on Bill C-7 will not be too lengthy, but there are a number of points I would like to place on the public record. It was but ten sitting days ago today that this parliament was assembled for its fourth session to listen to a new Speech from the Throne. Canadians expected that throne speech to give a new thrust to a very tired government. They expected it would put forward the government's economic plans for the next six months, and that those economic plans would, first of all, bring some order into Canada's accounts and, second, would give us the economic thrust that all Canadians so desperately sought.

● (1722)

This throne speech came after a 100-day recess of this parliament. There was a president of the United States in the memory of all of us, Mr. Speaker, who talked about "100 days of decision". I thought that maybe during these 100 days of recess the government, not having to face parliament, would use the time to put forward an economic package that could be presented to this House, and through this House to the people of Canada, that would get the economy moving again. During that period, however, the economic picture in this country dimmed substantially. It was during that period, and immediately after this House resumed sitting, that we saw the prime rate of the Bank of Canada raised for the fifth time in one year to an all time high, since the inception of the Bank of Canada of 10¼ per cent. The spin-off effects of crisis management of this proportion will be serious to the home buyer, to young Canadians attempting to get established, to small businessmen trying to make investments, and to the farmer trying to operate an economic unit. I suggest that no one in this House and no economist in the country can assess the effect such mismanagement will have on the plans of all Canadians.

During that time we also saw our dollar slide, or should I use the word sink, to 83 or 84 cents, whilst the government kept saying it was allowing the dollar to find its own level—allowing the dollar to float. When we looked at the reserve account we saw the massive expenditures made in an effort to bolster the dollar at the 83 cent or 84 cent level. Although during that time and into the fall of this year inflation abated somewhat, it is still at a level that is unacceptable and well beyond any figures in any forecast that the Minister of Finance (Mr. Chrétien) has given to the House. Unemployment is still unacceptably high, especially among Canada's young people. To give you a sign of what is happening—

Mr. Pinard: On a point of order, Mr. Speaker, I am sorry to interrupt the hon. member but I told him in advance of this possibility. I have talked to the representatives of each party in the House and there is unanimous consent that we revert to the introduction of bills before I state something else.

The Acting Speaker (Mr. Ethier): Is there unanimous consent that we revert to the introduction of bills?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

SHIPPING CONTINUATION ACT

MEASURE PROVIDING FOR RESUMPTION AND CONTINUATION OF SHIPPING SERVICES

Hon. Norman A. Cafik (Minister of State (Multiculturalism) for Mr. Ouellet) moved for leave to introduce Bill C-11, to provide for the resumption and continuation of shipping on the Great Lakes and certain other waters.

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

Mr. Pinard: Mr. Speaker, before six o'clock I hope we may obtain unanimous consent to proceed with second reading at eight o'clock, and that the motion would include reference to committee of the whole.

Mr. Baker (Grenville-Carleton): Mr. Speaker, of course we are prepared to give consent, now or later, to the proposal put

by the parliament secretary (Mr. Pinard). Naturally, we have not seen the bill but I hope it is more effective than that introduced with respect to the Post Office dispute which has run on for many days after parliament acted. We are prepared to give the necessary consent when convenient to the government. It might be helpful if the government could indicate its intention with respect to this bill—how quickly it wants to proceed with it—to be assured of the co-operation of the opposition.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it is correct that we are prepared to give consent for the introduction of the bill today, as has now been done. We are also prepared to respond favourably to the request of the parliamentary secretary that later this afternoon we give an answer on the question of proceeding to second reading at eight o'clock. That is, we are prepared to give an answer by six o'clock on the question of proceeding at eight o'clock. With the House leader of the Progressive Conservatives I, too, express the hope that the government was a little wiser in drafting this bill than the one we had to deal with last week.

[*Translation*]

Mr. Allard: Mr. Speaker, we also agree on the understanding that the statement made by the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) be adhered to. We can examine the bill before eight o'clock tonight.

The Acting Speaker (Mr. Ethier): Order, please. When shall the bill be read for the second time? Later today, by unanimous consent?

Some hon. Members: Agreed.

[*English*]

Mr. Knowles (Winnipeg North Centre): No. Your Honour did not understand. What we are agreeing to is to revert to this order at six o'clock at which time the question you have just put will be answered.

The Acting Speaker (Mr. Ethier): Therefore we revert to government orders at six o'clock. Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Jake Epp (Provencher): Mr. Speaker, just prior to the parliamentary secretary (Mr. Pinard) rising to bring in another back-to-work bill, the second in this session—

Miss Campbell: You have been asking for it for days.

Mr. Epp: The hon. member for South Western Nova (Miss Campbell) frequently contributes from the back row, not standing up to make a speech. We expected for some time that this legislation would be forthcoming. It has cost the western grains business, which means the western Canadian farmer, some $10 million per day in lost sales. It is hoped we will be able to get shipping resumed on the Great Lakes in a day or two and that the government will be more successful in this respect than on the return of postal workers to their jobs.

• (1732)

As I was saying at the time of the intervention, just to give a symbol of the crisis management position the government is in I refer to what happened last week with the Canada Savings Bonds. Canada Savings Bonds, which is a major effort of the government to raise its capital needs, had an interest rate of 8.90 per cent. When the Bank of Canada raised the prime rate to 10¼ per cent, the government was forced to change the rate on Canada Savings Bonds to 9.25 per cent. That is just a symbol of this government's having to react on a day by day basis in order to keep the banker from locking the door on the Government of Canada. That is the stage to which we have come.

There was a general consensus in this House that the eight day throne speech debate should be suspended so we could proceed to economic legislation. That consensus seemed to carry right through the House. For two reasons the throne speech debate has been suspended: the first time was to pass legislation ordering postal workers back to work; the other time is this bill, C-7.

Canadians have the right to expect an economic package which would get the economic health of this country back to normal. Instead, what is the government's economic proposal? The economic proposal of this government in this time of crisis has been outlined by various speakers. It is an additional borrowing authority of $17 billion, $7 billion to be applied toward fiscal year 1978-79, and $10 billion for fiscal year 1979-80.

In 1946, immediately after World War II, this country had been through a period of great crisis, the war having followed immediately on the great depression. The accumulated national debt in 1946 was the same amount that the government is asking us to approve in Bill C-7. With the heritage we have received from those who have gone before us, those who built this country, this government is now asking for an additional $17 billion.

That is a mind-boggling figure that I am not able to comprehend. This government asks for that amount of money without giving any explanation. Just this afternoon this government defeated an amendment moved by the official opposition which called for disclosure of the financial facts on the accounts of Canada prior to passage of second reading of this bill. We wanted to know why this money is needed, but what did this government do? It voted against an amendment which called for the facts.

This government continually postures that it is in favour of freedom of information. Every time the hon. member for Peace River (Mr. Baldwin) and others like him bring forward legislation on freedom of information, the Secretary of State (Mr. Roberts) and his superiors rise to their feet and say that they are in favour of freedom of information. Once having said that, what do they do? They vote against it. They are in favour of freedom of information, but they want to be free to release to the Canadian people only that information which they feel is necessary. That is the kind of freedom of information in which they are interested.

What is this money to be used for? National debts can be accumulated generally for two reasons. Once, and it is valid, is to create a debt at periods of time when the nation's economy needs stimulus. The money is put into investments which will create jobs and long-term economic activity, not the short, stop-gap measures of which we see so many. Every member in this House in his private dealings has made those kinds of investments where moneys were borrowed and interest, paid to make an investment in order to enhance that individual's or his family's future. That is valid. However, what is this money for? This money is to pay for the ongoing operations of government. It is like asking your banker to give you a loan to pay for your groceries at a time when your bank account is in an overdraft position. That is what this government is asking.

This follows on the heels of a statement of March 1978 when the Minister of Finance (Mr. Chrétien) in this House on another borrowing authority bill asked for $5 billion for fiscal 1978-79. Others have placed this matter on the record prior to my speaking. He said that $5 billion would be all that he needed to carry the Government of Canada through to the end of fiscal 1978-79 and that it would take care of contingencies. That was in March 1978. Here we are, some scant ten days after this house has been recalled, and the government is asking for another $7 billion. Whom are we to believe? Are the people of Canada not to accept the words of the Minister of Finance?

I do not know if members if this House can grasp the meaning of $1 billion, much less $17 billion. In order to grasp what a billion dollars is, I did a bit of calculating. I want to show the magnitude of $1 billion. If from the day that Christ was born you had spent $1,000 every day, seven days a week, every month of every year—and I think most Canadians can visualize $1,000—you would have spent $722 million. By the end of this century, you would have spent $730 million.

If you had had a billion dollars on the day that Christ was born and you spent $1,000 every day from that day forward, it would be well into the twenty-first century before you spent the billion dollars. I have given the government the benefit of the doubt and have not charged interest on the $1 billion for over 2,000 years. If you charge interest, it would be a fund that you would never spend at $1,000 a day.

This government is asking for an additional $17 billion, but we are not to ask any questions as to how they are going to spend it. It is not our right to know. Mr. Speaker, we are members of parliament who represent the people, and we have a right to know. Does the government maintain that the people, through us, have no right to know? Does any member on that side want to go to the electorate and say: Vote for us but do not ask how we are spending the money? If anyone dares get up and make such a statement I will yield the floor immediately and allow him to do so.

● (1742)

To illustrate the seriousness of the situation in which we find ourselves, let me remind the House that on the basis of the minister's own figures the government deficit amounts to a billion dollars a month. It would take 200,000 years spending $1,000 a day to dispose of that amount of money, yet the hon. gentleman is able to show a deficit of that magnitude every month.

Canada may not be unique in the situation which has been created. Writing in the Washington *Review*, Richard Whelan outlined what, in his view, is the reason for the decline of the American dollar against other world currencies. According to him, when all is said and done you get down to one word, and that word is "confidence". The investment community, he says, has no confidence in the policies of the government so we have witnessed a slide of the U.S. dollar as against other world currencies. Mr. Speaker, if that is a slide, the Canadian dollar has been plummeting. Mr. Whelan writes:

> The crisis the western democracies are facing is due to the fact that the governments of the west have not clearly told their electorates that the expectations which were coming forward could not be reached . . . The result has been the accumulation of deficits at a rate which few of us can comprehend.

All the manipulations of the Bank of Canada will not make up for the lack of that one ingredient—confidence. No matter who is governor of the Bank of Canada, no matter who is Minister of Finance, until the people of Canada have confidence in their government again we shall not be able to extricate ourselves from the economic morass in which we are floundering.

I believe there is another symptom of our present economic ills, and maybe many who sit in this House are not aware of it. But surely we are all conscious of the barrage of advertisements which come to our attention with respect to lotteries, whether regional, provincial or national. Lotteries have been set up as a supposedly painless method of taxation. All the statistics indicate that the people who buy lottery tickets most, as a proportion of the total population, are those in the lower income groups. These people, far from investing money which they can afford—if one could ever call lotteries an investment—are using money which should be going to provide essentials for their families. I know we cannot legislate ways in

which people should spend their money and I am not suggesting we should. What I am pointing out is that governments now look upon lotteries as a method of raising substantial amounts of revenue.

This is a further illustration of the serious economic state in which we find ourselves—governments resorting to schemes of this kind to pay for projects which should be legitimate objects of expenditure. Governments of all stripes and at all levels are beginning to think of lotteries as a painless way of raising money. I say this is a reflection of moral weakness. It is not my intention to create a straw man—

An hon. Member: That is not a straw man; that is a villain.

Mr. Epp: My hon. friend is correct. It is time for all of us to face hard facts. We must realize we cannot continue to carry on as we have been doing. It is not only the economists who are warning us, it is the so-called little people who have been saying to us: you had better be listening because we are fed up. Perhaps members on the government side did not get that message this summer, but as I went through my riding people were saying to me time after time: You fellows in Ottawa had better get your house in order. They know about proposition 13 and while they do not, perhaps, understand all the implications they do understand that the ordinary people in California had said "Enough". Indeed, in one of my smaller municipalities the people passed a petition based on proposition 13 calling on the municipal council and the school board to give account of their spending. After that, the taxpayers got the facts and went home. But here in this chamber we do not get the facts. We expect them from municipal bodies and school boards but we cannot get them from a government which states publicly that it is in favour of freedom of information and open administration.

There is one other aspect upon which I should like to comment briefly. The present situation has been described by some political scientists, philosophers and economists as a crisis of governability. While previous western democracies and their people had political differences, they had common goals, and while they might have had differences in terms of degree with regard to direction, they agreed on where they wanted to take their countries.

● (1752)

Theoreticians have started taking note of the present situation, as have many practising politicians who are eminently more qualified to speak on this topic than I am. For instance, Senator Moynihan from New York, who is not considered a conservative, argues that narrow interest groups in society have become so powerful and so self-serving and their own interests have become so dominant that they have lost sight of the common will and the common good. These special interest groups demand special treatment, and in their desire to win re-election, governments in western democracies accede to their demands. The only desire of this government is to cling to power by its fingernails, toenails and, as somebody said, its hangnails.

Western democracies are becoming a little more than cheque-writing states. In other words, we come to the government and ask for more money, and we have the false notion that that will not cost us anything and that we will be ahead of the game. Even if that were true and not a myth, it would cost our children, grandchildren and great grandchildren. It goes well beyond the Biblical injunction that God would seek the sins of the fathers to the third and fourth generation. This sin goes much beyond that. When will it be repaid?

The result of contemporary states becoming cheque-writing institutions must be deficit budgeting because we must meet people's expectations. We cannot say no. Saying no is difficult. Saying no to our children is often difficult, but I submit that it is necessary, and it is time that we said no to this government until such time as it comes forward with information. The people of Canada should say no to this government until such time as they are given the information which they are entitled to expect. They should be given that information before they are asked to put on their children and future generations further debt amounting to $17 billion.

Small groups such as those I have described practise but another form of blackmail. That takes me directly back, in my closing remarks, to the blackmail perpetrated by this government. There is a form of blackmail inherent in Bill C-7. Hon. members on the government side might scoff at that, but how long will it take before some government spokesman will get up and say that we had better pass Bill C-7, because if we do not the government will not be able to pay for unemployment insurance cheques, the rightful pensions of senior citizens, family allowances and a myriad of other programs? That is blackmail of the worst kind. I am convinced that before too many days have passed this government will use that argument, because it has not been above using it before.

When I go to my banker hat in hand asking for a loan, he is gracious to me—at least he has been in the past—but he asks for certain facts. He wants to know if what I have in mind is a good investment, not only for the bank but also for me as a customer, because he wants to continue serving me as a customer. He wants to keep me in business. He is a builder and an investor. What does this government do? It tells the Canadian people that it will give no facts or information but that it wants authority to borrow $17 billion. If the government went to a banker with that attitude and with the debt portfolio it has, I wonder if, as the banker threw the government out the door, he would open the door first.

That is but half the story. The other half is that the government is asking for authority to borrow another $10 billion in 1979-80, without giving any information. We are not even being given information regarding 1978-79. The government is asking for borrowing authority for the future. Is that responsible? Can hon. members in this House responsibly support that kind of action? I say that it is time this government accepted the responsibility it has. If it does not, the fate which awaits it at the polls, of which it is so frightened, will surely come to pass.

Business of the House

Mr. Pinard: Mr. Speaker, I seek the unanimous consent of the House to revert to motions.

Mr. Speaker: The House having earlier this day given its consent to the introduction of a bill, and having agreed that at six o'clock the question about reverting to motions would be put, does the House give its unanimous consent to revert to motions, presumably for the purpose of determining whether there is consent to put a motion with respect to a bill introduced regarding the resumption of work on the Great Lakes? In order to revert to motions for that purpose at this time there would have to be unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

Mr. Pinard: Mr. Speaker, after consultation with the House leaders of every party we have agreed to proceed tonight at eight o'clock with the second reading stage of Bill C-11, the bill to which Your Honour just referred, and that the motion include a provision to refer that bill to the committee of the whole.

Mr. Speaker: It might be appropriate to be certain about that proceeding. If the motion for second reading were to be put at this time, the House should understand that the debate which is now before the House would have to be adjourned. Otherwise it would not be in order to switch from the order we are now discussing to the subject to be discussed at eight o'clock.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before you put the motion, perhaps you could ascertain whether there is the consent which was referred to by the parliamentary secretary. I am happy to say on behalf of my party that there is that consent, but I should like to make it clear that, having seen the bill, we feel there are some serious questions we must ask, and there may even be some amendments we may wish to make. But we are prepared to proceed this evening with the debate on second reading of the bill, and we are prepared for the reference to be to committee of the whole House.

● (1802)

Mr. Baker (Grenville-Carleton): As I indicated earlier, we are prepared to proceed, Mr. Speaker.

Mr. Pinard: Yes, Mr. Speaker. Also, I have told the House leaders of the possibility of amendments being put forward during the committee of the whole stage to two clauses of the bill.

Mr. Speaker: Consent having been given, first, to reverting to motions, and second, as was now indicated, that the motion be put before the house that this bill be read the second time and referred to committee of the whole House, that order will be taken up at eight o'clock. It was also agreed and so ordered that the debate on the measure before the House until six o'clock this afternoon be now adjourned. Is that agreed?

Some hon. Members: Agreed.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, when you went on to another subject matter, I was seeking the floor. I think that should be noted.

Mr. Speaker: It is noted that the next member to be recognized in the debate that was adjourned just now is the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton).

* * *

SHIPPING CONTINUATION ACT

MEASURE PROVIDING FOR RESUMPTION AND CONTINUATION OF SHIPPING SERVICES

Hon. André Ouellet (Acting Minister of Labour) moved that Bill C-11, to provide for the resumption and continuation of shipping on the Great Lakes and certain other waters, be read the second time and referred to committee of the whole.

Mr. Speaker: It being after six o'clock, I do now leave the chair until 8 p.m.

At 6.05 p.m. the House took recess.

AFTER RECESS

● (2002)

The House resumed at 8 p.m.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I should like to say a few words on behalf of the hon. Acting Minister of Labour (Mr. Ouellet). He is necessarily somewhere else at this moment, but of course will join us as soon as possible.

The Bill is a very important one. The House has known that this situation was an important problem for some little time. I want to speak only briefly about it because I hope we have the spirit to move it forward as quickly as possible, yet, a few things need to be said about the bill.

Hon. members will not need to be told that I was very much aware, throughout the beginning of the strike and into its first days, that a strike such as this on the Great Lakes, involving the movement of shipping on our important inland waterway, could have very serious impact upon the economy of the country. I was troubled by that from the first, as many members of the House were. Yet there were other interests and questions at stake.

We have a legal system and understanding in which parties involved in collective bargaining have the right and obligation to attempt to arrive at an agreement between themselves. That

legal system allows for some help to be applied on their behalf through particularly the Department of Labour and its minister. That assistance was applied at various stages. In particular a conciliator was appointed. In due course he brought down his report, one which was not the basis for a settlement in the opinion of the parties. Thus, a breakdown occurred which led to the possibility of a strike.

I am sure Your Honour knows the law. We have collective bargaining. We have parties attempting to reach an agreement. When they fail to do so, the Minister of Labour may appoint a conciliator. When his report is in, it may be acceptable to the parties or not. If it is, clearly it is the basis of a settlement. If it is not, then after seven days the parties have the legal right to strike, to lock-out, to enter into a confrontation which is hurtful to them and unfortunately harmful to many other parties. Because it is harmful to many other parties, very often it is easy to ask immediately that the process be interrupted at the very beginning and that the strike be ended.

In this country, as in so many others, we have the right to strike. It was developed by labour unions forming and working together in the early days in conditions when it was a fight against oppression which led them to seek the right to strike and to fight. In those early days, typically the strike was illegal. In its beginnings it was by nature illegal, but it was resorted to because of the strong feelings of individuals that their rights were being overrun within our broad legal system.

In recent days I have had occasion to say a number of times that our democratic system depends not on sanctions and the power of the law so much as it depends upon the willingness of individuals, all citizens, to obey that law. That is a state of mind, a view and an attitude on the part of people which we must guard very zealously over time. The strike, illegal in its historic inception, became a legal weapon when it was recognized that alternatives were not easy to find. To this very day we have not yet found fully adequate alternatives to the weapon of the strike. Thus, we have maintained in our law, until such day as parliament assembled finds another way, collective bargaining, and the possibility of strike and lock-out if that bargaining fails.

In this particular case the bargaining failed; the assistance of the minister in the form of a conciliation report did not achieve an agreement; the parties stood apart and began a strike. Once again, the Minister of Labour intervened to bring mediation to bear and to recommence talks between the parties. Initially there were two unions involved in this matter and a single employer, and bargaining was ongoing with both. It was not easy bargaining. In the beginning, after the Minister of Labour brought them together one of the unions did not show up for the discussions. On the other hand, the Canadian Lake Carriers Association and the deck officers began their bargaining, and after a few days in fact did reach an agreement. Bargaining continued with the engineers who are involved in this particular legislation. As long as there was a chance of agreement without drastic harm being done to the country, it seemed correct in the public interest to let the bargaining continue in the hope of a solution being arrived at between the parties.

Of course, the problem and the danger to the country was growing. A short strike has less danger inherent in it because with the reserves of supplies, stockpiling, etc., the lack of movement of iron ore and other products would not immediately cause drastic unemployment and economic repercussions in the various industries. Even in the case of grain there is an advantage as long as the strike is short, so that grain could continue to move into Thunder Bay, our great terminal location for export to the east, and in its usual volume. Thunder Bay had been very low in stocks, and in the next few months we might have seen some problems in having enough stocks there to meet the exports we were trying to achieve. But as long as these stocks could arrive, we would have some catch-up potential, and the stocks would be there.

• (2012)

However, the day was coming when this situation would change. I was given the word today that this could happen in another day or so, and the movement of grain into Thunder Bay could not have continued as quickly as before. That we would have lost some movement into export temporarily is beyond a doubt. That is a price we pay for the collective bargaining process, with strike as a weapon in it. That is also undoubted.

Even today during the course of the question period the Acting Minister of Labour said that bargaining was continuing, and as long as it was, and he and I both knew that meant with any realistic hope of settlement, it was wise to wait a little longer. But an hour or two later we got word that the negotiations had, indeed, broken off, and that it now looked as though settlement was impossible. We immediately decided that the time had come to introduce legislation into the House and to seek approval of the House as quickly as possible in respect of that legislation. Once this step is taken, once a move in the House of Commons is chosen as the technique for settlement of the strike in place of the collective bargaining process, then surely the more quickly we act the better it must be.

We have presented to the House a bill which proposes a system for the ending of this strike immediately, and a manner of developing the collective bargaining agreement, the final agreement, between the parties. I urge members to support that bill. We will, indeed, in the course of the deliberations concerning the bill be proposing some amendments. I should say that some are simply clarifications, but others are to be proposed simply because the printed form of the bill could not contain them in light of the most recent developments which have occurred.

The one in particular to which I would refer hon. members is a proposal in connection with the clause concerning the term of the collective bargaining agreement, clause 4(1), in which the present term is indicated as continuing an agreement expiring on May 31, 1979. In light of the settlement between the same employer and the deck officers, it seems more

appropriate to give the arbitrator the flexibility to take into account that settlement in full, including its term. Therefore, we will propose at the appropriate point to move an amendment which will allow the arbitrator to extend that term from June 1, 1979, to May 31, 1980. That is the term which is contained in the deck officers' agreement with the same employer. I think hon. members will appreciate the advantage of allowing that option to the arbitrator instead of confining him to the original straightforward year which was set out in the bill, and which had been developed, if not drafted in final form, before these latest developments had occurred.

It is not with gladness that we ever ask parliament in this way to end a strike, but with the feeling that the public interest will be served, recognizing the harm that might befall the economy if this strike continues—and some members will say too much harm has already befallen it—and recognizing also the importance of the collective bargaining vehicle and the need generally to have people in our society accepting that the law is moving when it ought to move and in a manner in which it ought to move.

I believe the very restraint in allowing the collective bargaining process to develop tends to assure that there will be compliance with this expression of parliament's will. That is extremely important. We know that in the face of another situation which demonstrates that, although people may all too easily think that the law can be a mechanism for causing certain things to happen, the law has its own limitations based upon our constant desire to respect the liberties of individuals and to assure that we move in a careful and guarded manner.

Therefore, Mr. Speaker, with this indication of an intention to move an amendment in regard to term—and there will be a couple of others, but only in regard to language and the like—on behalf of the Acting Minister of Labour I am pleased to move second reading of this bill. I ask the House to consider it now, in all its stages if possible, as quickly as possible, so that since parliament has been asked to intervene we move quickly to put an end to this dispute.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, in rising tonight to answer the Minister of Transport and Minister of Justice (Mr. Lang), and minister of other portfolios as well in the place of the Acting Minister of Labour (Mr. Ouellet), I must say—and I am sorry I have to say this—I have never in my life listened to a pack of sententious baloney such as we have just listened to tonight with the introduction of this piece of legislation. It may well be that the Acting Minister of Labour is late and is tied up somewhere else, and that does not surprise me a bit; but surely we should not have to listen to a professorial lecture on the collective bargaining system and why we now have to move, why nothing was done before, the fact that we do not have the structures in place to do anything better than what we are doing.

In this regard I would point to the fact that over the last decade there have been the recommendations of the Woods committee, recommendations that the Acting Minister of Labour told the Senate the other night are under active consideration, which the right hon. Prime Minister (Mr. Trudeau) later in this House of Commons denied. These have been things advocated by the official opposition for many years. For the minister to come into this House and tell us there is no better way, that this is the way we have to do it, is just too much for hon. members to have to listen to with any patience.

If I lose my patience at the beginning of my speech it is only because this long night, and it may be a long one, is going to require all of the rest of my patience—and I have a great deal—in order to see this bill through.

Some hon. Members: Oh, oh!

Mr. Fraser: I hear some noise from the government side.

• (2022)

An hon. Member: Make your speech.

Mr. Fraser: That is all it is. The government does not have anything to be very proud of tonight. We come here tonight less than one week after we passed a piece of legislation that has not been obeyed. We asked the government when they would appoint a mediator-arbitrator and we were told it would be within hours, but it was done only today. We were asked to pass this other piece of legislation because the public was entitled to mail service, but nearly everybody in the country knows that something much more substantive, intelligent and sophisticated should have been done many months ago.

Tonight we are suddenly asked to pass this legislation. We have listened to a lecture from the Minister of Justice, who is also the Minister of Transport and is speaking for the Acting Minister of Labour. We are asked to pass this legislation when the government does not even have a Minister of Labour. There is nothing personal in saying this, because the Acting Minister of Labour is working hard, but there is no permanent Minister of Labour. We are asked to go along with the government against a backdrop of back to work legislation that is being openly defied. The Minister of Justice has told us for several days that there are certain remedies available as against the postal workers, but he cannot seem to define what they are in terms of back to work steps or disciplinary action.

Against this entire backdrop, Mr. Speaker, we listened to this speech by the Minister of Justice, who told us that this is the only way things can be done. The fact is that if this is the only way things can be done, this House is going to become nothing but a tribunal for settling labour disputes. That is the very thing that all hon. members, if they are honest with each other, would say this House is incapable of being.

I and my party recognize that the situation we are in tonight is very serious. Winter is coming. When the minister said that action had to be taken, there is concurrence for that on this side of the House. Just the other day, however, in asking the minister why he was getting excited only now, if he had known for three months what the effect of a breakdown in the negotiations would be, he had no answer except to say that the government had been monitoring the situation closely and was fully aware of what the economic consequences would be. Yet the government says this is the only way we can proceed. It

rejects out of hand the recommendations of the Woods royal commission which years ago recognized that there has to be a better method.

In situations in which these disputes go down to the final crunch, as this one has tonight, hon. members are completely and utterly dependent on the information which the government gives them. It was obvious less than a week ago that the information hon. members were given upon which Bill C-8 was put through to reinstate postal service in this country was somewhat less than the calibre of accuracy that is demanded in this House.

We are in agreement with one thing the minister has said, and that is that we are facing serious economic loss. Some of the figures are worth relating. The Canadian Wheat Board is now behind over 3.5 to four million tonnes of grain which must be shipped before December 15. There is nearly $500 million in costs, and it has been estimated that if this grain does not go through before freeze-up the economic cost to the country will be approximately $1 billion. Producers are losing $10 million a day, and some ship owners say that they are facing losses of more than $200,000 a day.

It is not just a matter of economic loss. There are approximately 2,100 seamen who face being laid off. With an unemployment level of nearly one million in this country, this is not the time to be laying off another 2,100 people who have to support their families. The economic impact of this withdrawal of service is obvious to everyone, but what is hard to understand is why it has taken so long for the government of the day, a government that has been in power for over a decade, to recognize that this ad hoc method of dealing with such situations is not satisfactory, and, as we are finding out with the legislation we passed a week ago, it does not even work very well.

There are certain questions which must be asked tonight. My party will want to know before this legislation passes—and the minister cannot quarrel with us for asking these questions—if they actually have an arbitrator, a person who is prepared to act or who has given an undertaking to the government that he or she will act in this capacity. We will want to know whether there has been any discussion with the union involved as to whether or not the union executive and the rank and file of that union are prepared to obey the law. This country cannot tolerate two pieces of back to work legislation passed within the space of one week which are not going to be obeyed.

We would also like to know, Mr. Speaker, what is the assessment of damage which the minister referred to when I directed a question in this regard to him the other day. We want to hear more about this because one of the things that is essential for the public and the labour movement to understand is the economic assessment of the damages, information which the minister has said the government has.

We do not intend to throw procedural roadblocks in the way of this bill. It is too important to too many people and to the economy of Canada. But it is very strange to listen to the minister tell us tonight that when the government was asked in question period today whether they were going to introduce legislation, the answer was, "Not as long as negotiations are continuing." One would wonder whether the government in giving that answer was being somewhat less than frank with the opposition and with the public of Canada. The speed with which this bill was brought before the House makes us ask whether or not the government knew prior to question period today that there was no hope of negotiations continuing.

• (2032)

I want to emphasize that we will want satisfaction from the minister when it comes to committee of the whole. I know the minister will not object when I say that we want to be satisfied that there was no possibility of the negotiations continuing, that in fact there have been some commitments to the government that the law will be obeyed and that—and this is very important in view of the fact that the same is not happening in the postal strike—the government is in a position to back up the legislation.

Tonight the minister made much of the fact that the law must be accepted. That is true. In the long run, in a free community that is the only kind of law that will last. One of the things that decides whether the law is accepted is whether anybody can be sure it will be obeyed. We will want to be sure that this is not a toothless bill.

We intend to ask a lot of questions at committee of the whole, Mr. Speaker. We will not throw any procedural roadblocks in the way of the bill but we cannot help commenting that the present system of dealing with disputes of this kind is not satisfactory. We have advocated a better way but until the last few days the government, despite the fact they say they have been examining it, have rejected it. The proposals we put forward have the backing of a royal commission on labour-management relations in Canada.

We have had a decade of experience which indicates that this ad hoc method of dealing with matters is not satisfactory and does nothing to enhance labour relations. Indeed, every speech made by members of this government before they bring in legislation rescinding the right to withdraw services is preceded by the pious statement that the government believes in the right to free collective bargaining and the right to strike.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, what the government proposes in this bill tonight is not simply to order some workers on the Great Lakes ships back to work. In effect, what the government is doing tonight and what it did a week ago is to destroy the fundamental principle of collective bargaining which has existed in this country for almost 50 years.

Back in the 1920s when that great Liberal leader, former prime minister, former friend and co-worker of the Rockefellers in the United States, and one of the original instigators of the notorious company unions, Mr. Mackenzie King, gave workers in Canada in the private sector the right to strike, it was more hedged around with rules, regulations and proce-

dures than is the case with any other country in the democratic world.

It should be remembered that workers in the private sector of the economy who want to go on strike have to follow a very carefully constructed and elaborate set of procedures. They have to try to negotiate with their employers. If they cannot reach an agreement they have to ask for a conciliator appointed by the government. If the conciliator cannot bring the parties together, the government appoints a conciliation board with one representative of the union, one representative of the employers and a chairman who is either agreed upon by both parties or, if they cannot agree, is appointed by the government. Only after the conciliation board has made a report and recommendations, and only if members of the unions do not believe that the recommendations are adequate or if the company will not accept the report, can the workers decide on a legal strike. That has been the procedure for many, many years.

It was only in 1967 that workers in the private sector were given the right to collective bargaining. That right is embodied in the Public Service Staff Relations Act which had the approval of almost all the members of the political parties represented in the parliament of that time. The bill provided that government employees had the right to belong to unions of their choice, the right to bargain with their employer, the government, on many important issues, although it excluded some, and that they could in the course of their negotiations choose to reach a final settlement either by arbitration or by exercising their right to strike. In most cases the unions opted for arbitration as the final way of settling disputes with the government.

In the case of the postal workers, they opted for the right to strike. Last week we saw the postal workers, having bargained for some 18 months without reaching an agreement—indeed, having dozens if not hundreds of clauses in their agreement not settled—opting for the right to strike. I am not discussing whether their demands were exorbitant, but they were exercising the right the parliament of Canada had given them if they could not reach an agreement. On the first day of their strike the government introduced a bill and passed legislation ordering them back to work.

I am not going to discuss the sorry results of the government's decision, Mr. Speaker. I am not going to discuss whether the government should have known that the postal workers would not obey the law immediately and go back to work. Whether the government gave consideration to that, I do not know, but on the first day the workers in the post office went on strike the government brought in legislation to end it.

I said on that day, and I repeat, that if a government believes there is any group of workers whose service is so important they cannot be permitted to strike, then the government should pass legislation along that line. Workers have the same rights as other citizens to know what the rules of the game are; they ought not to have the rules changed in the middle of the game.

[Mr. Orlikow.]

The bill before us tonight flows from a dispute between two unions of workers and the companies, the Canadian Lake Carriers Association. They went through the process of collective bargaining and could not reach an agreement, so the government appointed a conciliator who made a recommendation that the workers should receive an increase of 10½ per cent in the first year, and that in the second year they should get an increase of 2 per cent plus whatever the cost of living increase is in that year.

I suggest to members of the House that this is not an exorbitant amount. After all, the cost of living in the past year has gone up by almost 10 per cent. There is no indication that the increase in the cost of living will lessen in the next year. The only people arguing that are those on the Anti-Inflation Board who have consistently been wrong for the last two years. That being the case, the workers and their unions were not asking for too much when they asked for this kind of increase over the next two years. The conciliator was not being overly generous when he made that recommendation.

• (2042)

What happened? Did the Lake Carriers Association reject that proposal because they could not afford it, their customers could not afford it or their profits were too low? No. The Lake Carriers Association clothed themselves in a cloak of virtue and said they would not agree to the conciliator's recommendation because it would be inflationary.

I have never heard of a company stating that it would not increase the price of its product because to do so would be inflationary. Bank profits went up all through the period in which we had the so-called anti-inflation program. In fact, they went up between 20 per cent and 25 per cent a year. The paper companies are reaping unprecedented profits, thanks in large part to the devalued Canadian dollar. Their profits are enormous. Have they decided to hold their price because they are already making enough money? No, Mr. Speaker, they increased their price very substantially. At the same time, their workers were forced to accept a relatively low increase in wages because the anti-inflation guidelines would not permit a larger increase.

I want to point out an interesting fact. One paper company that is showing remarkable profits is Consolidated Bathurst. It has reaped the benefits of increased prices. This has resulted in a very large increase in their profits. Consolidated Bathurst is controlled by Power Corporation, the president of which is Paul Desmarais. Wearing his hat as head of Consolidated Bathurst, Mr. Desmarais does not hesitate to raise the price of paper. However, wearing his hat as head of Canada Steamship Lines, he says they cannot agree to the increase which the conciliator has recommended because it would be inflationary. That is a very specious argument.

I am not surprised that we are having the difficulties we are. I do not have any inside information. However, it should be obvious that in the next year or two this country will have a series of strikes the likes of which we have never seen before. The workers of this country will not agree to a 6 per cent

increase, which is what the government proposes, while the cost of living is going up by between 9 per cent and 10 per cent.

To do that voluntarily would be agreeing in advance to a reduction in their standard of living. The workers of Canada will not make that sacrifice voluntarily if they are the only group in this country to do so. They are watching very carefully while corporation after corporation increases its prices and its profits and their standard of living is reduced.

We in principle do not like this kind of legislation. We believe that as part of the democratic system workers have the right to belong to unions and to bargain collectively. There has not as yet been devised a system which works better than the one in which workers have, as a last resort, the right to go on strike if they cannot settle their differences with their employers amicably.

The spokesman for the official opposition again today, as he has done on other occasions, said that there must be better ways. There are better ways. Other countries have tried other ways. Australia and New Zealand had a system of compulsory arbitration 50 years ago. It did not work too badly when the economy was relatively prosperous, when both employees and employers could agree on how to divide the benefits of the industry in which they were involved. However, that system broke down very seriously as soon as the economy went into a recession and it became obvious there were real differences between employer and employee.

We are therefore skeptical of any proposals made either in parliament or outside by academics or industrial relations experts with regard to systems which would supposedly work better than the one we have. Every citizen of Canada knows that when there is a strike, either in the private or the public sector, it hurts somebody. Workers do not go on strike easily. Like everyone else, they must earn a living. They need their weekly pay cheque to pay their bills.

Even when there is strike pay, and there usually is not, it is substantially less than a worker receives while on the job. Therefore, they do not go on strike frivolously. The proof is that more than 95 per cent of the negotiations which go on between union and employers result in a settlement without resorting to a strike.

We are opposed to legislation laying down procedures which prohibit a strike before it takes place. We are less than enthused about legislation which orders workers in the public or private sector back to work. I may disagree with the minister about whether or not he should bring in a bill. However, I am surprised when he brings in a bill which leaves the arbitrator to decide on the terms.

I do not know why the minister did not include the proposals of the conciliator in the bill. I believe they were reasonable. Possibly they are not acceptable to the companies. If the terms had been acceptable to the companies but not the union, I wonder whether they would have been included in the bill. With this minister, I believe they would have been. The reason they are not is that they are relatively favourable to the union.

In the last week we have witnessed the beginning of a very serious trend in this country. We have witnessed the end of collective bargaining as we have known it. Some members will undoubtedly say that collective bargaining as we have known it does not work. I say it has worked in an overwhelming majority of cases. Those who say it is not working have yet to come up with a better system.

● (2052)

The government has known for months that there could be trouble in the post office, in the shipping industry and, I suppose, in other industries. Yet nothing was done; no effort was made to work out a policy which would be acceptable to the unions.

Let me say a word about what I take to be the implications of the speech of the hon. member for Vancouver South (Mr. Fraser) on behalf of the official opposition. I do not believe for a moment one could get the co-operation of labour by setting up some sort of board or commission comprising some representatives of labour in the hope it would remove the necessity for strike action. Observers outside parliament who have discussed this question and compared Canada's record in the field of strikes and labour relations unfavourably with that of Sweden or Germany point to those countries and say that that is the way in which things should be done. But they take into consideration only one of the aspects having to do with strikes and labour-management negotiations. What they forget, or carefully omit to point out, is that in Sweden and Germany governments consult with the labour movement on all questions of economic and social concern to the ordinary people in those countries. They consult with the people with regard to obtaining full employment, measures dealing with inflation, the pension system and the social security system. They make labour a partner in the way government is run. In a similar fashion, they consult with industry.

This is never done in Canada. The only time labour is ever consulted is during a crisis when a group of workers in an industry to which the public is sensitive attempts to exercise its right under the law to go on strike. When that happens, the government gets into a panic and runs to labour with the plea: do something to stop this strike because it may be disastrous. Mr. Speaker, it may be disastrous in the short-run but it is a symptom of a deep-seated sickness which should have been dealt with much earlier. The government has never attempted to do this. It has never consulted with the workers or their unions with regard to any of the important questions which concern ordinary people.

Today, for the second time in a week we are presented with a bill ordering a group of workers to return to work though they are engaged in a legal strike. I do not know whether, when this legislation is passed, the government will have more success than it has experienced with the postal workers. I do not know what discussions are going on now, not only concerning this particular issue but concerning other and broader issues which affect workers in the shipping industry. I am not hopeful, because I see that the track record of the government

is not good. They have gone to bat twice and they have struck out once and I am not at all sure they will not strike out a second time.

One of my hon. friends says the party opposite is an anti-labour party, and I am inclined to agree with him. I had always thought it was an anti-labour party but hon. members over there succeeded in disguising the fact. They are now showing themselves in their true colours. As they see it, the people who will be asked to bear the burdens of the ruinous economic policies they have followed for the last half a dozen or more years are the one million unemployed and the several million organized workers who do have jobs but who will be forced by legislation, or by whatever means the government can work out, to accept reductions in their real standard of living. That being the case I have no great hopes for the legislation before us.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I want to make a few comments on the bill the government introduced at six o'clock tonight. Hon. members are all fully aware of the fact that this House has repeatedly had to deal with bills of that type. As recently as last week, the Minister of State for Urban Affairs (Mr. Ouellet) introduced a bill to provide for the resumption and continuation of postal services.

Mr. Speaker, introduction of such a bill surely proves one thing: that our labour legislation does not, by far, meet our current needs. It is unfortunate that the government has to resort to such procedures especially when it granted them the right to strike. Mr. Speaker, the introduction of this bill means that the government has recognized at last the urgency of the situation and the need to intervene to settle that problem which is as serious as the postal strike for all Canadians, especially the heavy losses that the Canadian economy could suffer in such conflict. However, as in the past, the government is unable to enforce the necessary measures.

In rising to speak on that bill, Mr. Speaker, I do not intend to blame the worker, on the contrary. We must blame the present economic system which is responsible for such problems. We only have to look around to note that strikes are increasing at a frightening speed. There was the recent strike of Air Canada flight personnel, we now have the postal conflict as well as the one we are discussing this evening and we will surely have others in a few weeks. I sincerely believe the government must take a stand in order to put an end to this dispute and take measures to avoid such situations in the future.

Mr. Speaker, it is no wonder that such strikes cause considerable losses to the Canadian economy, but do the workers have to take the blame for it? No, Mr. Speaker, that would be too simple. It would not solve the problem anyway because this is not the first time such things occur. On the contrary, we have been the victims of such breakdowns for years. The step the government has just taken by introducing this bill is likely to allow our economy to function, more or less, for some time. I must also say the government should not limit itself to playing the part of a fire squad getting to the scene of a fire too late. The government must also be preventive. It must pass measures likely to eliminate the possibility of such situations.

Mr. Speaker, at this stage of the debate, I wonder if passing this bill will solve the problem we are facing now. As for me, I say no. Will that make the workers concerned go back to work? I doubt it. That, Mr. Speaker, will definitely not improve the situation, on the contrary it will only aggravate it. Let us take for example the acute problem in the Post Office after the passage of the legislation brought in last week by the the Minister of State for Urban Affairs, a bill to provide for the resumption and continuation of postal services. The union chose to challenge the law. Injunctions are being resorted to. We are witnessing civil disobedience, disorder, confusion, in short, anarchy!

I feel it is high time that the government take its responsibilities and see that the solutions advocated by my party for many years are adopted. Indeed, we the Social Credit Party of Canada are convinced that with our solutions the government would ensure greater co-operation between labour and management since in most cases workers resort to strike in order to get more purchasing power. When we realize that our government is now unable to control inflation, that inflation and salaries increase considerably while workers salaries increase slowly, there is no doubt about it. Strikes are the logical consequence of that situation. Mr. Speaker, before concluding, I would like to make three suggestions to the present government. First of all, I have a suggestion which would contribute to establish better relationships between employers and employees. It is a formula whereby the workers would share in the profits of the company, thus, enabling them to participate in the development of Canadian businesses.

Here is my second solution. For years, our party has been asking for the establishment of a permanent arbitration board with a power to make decisions without appeal. This board would consist of three arbitrators, the first being appointed by the employer, the second by the unions and the third by public authorities. Thanks to that regular and permanent mechanism it would be possible to achieve social peace in an orderly way, through the prevention of such conflicts even before they arise. That would eliminate the necessity of going before Parliament each time to pass a special legislation, which makes the right to strike inefficient and inoperative, and which leads to bandage solutions, as in the present case, when there are strikes and no settlements in sight; this only serves to widen the gap between workers and employer, which tomorrow maybe too wide to fill.

I would therefore offer a third solution, Mr. Speaker. I seriously believe that the guaranteed minimum income and compensated discount formula, put forth and defended by my party for many years, would greatly help in solving such

problems because that formula would allow workers in general to increase their wages without influencing prices, since we live in a vicious circle where inflation forces workers to resort to strike action if they are denied the increases asked for through normal channels.

I therefore believe, Mr. Speaker, that the present government should take its responsibilities and react as a good government should. It should apply the theories of the Social Credit Party of Canada as regards the cost of living and labor management relations and that would certainly restore social peace among our people.

● (2102)

[*English*]

Mr. Lang: Mr. Speaker, I rise on a very brief point of order. I would like to indicate to the House that in speaking about the amendment which I propose to move at line four of page three I concluded my words with the date 1980 when I meant the date 1981, to bring it into line with the settlement with the lakers. I wanted to give the House notice of that error on my part.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I want to take this opportunity to say a few words about the bill which has been brought into the House tonight. I can understand the absence of the Acting Minister of Labour (Mr. Ouellet).

Some hon. Members: Here he is now.

Mr. Rodriguez: Oh, he is back. I know that he is a busy minister because this is the second time in less than a week that we have this kind of legislation before us, which tells us that the government is incapable of dealing with the collective bargaining process, whether it be in the public sector or in the private sector. I do not know if I should say I am happy because it means a cost to taxpayers, but I see bureaucrats from the Department of Labour here tonight making all kinds of overtime.

It is interesting that once again we are dealing with back to work legislation. This time it is not in the public sector but in the private sector, and I wonder how this government will handle some of the problems which will arise after putting this kind of legislation into effect.

Even now as I stand here the government has its injunctions in the postal dispute in Halifax and Montreal, but the police forces in those places are refusing to serve them. I wonder how the government will solve that kind of problem once it has passed this back to work legislation. It seems to me that there are shades of 1919 all over again. I suppose we will have to get the RCMP to get out their horses. The RCMP will now enforce the law. The lawbreakers will enforce the law. Over the next couple of weeks there will be an interesting kettle of fish to observe.

I cannot help but comment on the sanctimonious and phony attitude of members of the official opposition. They talk much about bringing in the Woods committee report. The Woods committee report is nothing but a dressed up compulsory arbitration program. It certainly is not a recognition of free collective bargaining.

Here we are tonight putting marine engineers back to work, and we wonder who will be next. What will be the next thing to be declared an essential operation? Who is going to be declared essential? I suspect that every occupational group could be considered essential. After two days of a garbage strike garbage collection is very essential. If certain services are essential, then it seems to me there should be some process of free collective bargaining long before parliament puts workers back on the job.

● (2112)

It seems to me that this habit is becoming very regular. It is the second time in a week. Surely the whole question of free collective bargaining, the notion of bargaining in good faith, will be thrown out the window by employers in the private sector if they get the impression that parliament is prepared to step in and put workers back to work the minute they set off on a strike. There is not an evening that I turn on the TV set to watch the news that I do not hear of a strike here and a strike there. It shows the irresponsibility of the media, both print and electronic, when all that is ever reported is strikes. They never report the fact that 95 per cent of all collective bargaining ends in an amicable solution, that in effect only a small number of processes end by way of the strike route.

The question must be raised, and it must be raised squarely. Here are workers who two and a half years ago were accused of putting Canada into an uncompetitive position with respect to trade in the world. Workers were dumped on in this country and blamed for causing inflation. We were all aware of Gallup polls and all sorts of other polls which said that the problem with the economy of Canada is big trade unions, then big government, and somewhere after Idi Amin came big corporations. There was a bias, catered to by the two big parties, the Liberals and the Conservatives, at both the federal and provincial levels, which dumped on labour, dumped on the working class in this country, so that even workers started blaming each other for the economic mess in which we find ourselves.

Under this guise the government brought in wage controls and for two years they controlled the workers' wages. While they controlled wages and held them to an average increase of 6 per cent, when corporate profits were increasing at an average of 16 per cent, they did not do a very good job of controlling corporate profits. But they sure as hell controlled workers' wages. So whom do they blame now because the inflation rate is as high as it was at the time when the controls were brought in? They blame the public sector employees. They are not going to be the lead dogs. We saw a great program launched by this government saying in effect that the government would not allow public sector employees in this country to be the lead dogs for increases in the private sector. But when you examine the facts, you find that in comparing positions in the public sector with those in the private sector, in every single instance—we are not talking about the level of

deputy ministers—in the private sector wages are higher than in the public sector.

These are the facts, and yet this government continues to allow the public servants of this country to take it on the chin. It continues to treat them as scapegoats, which leads me to suspect that there is a Machiavellian plot in existence between the Bay Street boys, the corporate boys, and the front benches of this government, that somehow or other they will start an attack on the trade union movement, an attack on the collective bargaining process, and an attack on public sector employees.

The question then must be raised—and it is a legitimate one in my opinion—who will be next? Will it be the Inco workers? Will they be deprived of the right to free collective bargaining? That question has to be answered.

I must say that I find the official opposition to be very phony on this issue. They are trying to play super crotch on this issue. They are all for collective bargaining, but they are also for compulsory arbitration. It is like the definition of a lady of the night; she works both sides of the street. That is the kind of game they want to play; they want to work both sides of the street.

I heard the hon. member for High Park-Humber Valley (Mr. Jelinek) give a speech in Toronto in which he said we should remove the right to strike from the public sector. Yet all parties in the House, may I remind hon. members, voted to give public servants the right to strike. There was not a "nay" from the official opposition or from the government. They all agreed that the public sector should have that right. But the minute that the public service exercises the right to strike, lo and behold, after CUPW is on strike for only one day, this government shows how tough it is. It puts the workers back to work after only one day of strike.

It seems to me that the government has lost any rapport it had with the trade union movement in this country, and the official opposition is in no position, given the kinds of phony positions they take on labour issues in the House and in committees of the House, to engender in the trade union movement any sort of confidence that they are sensitive to the problems of the working class in this country. For example, they can never enter into a social contact with them, and that is one thing that distinguishes the group on this side of the House from groups on other sides of the House. They have no rapport with the working class.

Just last week I was in Windsor speaking to 500 members of the United Auto Workers, and I listened to the concerns those workers were expressing at the convention. They were concerned about plant closings, about technological change, about how it affected their employment, about the mobility of capital which could move them from a highly industrialized northern state to a southern state where right to work legislation and other kinds of anti-labour legislation are practised. Our workers were expressing the same concerns as well regarding the mobility of capital which permitted the moving of part plants from Canada to the southern United States and other countries abroad.

[Mr. Rodriguez.]

These are the concerns of our workers, but does the government come to grips with these concerns? Does it try in its legislation to give workers the right to negotiate technological change? No, it uses all sorts of little flimflam excuses and says: You cannot discuss technological change because you are under the PSSRA. These are concerns with which they have not come to grips. That we have the kind of mess that exists in terms of industrial relations in this country is because they do not understand and they are not sensitive to workers. The cabinet, the whole front bench, reads like a who's who from Bay Street.

When I look at those who want to replace them—one has just been elected in Ottawa Centre—we find that in that one case he was an adviser to Richard Nixon. I want to tell you, Mr. Speaker, that that should give every worker a chill right up the back of his spine. These are the people who expect to be sensitive to labour in this country. No, sir, they will say to labour: "That is your place, boy. If you do not stay in your place, parliament will put you back to work."

I think they have embarked on a dangerous path. Tonight the government is faced with the situation of police forces in this country not carrying out the injunctions they have been told to carry out. So you have a law abiding group of citizens, 23,000 of them, who feel in their heart of hearts that they have to resort to civil disobedience. Why? Because the government has failed completely to deal effectively with the situation long before the strike took place. The government had 18 months in which to deal effectively with the problem in the post office, but it left it to the last minute. Then after one day of strike, the government turned around and brought in back to work legislation.

● (2122)

I cannot support in principle compulsory arbitration. It is a band-aid approach. It is a principle which will never be accepted by my party. It does not solve the problems down the road. In fact, we took the same position regarding the CUPW legislation. It takes away the right of workers to negotiate a solution to a particular problem. If parliament is prepared to jump in at the first sign that negotiations are breaking down, then free collective bargaining will be destroyed for the forseeable future in Canada. It is a principle which is against the beliefs of the New Democratic Party.

The Acting Speaker (Mr. Turner): The hon. member for Timiskaming (Mr. Peters).

Mr. Pinard: Inadvertently Your Honour did not see me rise and seek the floor. I suggest that it should be the turn of a member of this side, if Your Honour does not mind. May I be recognized, Mr. Speaker?

The Acting Speaker (Mr. Turner): Order, please. I saw no one rise on the Liberal side of the House, so I recognized the hon. member for Timiskaming (Mr. Peters). If the hon. parliamentary secretary is seeking the floor, I will recognize him.

[*Translation*]

Mr. Pinard: Mr. Speaker, pursuant to Standing Order 6(5)(a), I move that the sitting be extended after normal hours to consider the various stages of this bill, according to the rules.

[*English*]

The Acting Speaker (Mr. Turner): It has been moved by the hon. parliamentary secretary that the sitting be prolonged in order to study the remaining stages of the legislation under the rules. Standing Order 6(5)(a) reads as follows:

When Mr. Speaker is in the chair, a member may propose a motion, without notice, to continue a sitting through a lunch or dinner hour or beyond the ordinary hour of daily adjournment for the purpose of considering a specified item of business or a stage or stages thereof subject to the following conditions:

Standing Order 6(5)(b) reads as follows:

When Mr. Speaker puts the question on such motion, he shall ask those members who object to rise in their places. If ten or more members then rise, the motion shall be deemed to have been withdrawn, otherwise, the motion shall have been adopted.

Is there any objection?

Mr. Peters: Mr. Speaker, I rise on a point of order. It is my understanding that under Standing Order 74 we are allowed to proceed only with the reading before us and an additional reading because of the major conflict which has been pointed out by Your Honour before. The Parliamentary Secretary to the President of Privy Council (Mr. Pinard) might have been better advised to follow the fairly satisfactory practice of asking for unanimous consent, rather than using Standing Order 6.

Mr. Pinard: Mr. Speaker, I suggest that the hon. member read the motion. The chosen wording indicates that we want to proceed with all stages according to the rules. If there is a later discussion as to whether we can or cannot proceed with third reading, then we can look at the rules, and if it is a matter of emergency, according to the rules we can proceed. This should be discussed later on. The motion was to deal with all stages allowed by the Standing Orders, and there is nothing wrong with that.

Motion agreed to.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am pleased that the House has extended the hour because it provides me with an opportunity to talk an additional 40 minutes which otherwise would not have been possible tonight.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Peters: If this type of legislation is used more often than absolutely essential, then it is not an exception to the rule but rather becomes the rule. In that event, all of those who are affected or involved in labour situations will have in the back of their minds that parliament will legislate their problems if agreement cannot be reached. The Acting Minister of Labour (Mr. Ouellet) has found a niche for which he is highly adapted. He should agree that this is an exception and not necessarily the rule.

We are plagued with the legislation which was passed a few days ago affecting the public service of Canada and the post office. Undoubtedly, Canadians are concerned about this. It has resulted in a bad situation because nothing was done except to force the workers back to work, thus removing the rights they would have under any other circumstances.

The situation before us here is a different one. I listened with interest to the hon. Minister of Transport (Mr. Lang) who indicated that not much difficulty has resulted because of the short duration of the seaway strike, that shipments have been made to ports. No one will argue that this is not a critical situation; it is one which will have disastrous effects on the economy of the country. We depend on the export of raw materials, certainly wheat. Difficulties will develop in the entire agricultural industry if these elevators are not filled with grain, moved by water transportation instead of waiting for the winter months to fill them by rail transportation.

● (2132)

There is no argument about the fact that this is a critical situation that warrants consideration. It is my understanding that two unions were involved in this situation in the Great Lakes. Both unions went to conciliation. One union continued negotiations under the auspices of the Department of Labour; the other has arrived at a settlement. I would be interested in knowing why the second union has not been able to arrive at the same or a similar settlement. Our Acting Minister of Labour was involved in the negotiations concerning both these unions, but he has not bothered to tell parliament why there was a breakdown in negotiations on the part of one union or whether a similar type of agreement was offered to both. He has not given us the reason why the second union failed to come to an agreement.

The Minister of Transport and Minister of Justice told us earlier tonight that he wanted parliament to extend the term of the collective agreement for a period of approximately one year. A few minutes ago he said he wanted the term extended for two years, until 1981. I can only conclude that the agreement signed with one union was signed on the basis of a three-year term and we are now being asked to provide an agreement in terms of a three-year period for the other union.

If we extend the length of the contract we will obviously be saying to the members of that union, whatever the settlement may be, that it will not be for the period for which the union originally negotiated but will be extended an additional two years. That may have no appeal to hon. members of this House. I have listened to some of their speeches in the last couple of days, often with a great deal of disgust, and I am sure that most want to settle this strike, as they did a previous strike, and as they will probably want to settle a strike tomorrow by employees of Nordair, if such takes place, and the next day a strike by Air Canada and perhaps will want to settle every strike by legislation, not really caring what are the terms of the settlement.

If that happens labour may decide that parliament is not being fair. Quite frankly parliament should not only be fair under the circumstances, it should be extremely generous. How many of us remember with some amazement the time when Lester B. Pearson was prime minister of this country and settled a strike by giving the union involved something like three times what that union anticipated getting? It was a number of years before another contract came back to this House for settlement because management decided this was a pretty dangerous way of settling labour disputes. That particular dispute also involved the seaway, and the settlement then was generous enough that we were not faced with this kind of legislation for a long time.

In the case of the postal workers we provided the basis and the framework for an agreement that extended the package for a period of one year, and then extended that for a period of two and a half years, without any added inducements. In fact, we allowed a participant to that dispute to go before the arbitrator and remove some of the things the union had already gained through an agreement it had negotiated. This was not covered in the Public Service Staff Relations Act. We allowed the government to go before its own arbitrator and take these things away.

The judge who has been appointed, as I understand the situation as a result of listening to the radio, has asked for a copy of the Public Service Staff Relations Act. He apparently had never seen it before. When he reads it and compares it with what we are now being asked to do, he will understand the reason for the government's intervention. He will understand why the government insisted on a strike in the postal workers case. The government would not agree with its employees on matters that really did not involve money. That judge may well make the decision that this parliament did not have the guts to make.

We are again being asked to negotiate an agreement, but not in respect of people in the public service, employees of Canada, but in respect of the employees of private industry, an industry which is not controlled in any way by parliament, except through regulation.

I am told that Mr. Desmarais has dinner at least once a week with the Prime Minister (Mr. Trudeau), and perhaps as well with the Minister of Transport and others. Mr. Desmarais controls the Power Corporation and Great Lakes Shipping, or St. Lawrence Shipping or one of the other big shipping companies which carries out a large shipping operation through the seaway. I am not suggesting this has any bearing on the matter because maybe they do not talk about shipping at all.

In any event, we are now making a decision very much against the interests of the employees.

An hon. Member: No, no.

Mr. Peters: Yes, it is very much against the interests of the employees. The strike resulted in a lock-out because the company would not agree to the conciliation board report, and it was a majority report. The report did not recommend any great shake for the workers. It gave them a cost of living allowance for a period of one year, and suggested an increase of 2 per cent in the second year. That is not an extravagant package. I do not know the exact terms as the Acting Minister of Labour did not give them to us. He should have told us what they are as we are really negotiating this contract on behalf of a private industry and a union outside our control.

If we pass this bill we will have played a great role in this agreement because we will have extended it. The contract will run out in May, 1979, eight or nine months from now. The Minister of Transport originally wanted to extend this term until May, 1980. Now he wants it extended to 1981. So in effect we will be negotiating the term of that contract, and the length of any contract is a damned important thing. We should think about this. Do we really not care about the fact that we are forcing people to accept a contract even though they feel they have the right to strike? Do we really think these people should not have the right to strike simply because a strike will hurt the Canadian people and damage the nation's economy? Should we ask them to give up this right to strike because of that fact?

We are not asking them to do this, but rather we are imposing a limitation on their right to strike. In return for that lost right we should give these employees something worthwhile. We should be negotiating in their favour. Instead we are negotiating against them. The minister did not tell us what the original negotiation package included. He took part in the negotiations during the last few days so he must be aware of the contents. He should tell us what the negotiation package contained in order that we can be fully aware of what we are being asked to do in this arbitrary way. He did not do that.

● (2142)

We can only draw the conclusion that management caused this strike simply by saying that they would not agree to the majority report of the conciliation board. We take away from the company the right to lock the workers out. On the other hand, we stop the workers from getting the benefit of a collective agreement that is to their satisfaction by bringing in this legislation. It is very easy to change the date from 1978 to 1979 or from 1980 to 1981, but it means that those workers in this union will be dissatisfied in 1979, 1980 and 1981 because we have imposed on them our will and have not given them anything to lighten their burden.

We were told in the debate on Bill C-8 about all the merits of a mediator-arbitrator. In this piece of legislation—and this bothers me to no end—we are not passing a stereotype bill but a different one. Is it going to be different for every union we have to put back to work? I do not know how the government will word the legislation for Nordair next week when it decides that they have to fly. I am not sure whether it will fly as Air Canada or as an independent company, but just as sure as shooting, my friend from Hamilton will be asked by these two ministers to do something about solving the terrible transportation problem in Nordair.

It is very hard to know what the government will do in that case. Perhaps they will appoint a mediator or an administrator, which is a method that has not been used for some time. I remember when we put dockworkers back to work under the authority of an administrator. The government took over the workers, the docks and put an army in to run the industry. If the minister thinks that he will have trouble finding an arbitrator, he will have even more trouble finding an administrator who will look after financial responsibilities, the responsibilities of operating a union as well as a company, and the responsibility of overseeing all the people he will need to operate his office.

On several occasions I had the opportunity to have dinner with some of the administrators. Charlie Millard was one of the administrators of the docks or the seaway. Somebody was required to travel with the marine workers and pilots at all times under this system. It will be very difficult if we ever have to go to that level.

There is no argument with the fact that this situation has an influence on the economy of the country, but surely if you take away from a segment of the workers in this country the privileges they normally have and adopt new legislation because it is in the public interest, then you have an obligation to compensate those workers in some way. In this case we are not looking to compensate but to punish. What was done recently with the postal workers is, in my opinion, going to backfire very badly on the government and the administration of justice in this country. As my colleague has mentioned, if it results in the police being unwilling to enforce an injunction which is granted on an emergency basis, then we are in pretty bad shape.

Every member should be concerned about such legislation. It is all right to say that the socialists stand behind labour anyway whether they are right or wrong, but in this case hon. members as individuals, if they pass this bill, are passing judgment on what will happen to this union. If hon. members have any knowledge at all of collective agreements they will see that the extension by two years of the date of termination of this contract must play an important role in the outcome of this dispute.

I am not familiar with all the problems and difficulties involved in the discussions which were held with the Minister of Labour, but I think that he has an obligation to tell parliament what the outstanding differences are. It may well be that this House in its wisdom would see fit to implement some of those requests and deny others, but it would give to the workers a contract that would be for the period they anticipated. Then the workers can get back to moving wheat in the few weeks that are available before freeze-up.

We are not only making a settlement for that period in which we would like to ship the maximum amount of grain through the seaway to the terminal points, but we are making a decision that will be binding for the next three years. If the workers do not agree then it will lead to a great deal of conflict in the seaway over the next three years, Mr. Speaker. If you are going to take what people are asking for in a reasonable way—and this is a reasonable union which has not been involved in labour disputes over the years, one which has undoubtedly weighed very seriously its reasons for going on strike—plus the solutions already given to them by the conciliation board, water them down by establishing a mediator and expect it to carry in a labour agreement for a period of two or three years, you are all nuts.

The last point that I wish to mention is the matter of a mediator. We do not use the American arbitration system which has a panel of prominent Americans and Canadians who are available to unions which sign agreements providing that they accept at the conclusion of their contract compulsory arbitration or agreed arbitration. The panel is chosen from a group of Canadians or Americans who are available and who are agreed upon by both parties. We do not have such a panel. Arbitration in Canada is a very difficult and tedious task which quite often involves people who are not entirely familiar with the law. It is unfair that there has not been consultation between both parties as to the choice of an arbitrator-mediator, or whatever the person will be called. If the government were to indicate who they had in mind, both parties could provide input as to their choice. We may have legislated about ten or 12 cases in the past 20 years, but it seems to me that we have been very fortunate in most of the instances in providing a solution that was reasonable and acceptable and not particularly opposed by either side.

• (2152)

Because of the haste of the decision on the post office workers, I suggest we have developed the mental attitude in this place that we believe it is our responsibility and right at any time to impose on the workers of this country, whether in the public service or the private sector, the kind of settlement we believe to be in our interests while completely disregarding the interests of management and organized labour. If we carry that attitude to any degree of irresponsibility, we will reap in great measure the abuses we are heaping on the labour movement in Canada.

The Acting Speaker (Mr. Turner): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed to the motion will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion, the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. Ouellet) which was agreed to on the following division:

● (2202)

(Division No. 5)

YEAS

Messrs.

Abbott
Alexander
Alkenbrack
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Baker
(Grenville-Carleton)
Baldwin
Beatty
Béchard
Bégin (Miss)
Blaker
Blouin
Boulanger
Buchanan
Bussières
Cadieu
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Caron
Clark
(Rocky Mountain)
Clermont
Coates
Collenette
Condon
Crouse
Cullen
Cyr
Dawson
De Bané
Demers
Douglas
(Bruce-Grey)
Duclos
Dupont
Duquet
Epp
Ethier
Faulkner
Fleming
Francis
Fraser
Friesen
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Gillies
Grafftey
Guay
Guilbault
Hamilton
(Qu'Appelle-Moose
Mountain)
Hamilton
(Swift Current-
Maple Creek)
Harquail
Herbert
Hnatyshyn
Hopkins
Horner
Jarvis
Jones
Kaplan
Knowles
(Norfolk-Haldimand)
Lachance
Lajoie
Lalonde
Lambert
(Edmonton West)
Lamontagne
Lang
Langlois
Lapointe
Lawrence
Leblanc
(Laurier)
Lefebvre
MacDonald
(Cardigan)
MacFarlane
MacGuigan
MacKay
Maine
Martin
Mazankowski
McIsaac
McKenzie
McKinley
McKinnon
McRae
Milne
Munro
(Esquimalt-Saanich)
Murta
Neil
Nicholson (Miss)
Nielsen
Ouellet
Paproski
Parent
Patterson
Pearsall
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Prud'homme
Railton
Reid
Ritchie
Roberts
Roche
Roy
(Timmins)
Roy
(Laval)
Rynard
Smith
(Churchill)
Smith
(Saint-Jean)
Stevens
Turner
Whittaker
Wise
Woolliams
Yanakis
Young—119.

NAYS

Messrs.

Benjamin
Blackburn
Knowles
(Winnipeg
North Centre)
Leggatt
Nystrom
Orlikow
Peters
Rodriguez
Symes—9.

[The Acting Speaker (Mr. Turner).]

● (2222)

Mr. Speaker: I declare the motion carried.

Bill read the second time and the House went into committee thereon, Mr. Ethier in the chair.

On clause 2—*Definitions.*

Mr. Fraser: Mr. Chairman, there are a number of questions I should like to put. I wonder whether the first question ought to be, to which minister should I direct the questions? We have a multiminister and an acting minister. I do not mind asking both of them these questions, but I hope they both will not answer at the same time.

I will start by asking the Acting Minister of Labour to tell us what discussions have taken place between himself, on behalf of the government, and the union involved with respect to compliance or otherwise with this bill. I would also like to know whether the terms of the bill have been discussed and considered by the members of the union, and whether they have particular or specific objections to it which have been brought to the minister's attention.

Mr. Ouellet: Mr. Chairman, replying to a question put to him yesterday by a journalist, the union leader went on record as saying that if parliament passes a law, he will indeed obey it and he will accept the law of the land. I have not talked to him personally since the breakdown of the negotiations today, but I believe that what he said publicly was said to officials of the department today, that if parliament passes a law, he will obey the law. I am told that this message by the union leader was on radio news tonight at ten o'clock.

Mr. Fraser: Has the minister had any assurances from the management side? This bill affects the obligations and duties of management as well, and I would like the minister's assurance that there is no suggestion that we will be faced with a refusal on the part of management to go along with the law.

Mr. Ouellet: Mr. Chairman, this was checked in previous consultations when we felt it would be difficult to arrive at a settlement and we were given to understand by both sides, union and management, that if parliament saw fit to pass a law imposing some conditions on the settlement, they would obey the law and follow the will of parliament.

● (2232)

Mr. Fraser: Mr. Chairman, may I ask the minister whether, on behalf of the government, he is prepared to advise the House—I am not asking him necessarily to specify who would be the arbitrator—that he has the commitment of one or more people who, if requested, are prepared to act?

Mr. Ouellet: Mr. Chairman, it would have been improper for me to make preliminary inquiries of people who could act if parliament were to pass such legislation. Legislation has to be approved, first of all, and passed by parliament.

An hon. Member: Nonsense.

Mr. Ouellet: But I can assure members of the House that the Department of Labour has a list of well-qualified people who could be contacted tomorrow and whom we could appoint. That is my own feeling. I think that upon passage of this legislation we could appoint someone.

Mr. Fraser: Mr. Chairman, I marvel at the constant optimism of the minister, because those were his words on Tuesday night. However, I think we are dealing with a different situation. I would ask the minister why this bill does not include the word "forthwith" with reference to the appointment of the arbitrator, as was the case in the legislation wich was before us on Tuesday evening. Can the minister give a response to that question?

Mr. Ouellet: The hon. member noticed the absence of the word "forthwith."

Mr. Alexander: You are not putting anything over on us.

Mr. Ouellet: At my request, the obligation put on my shoulders by parliament will not be the straitjacket that I felt was the case with the previous legislation. I believe that in the best interest of everyone, some leeway should be given to the minister in dealing with the appointment of an appropriate person in the present case.

Mr. Fraser: Has the minister an understanding with the union and with management that there will be consultations before the arbitrator is appointed?

Mr. Ouellet: As you have probably noticed, Mr. Chairman, the current situation is different from that of the postal workers, in the sense that in this case there were extensive negotiations on the day preceding this legislation. In this respect, we will not have a mediator-arbitrator, but solely an arbitrator. This means that the person we appoint will have responsibility, as an arbitrator, of drafting a collective agreement; therefore, will not have to deal extensively with the two parties, as was the case with the previous bill which we studied in parliament.

Therefore, my responsibility is not the same this time as it was in relation to the bill dealing with CUPW. I will appoint someone in the coming hours without necessarily having extensive consultations.

Mr. Fraser: Mr. Chairman, I am sure it is appropriate to mention the fact that as recently as a few minutes ago, as reported on the news, CUPW said that under no circumstances will they even meet with the mediator-arbitrator whom the minister was able to appoint today.

I would like the minister's assurance that we will not face some such difficulty, and ask him to assure the House that there has been no indication that that is the difficulty in which the House might find itself. I would also like to know whether the union and management have any idea as to some of the people who might be on the minister's short list.

Mr. Ouellet: I hope that the CUPW leadership is unique and that we will not face the same type of difficulties. Indeed, the reactions of the leader of the union of postal workers is amazing, to say the least. Frankly, I hope that after the second instance they will realize that, in the interests of their membership and in the interests of the Post Office, they should sit down and deal with the mediator-arbitrator.

With relation to this bill, I have every confidence that the arbitrator will be in a position to do his work and to achieve a settlement.

Mr. Fraser: The minister touched on the fact that this will be an arbitrator, not a mediator-arbitrator. Can the minister enlarge for a moment on why, in the minister's opinion, there was no need in this case to have a mediator-arbitrator? I would like to know whether in any discussions with either of the parties there was a request for a mediator-arbitrator, as opposed to an arbitrator; that is, assuming they were going to face legislation.

Mr. Ouellet: Mr. Chairman, this message was not conveyed to the Department of Labour at the time the department was assisting in the negotiations. I want to assure hon. members that every avenue of negotiation has been exhausted; that, indeed, intensive negotiations took place in the last few days and it was felt that the mediation course had been explored to the fullest extent and that it was time to stop prolonging mediation and to turn to arbitration. This is why we decided to take that route.

Mr. Fraser: Can the minister advise just what assessment the government has made of the economic damage to the country at this time, or the possible damage in the ensuing weeks if this withdrawal of service and/or lock-out were to continue? I ask this question because in questions to the Minister of Justice, either on Thursday or on Friday, I asked if any assessment had been made in advance as to what would be the economic damage to or impact on the country, and the Minister of Justice answered yes, an assessment had been made.

Could we have some report as to what that assessment is; and even if it is in written form, could it be tabled with the committee?

Mr. Lang: Mr. Chairman—

Mr. Clark: Order.

Mr. Baker (Grenville-Carleton): That is not in order, Mr. Chairman.

Mr. Lang: The reference to an assessment was to a descriptive account about the kind of damages which would occur and which would include the exact problem which exists for the Wheat Board in a tight movement of grain. It involves an assessment of various industries which might have had other sources of transportation available to them, some of which have transportation by shippers not involved directly in this

strike. It involves a fairly long description of the whole range of situations, rather than any precise figures.

It is always difficult to assess in any precise way what is lost irredeemably. As I indicated, with regard to grain no doubt there have been some difficulties in terms of the postponement of shipments but, on the other hand, with Thunder Bay now full instead of relatively empty, there is a better chance of catching up and doing better in the remaining part of the season than would have been the case if the terminal had not been so full.

● (2242)

Mr. Fraser: Mr. Chairman, there has been some suggestion that the hon. minister is out of order in answering this question, but I have no personal objection to his doing so. While there was an ongoing appreciation of what the effect of this withdrawal of service would result in, there was never any formal assessment drawn up in written form which could be filed at this time. Months ago there was a preliminary review as to the amount of damage. That estimate was upgraded after several weeks, and we received a forecast as to the damage if services were withdrawn until freeze-up. Are there any formal documents which could be filed before the committee?

Mr. Lang: Mr. Chairman, there were briefing notes which were descriptive of the situation. It was important for the government to have a picture of the situation so as to assess the over-all impact, rather than an attempt at a precise measure which is impossible in any case. The picture was painted accurately in the information supplied to us. It was adequate for our purposes, but it was not information which was researched to the degree to determine what every supplier would do in all circumstances. Because of that, I would not table it. It has not been fully researched, and it is not totally accurate.

Mr. Fraser: I asked that question because we have heard a great deal tonight from the New Democratic Party indicating that this is the wrong route to take. When legislation such as this is brought suddenly before us, a relatively independent assessment of the damage has not been made available to the public beforehand. Perhaps in the future some thought might be given to making public an assessment of the damage, in order for the public to be able to measure whether the legislation is appropriate and necessary at the time it is brought before us. One must keep in mind that the New Democratic Party has indicated that this is a wrong measure. I understand that the premier of Saskatchewan requested that some quick and strong action be taken by the minister or one of his colleagues. Can the minister confirm that?

Mr. Lang: Yes, I can. There was little doubt about the understanding in western Canada, particularly in the prairies, regarding the damage which even a relatively short strike might cause. Certainly Premier Blakeney of Saskatchewan and many others sent telexes and other messages demanding that we move very quickly. They wanted to have the strike ended even before it began. That was the view of the Saskatchewan New Democratic Party.

[Mr. Lang.]

The fact of the matter is that it was not just the damage done to date, much of which is recoverable. Of course some of the damage is serious. If the strike continues much longer, the situation will become very serious. Some of the participants indicated that if a settlement was not reached soon, the season would terminate, causing irreparable damage. The catching up could be done regarding grain, assuming that there is six or seven weeks of free movement. If that does not happen, the damage will total $450 million of lost sales in that area alone.

Mr. Alexander: Mr. Chairman, I should like to follow up on the point raised by the hon. member for Vancouver South. My question is directed to the Acting Minister of Labour. He is very sensitive about the word "forthwith". In fact, he was quite insistent upon that word being included in Bill C-8, resulting in the mediator-arbitrator being appointed "forthwith". Has he received a definition from the Minister of Justice of the word "forthwith"? Once a precedent has been set in terms of appointing forthwith, one must assume that it has been dealt with at some length.

The minister will have to come up with something better than suggesting that he was boxed in. This bill indicates that an arbitrator can be appointed within hours, as did Bill C-8. What is the government's definition of "forthwith"? Is there flexibility within that definition? Will the minister accept an amendment to the bill to include the word "forthwith"? I think we should be consistent.

Mr. Ouellet: If I am allowed, I should like to answer the hon. member in my mother tongue in order better to express my view on the definition of that word.

[*Translation*]

The word "forthwith" is defined in French as "immédiatement" which means that, in fact, the Minister of Labour is obliged by law to appoint, as soon as possible, that is, immediately, a mediator-arbitrator, which is what I did in the case of the act requesting all postal employees to go back to work. As the definition and scope of the word can lead to confusion, it seemed preferable to me, in this bill, not to use the word and so allow the Minister of Labour to use his discretion that there might be no constraints or erroneous interpretation.

That is why, in the bill now before us, the word "forthwith" or "immediately" does not appear, which means that I have more latitude than in the previous bill, without it meaning however that I am allowed to shirk my responsibilities. On the contrary, I intend to use my prerogative as soon as possible.

[*English*]

Mr. Alexander: That is one great story which I do not accept. Perhaps the Acting Minister of Labour is playing it cute right now. Bill C-8 was drawn up by the law officers of the Crown, and they found the word "forthwith" acceptable. If the minister wants to be consistent, that word should be included in the bill before us. Otherwise, it would mean that Bill C-8 is faulty.

There have been three proposed amendments already, and I think another one is coming from the Minister of Justice. Will the bill be perfect after the next amendment is introduced? Apparently bills such as this one are drafted in a hurry, and we do not know what the government is doing. It is the old knee jerk reaction. I am not attempting to be facetious. Do hon. members opposite actually know what they are doing? Will the next amendment be the final one, or must we wait until the wee hours of the morning for the law officers of the Crown to look at the bill in order to see if it is correct?

Mr. Ouellet: Mr. Chairman, as was indicated by the hon. Parliamentary Secretary to the President of Privy Council at six o'clock, there will be one amendment and a few consequential amendments to the bill before us. Obviously the opposition has to realize that the government, believing in collective bargaining and hoping that through honest and hardworking negotiation a settlement could be reached, did play a double role in trying to prepare legislation in advance. The legislation has been prepared, but because it was felt that the normal collective agreement process had expired we came forward with this piece of legislation. Indeed, we had to deal with this legislation quickly, and obviously there were a few things that escaped us at the moment. The hon. member should realize that the government, and perhaps this is not the point of view of the opposition, felt the collective bargaining process should go to the limit before adopting any other course of action.

● (2252)

Mr. Alexander: Mr. Chairman, I would not deny the conclusion the minister has just put before us. The Leader of the Opposition and other members have asked either the Acting Minister of Labour or the Minister of Justice about legislation. May I ask the minister how long he has had this legislation on his desk, or how long it has been on the desk of the Minister of Justice? I understand the point about not releasing the contents of proposed legislation, as that might be considered intimidation. The Leader of the Opposition and others have asked the government to move quickly in terms of legislation. The acting minister and others have talked about the collective bargaining process, and suggested that no move should be made until the process the minister has talked about had been exhausted. The minister has also talked about this legislation. I am asking how long the minister has had this legislation on his desk, or how long it has been on the desk of the Minister of Justice.

Mr. Ouellet: This legislation was prepared and finalized only today, because we realized only today it was impossible to arrive at a negotiated settlement. It would have been incorrect for us to proceed in advance with a piece of legislation until the negotiation process had been exhausted.

In order to be sure that this is the procedure followed by previous administrations, I asked officials of the Department of Labour to submit a list of major work stoppages under federal jurisdiction in previous years, and the number of days. I found out that under a previous Conservative administration there had been long strikes before any legislation was contemplated. I am not saying this in order to suggest it was wrong to act in this way. I think it is correct to allow the full process of collective bargaining to be pursued before moving to the extreme recourse of legislation by parliament. I have figures which indicate that under previous administrations the collective bargaining process was exhausted before legislative measures were contemplated. That is exactly what this government has done.

Mr. Alexander: Mr. Chairman, I really did not want a lecture from the Acting Minister of Labour. The minister and the government are confused in respect of the involvement of esential aspects of public service while being concerned about the collective bargaining process. Speaking personally, I think what should take precedence and be of first concern to the minister is the public interest. It is for this reason that we find ourselves in a box today. The government has not found a solution to labour-management disputes. We have suggested the Public Interest Disputes Commission. This government allowed the post office strike to carry on for some 43 days. The Prime Minister said he could not care less if the strike continued until Christmas, and a former postmaster general, the Hon. Bryce Mackasey, said the employees could stay out until Easter.

There is another important matter here and I do not understand why it is not referred to in this bill. In Bill C-8 there was provision for the mediator-arbitrator to report to the Minister of Labour. Under this bill there is no indication, as far as I can determine, of any reporting procedure. Under Bill C-8 a report is to be made to the minister within 90 days. Why was that particular provision left out of this measure, or is there any reason for that?

Mr. Ouellet: Yes. We could deal with this when we reach our consideration of clause 6. Basically the reason a mediator-arbitrator was prescribed in the bill in relation to the postal workers was that we felt the government ought to allow mediation and consultation to take place before an arbitrator came forward with a collective agreement. The argument put forward by postal employees has been that negotiations have not taken place to their satisfaction.

In relation to this case, the negotiations were extensive. In fact, negotiations were exhaustive. Mediation was carried on during the last four or five days, and it was felt, therefore, that mediation had been taken to its limit and that the only other process to be followed was arbitration. That is why in this bill we deal exclusively with arbitration. This means that the person we appoint as the arbitrator will have only one responsibility, and that is to draft a new collective agreement for the marine engineers.

Mr. Alexander: I noticed that in Bill C-8 there was reference to the Anti-Inflation Act. The minister must be aware of the obvious ramifications and complexities following that

insertion, yet in this bill, unless this has escaped me, there is no such reference to the Anti-Inflation Act. Would the minister clear that matter up for us? In Bill C-8 we have gone even further than we on this side would like to talk about, and that is the dictating of terms. To be consistent, this bill might have followed that precedent, unless the minister has a pretty good reason for leaving it out of this bill yet including the reference in Bill C-8.

Mr. Ouellet: There is an excellent reason, and that is that there is no period governed by this collective agreement we are considering tonight that falls under the Anti-Inflation Act. When we were discussing the other bill we were considering a lengthy period governed by that act, and that is why in the previous measure we had to take this into account.

Mr. Mazankowski: Mr. Chairman, assuming that the legislation is passed tonight, and assuming that the workers obey the order, would the minister give us an indication when we might expect the 122 ships now tied up to resume normal operations?

• (2302)

Mr. Ouellet: My understanding is that because of the agreement which took place between the employers and the deck officers over the weekend some movement is already under way. Hopefully, if parliament is able to pass this legislation in a very short time this evening it will allow the other place to deal with this bill and some operations could be resumed by tomorrow afternoon and normal activity in the few days following.

Mr. Mazankowski: Mr. Chairman, I have a press report here which indicates that the deck officers have not as yet ratified their tentative agreement, and I believe that that is correct. Assuming the worst in this particular case, in the event the deck officers do not ratify the tentative agreement, is there anything in this legislation that would cover a back to work order for the deck officers?

Also, while the minister is considering that question, the press report indicates that while the deck officers are prepared to go back to work prior to the ratification, there seems to be an indication that they are not prepared to go back to work until the marine engineers settle. Perhaps the hon. minister may wish to comment on that as well.

Mr. Ouellet: Mr. Chairman, the hon. member in his second remark almost answered his first question, and that is that the deck officers are ready to go back to work in advance of ratifying their agreement. They have also indicated that as soon as the marine engineers go back all problems will be solved. We believe that if this legislation could be passed within a half hour or so, possibly the other place could deal with it in time to have this bill in effect no later than tomorrow and have operations on the lakes resume within a couple of hours.

[Mr. Alexander.]

Mr. Mazankowski: Mr. Chairman, the minister is assuming that the deck officers are going to ratify their tentative contract. What happens in the event that this is not forthcoming?

Mr. Ouellet: The ballots will not be counted before the month of December, according to my information. By that time I suspect that the seaway will be closed and it will no longer be the same problem we are facing tonight.

Mr. Mazankowski: In the event that a settlement is arbitrated for the engineers and it is higher than what is being proposed in the tentative settlement for the deck officers, we may have another issue on our hands; am I not correct?

Mr. Ouellet: I appreciate the question of the hon. member, Mr. Chairman, but he must realize that it is very hypothetical and that I cannot answer it at this time.

Mr. Mazankowski: That is consistent with the kind of answers we have been getting on this side of the House to the questions we have been posing to the minister. Every question we pose seems to be hypothetical, but it is quite obvious that our hypothesis has come true.

I would like to ask another question, Mr. Chairman, which has to do with another matter. It concerns the union and the fact that they are wanting written guarantees that there will be no reprisals or actions against union leaders for strike related incidents. I notice in the postal bill that there is provision for this particular matter, but I do not see it in the bill that is before us right now. Is the minister concerned about that, and is he aware that this is one of the issues? We have heard a lot about money being the big issue, but this particular written assurance seems to be a matter which is concerning the union as well.

Mr. Ouellet: I think there is a clause dealing with this. We are trying to find it. Indeed, it is a clause which ought automatically to be there.

Mr. Mazankowski: Mr. Chairman, if I might help the minister, it would be similar to clause 4 in the Post Office bill.

Mr. Ouellet: I think it is on page 2, subclauses 4 and 5, at the bottom.

Mr. Alexander: Mr. Chairman, I am seeking some clarification. The hon. member for Vegreville was concerned about the protection of the employees, but the minister referred to a section in the proposed bill, subsection (5) of section 3:

> No person shall in any manner impede or prevent any person to whom subsection (4) applies from complying with that subsection.

Mr. Peters: You're out of order. We are not dealing with that yet.

Mr. Alexander: Mr. Chairman, we are asking general questions in order to expedite this matter so that when we do reach this clause we can go right through it. The hon. member has made his speech, Mr. Chairman, and nobody interrupted him.

Mr. Woolliams: And voted against ending the strike.

Mr. Alexander: I did not want to say that, but I think it is quite obvious.

In the postal bill there was a section which provided as follows:

> No person acting on behalf of the employer shall
>
> (a) refuse to permit, authorize, or direct or authorize another person to refuse to permit or authorize, an employee who went on strike before the coming into force of this act to resume the duties of his employment forthwith; or
>
> (b) discharge or in any other manner discipline, or authorize or direct another person to discharge or in any other manner discipline, such an employee by reason of his having been on strike before the coming into force of this act.

Can the minister clarify why there is a difference in the wording of clause 4 of Bill C-8 and clause 5(3) of Bill C-11? We do not want to make any mistakes now, and this is a puzzle to us on this side; but knowing the minister, he will have an answer for us.

Mr. Ouellet: Mr. Chairman, the hon. member has forgotten that Bill C-8 deals with government employees who fell under the Public Service Staff Relations Act, whereas here we are dealing with employees of the private sector who fall under the Canada Labour Code. Thus the wording is not exactly the same. There are two acts which apply, and in the sections concerned they are already protected under the Canada Labour Code. It was not felt necessary that it be included in this bill.

Mr. Alexander: Mr. Chairman, can the minister assure me that under the provisions of this bill the employees will acquire and receive the same protection, not more or less, as was provided in the terms of Bill C-8?

Mr. Ouellet: Yes, Mr. Chairman.

Mr. Nielsen: Mr. Chairman, I am surprised that the Acting Minister of Labour could think this committee would complete dealing with this bill within a half hour and that the Senate could deal with it tonight. That is physically impossible. I have a number of matters that I want to raise, and I would like to raise them now so that the officials of the department may consider them in the hope constructive amendments may be made to a bill which I consider to be singularly deficient.

I am rather surprised at the NDP who seem to have abandoned ship, except for one caretaker over there. I guess that attitude was engendered after it was pointed out that the premier of Saskatchewan specifically asked for this type of legislation. Now they are silent.

There are several areas in the bill where the rights of workers are in jeopardy. It may have been sheer oversight because of the haste in which the legislation was drawn up, or it may display an attitude on the part of this government, namely that, notwithstanding their sanctimonious words about believing in collective bargaining and the rights of labour, they do not really believe in that at all.

● (2312)

It may display an attitude on the part of this government that, notwithstanding their sanctimonious words about believing in collective bargaining and the rights of labour, they really do not believe it.

I point out to the government that, contrasted with the manner in which matters of this nature were dealt with by the government of the right hon. member for Prince Albert, this legislation and the legislation for the Post Office completely negates any collective bargaining such as was, for instance, displayed in a bill introduced in December, 1960, which required the CNR to continue operating but at the same time required collective bargaining to continue. The caretaker here tonight for the New Democratic Party will remember that bill. Parliament dealt with the situation by continuing the collective bargaining process.

The Acting Minister of Labour has said that under this legislation the arbitrator will have to draft a collective agreement. He said that twice. But that is not my understanding of the legislation. I understand that matters in dispute between the parties are to be referred to the arbitrator, who then has to make a decision and that decision will constitute amendments to the existing agreement. There is no question of drafting a new agreement; all the arbitrator will do is amend.

One of the most disturbing features of the bill—and I hope the government will consider amendments in this area—is that the arbitrator is not required, by the legislation, to consult with labour or management either to determine the matters in issue between the parties or to hear from them with respect to how those issues are to be resolved. My understanding of the Post Office bill is that that process is followed and there is a right to be heard. In essence, this denial to both sides to be heard is a denial of the rules of natural justice, with which I am sure the Minister of Justice will be familiar although there have been occasions in the past when I doubted that. One of those was with reference to the prairie grain assistance act, where the statute used a term about paying the farmers, but the minister interpreted that as meaning no obligation to give those farmers any advance payment for wheat. There is a denial of natural justice here.

I suggest that the government examine clause 6. Surely, there should be incorporated in this clause the right of the parties to be heard before the arbitrator decides on the matter at issue. Clause 6(1)(a), under which the minister appoints an arbitrator, gives that arbitrator power to decide what matters are to be decided by him. It makes no provision for input by the union or by management. It may be that there are issues not covered by the conciliation report that should be determined under this legislation. Input from both sides should be considered, and there should be input from both sides—within a strict time limit, if you will—providing the parties the right to be heard on those issues. Anything less than that is, surely, a denial of the rule of natural justice. It may be said that if we have that, it will lengthen the process and delay action under the bill. I suggest not, because clause 3 is quite explicit in requiring the shippers to ship and the workers to work until the decisions are made.

I agree with my colleagues who have raised the point about imposing a time limit within which the arbitrator is to be

appointed. Whether the word "forthwith" is used, or "immediately", I say a far more serious objection to imposing no time limit has been raised by my colleagues, because if one looks at clause 6(3) it appears that the arbitrator must make his decision on the matters at issue within 60 days after the date of the reference to him. It seems to me that any delay in appointing the arbitrator will reverberate all down the line. The postal bill used a 90-day term. I suggest a limitation period be laid down in this respect.

One does not have to use the word "forthwith". It could be two days, or five days, but a limitation should be placed on the appointment because that appointment triggers subclause 3 of clause 6.

The hon. member for Vegreville raised the point about reporting. That is clearly set out in the postal bill. In my opinion, this is one of the weakest clauses of the bill. Subclause 3 of clause 6 reads in part as follows:

—the arbitrator shall be required to decide all matters referred to him under this act within 60 days of his appointment.

My first observation concerns the words "be required". Required by whom? Does it require the minister's request before the arbitrator has to report? If not, why are those words there? Why could not it read, the arbitrator "shall decide all matters referred under this act within 60 days of his appointment"? Are the words superfluous, or do they require expanded explanation, placing an obligation on some minister to require that report?

With regard to clause 7(1), Mr. Chairman, one of the rules of natural justice respecting tribunals such as this—this might strike a chord in the memory of the Acting Minister of Labour—is that the report is in writing. There is no such requirement here. Another is that the report is made to a particular body and communicated to the parties. In this bill, we give power to the arbitrator to make decisions on matters that he deems to be at issue between the parties, without hearing the parties, and then a provision in the bill might require him to report. But even if he is required to report, to whom is the report to be made? Is it to the minister? There is no mention of that in the bill. Surely the arbitrator should be required to report to both union and management as a matter of course. I suggest it is the right of the parties to be informed of the decisions in writing.

● (2322)

A far more serious defect in the legislation occurs in the closing lines of subclause (1) of clause 7. If the whole of the clause is read, it will be seen that when the arbitrator decides all matters referred to him by the minister, the collective agreement to which this act applies is deemed to be amended by the incorporation of those decisions in the agreement and all such other amendments as are agreed upon by the parties prior to the decision of the arbitrator, and the collective agreement as so amended constitutes a new collective agreement. By clause 4 the agreement is extended to 1981. Subclause (2) of clause 4 makes it a collective agreement not capable of future amendment if read in conjuction with subclause (1) of clause 7.

There is no way, even if the parties mutually agree, after the arbitrator's report that that collective agreement can be amended because the provisions of the Canada Labour Code are suspended by reading clause 4 and clause 7 together. That should be made clear so that the union and management are not denied the right to come to mutually agreed upon amendments after the arbitrator makes his decision. That is certainly not in the legislation now. Again, that is a very serious deficiency in the bill.

We on this side of the House are in full accord with the expression of the laws contained in clause 3. We have to get shipping moving and the workers back to work. However, when one looks at clause 8 and clause 9 and compares them with the law on injunctions, a subject matter about which the minister may still remember a few principles, one will see that there are very serious deficiencies indeed.

First, it is my submission to the government that clause 8(1) divests the court of any discretion in the matter of granting an injunction. As a personal viewpoint, I will concur with the approach that the Federal Court, upon a proper application being made, shall be required to issue an injunction. However, surely the terms upon which the court issues that injunction are still a matter of discretion for the court. Not so by clause 8 of this legislation. The injunction shall—and that is a mandatory term—be granted, and it shall direct any company or union to comply with the provisions of this act. That is all.

It shall also be a provision that they may be cited for contempt of the injunction and punished as contempts are usually punished. Surely there should be a provision in that clause that the court shall issue an injunction upon such terms as the court may deem just. That discretion should reside in the judicial bodies that we have set up throughout the country for the purpose of safeguarding the rights and liberties of all.

By permitting the legislation to remain in these terms, you take that discretion away from the court. I see the minister shaking his head, indicating that that is not the intention. I am not accusing the government of saying that it was their intention, but that is the effect of that clause. The jurisdiction is mandatory in the sense that the court may grant an injunction only in the terms set out in clause 8, and none other.

Mr. Benjamin: Are you going to rewrite the bill?

Mr. Nielsen: I am just making the suggestion. I see the champions of the workers are back in their seats, the hon. member for Nickel Belt and the hon. member for Regina-Lake Centre. We now have more; we have five. The emergency was declared. The bells rang.

An hon. Member: You voted for it.

Mr. Nielsen: I will vote for this kind of legislation, but it certainly should be cleaned up in the interest of protecting the working man. I am sure the New Democratic Party will agree

with that. They have not spoken in the detail I have this evening. I think that is an oversight on their part.

I submit to the government that there should be an appeal prior to the citation and contempt proceedings. That appeal now exists in the law of injunctions. A person against whom an injunction is issued can appeal the injunction. The liberty is always there to apply to have the terms of the injunction carried before the imposition of any punishment or citation. That should be retained.

There is a serious deficiency in clause 8. I sometimes think that even those speaking in detail on matters important do not have the courtesy of listening, and one is just a voice in the wilderness in this institution. I am waiting for the attention of the Acting Minister of Labour; I am sure he is interested. I am sure the government members will be courteous enough to allow me to speak so that I can be heard. I thank the Lord and others that the Acting Minister of Justice is back in his seat. I refer to subclause (2) of clause 8, line 5, and here I direct my remarks to a lawyer, the Acting Minister of Justice. I quote:

> Any company or union cited and punished for contempt of court under subsection (1) may appeal from the conviction, or against the punishment imposed, to the Federal Court of Appeal in accordance with such directions,—

What directions? The only possible reference that that phrase can have appears in the previous subclause where the word is used on the bottom line of the page. I will quote the full sentence:

> —the court shall issue an injunction directing any company or union named or described therein that has failed or refused to comply with any provision of this act forthwith to comply with that provision and any company or union that fails or refuses to comply with any injunction issued by the court under this section that is directed to it—

Therefore that phrase in clause 8(2) does not refer to any directions at all. I hope the Minister of Justice takes note of that point. Because there are no directions, that subclause should be amended.

I do not know how the government can make any sense out of clause 9(3). Clause 9(1) reads:

> For the purposes of section 8 and this section, a union shall be deemed to be a person.

If you try to read in the word "pension" in substitution for the word "union" in subclause (3), the clause makes no sense whatsoever.

The Assistant Deputy Chairman: Order, please. I regret I must interrupt the hon. member for Yukon but his allotted time has expired.

Mr. Peters: Mr. Chairman, I would like to ask the Acting Minister of Justice to be kind to two people. The first is the hon. member who just resumed his seat who will obviously be here for some time making the proposals he has mentioned. Further, I would ask the minister to be kind to those who sit in the other place and tell them that tomorrow will probably be soon enough. I say this so that we shall not repeat the procedure we followed the other night. I am impressed by their new found interest on behalf of the working people of this country.

• (2332)

I am not surprised that Premier Blakeney should have got in touch with the Minister of Transport to urge that something be done to get wheat moving through the seaway. He is no doubt well aware that members of the House of Commons will look after the proposition that this be done properly and fairly no matter what the legislation says.

The point I am making is this. If we are to send everyone back to work through legislation, we should develop legislation of a formal kind. I am impressed by the acting minister's knowledge of collective agreements and the difference between the Public Service Staff Relations Act and the Canada Labour Code. They do contain distinctions which a number of hon. members to my right have missed. The next case we shall be considering will perhaps be that of Nordair. Members of parliament and others who fly Nordair, as distinct from those who travel to the south, will no doubt feel that this essential service ought to be maintained. As I say, we should be developing a more sensible piece of legislation.

An important part of the bill before us concerns the signing of an agreement by the first mates and deck officers; there is really no great hurry about this since it is not likely that the vote on the decision they are making will take place before freeze-up.

There is another point which occurs to me. Will the union itself have a role to play in the recall of the officers should this legislation be passed? According to one of the clauses it seems we have limited the right of the union to take part in the orderly recall of its members, though the company is requested to recall its officers, presumably in some order, under a provision which seems to be contrary to what is contained in clause 5.

I understand the minister and his advisers took part in mediation efforts on the basis of the report of the arbitration board. Were any negotiations conducted on the basis of relating the two contracts so as to arrive at this date of 1981? We find here a two and a half year contract where there was really only a six months contract left to be negotiated. I am, of course, interested in the appointment of the arbitrator.

The minister has indicated that the department is in the possession of a list of some kind and that there are qualified people who may be available for this task. His work is likely to be easier in this case than in the case of other disputes in which the House has been dealing. As hon. members know, the parties have already carried out a process of negotiation and a conciliation board has come up with a report, probably a majority report. Was any attempt made to implement that majority report—I assume it was in favour of the workers—rather than go the route proposed by this legislation? The parties have followed the due process of the law and the facts which were available to the conciliation board are the only facts which will be available to the arbitrator. So we are really taking two kicks at the same cat and the result will probably be the same.

Was any consideration given to bringing down legislation with a simple back to work clause in accordance with the majority decision of the conciliation board, the price being a three-year contract rather than a one-year contract? Why was not such a bill introduced rather than the legislation before us, which recalls the type of law we passed with application to the postal service in a totally different field? In my view the case could be served by a few clauses inserted into the Canada Labour Code to cover this dispute.

Mr. Nielsen: Mr. Chairman, I should like to withdraw a suggestion I made with respect to subclause (2) of clause 8. I misread the clause.

Mr. Ouellet: I am glad the hon. member for Yukon has had a chance to read the bill more thoroughly. In the circumstances it is not necessary now for me to reply to him.

● (2342)

In answer to the hon. member for Timiskaming, I would like to say that indeed the employees have the full protection of the Canada Labour Code, and by the extension of the collective agreement the employees will still be protected to the fullest extent. I am told that many of the employees are still on ships, and as soon as the union withdraws its strike call or as soon as this legislation is passed, those who are not already on ships will, I expect, report back to their respective ships immediately.

With relation to the extension of the collective agreement, I must say that the collective agreement was the same for the marine engineers as it was for the deck officers. During the course of the extensive negotiations the deck officers, along with the employers—following the conciliation board report—decided to extend the collective agreement a third year. It was agreed between the parties that the collective agreement be extended a third year. That is why we would like to include in this legislation the provision that the arbitrator, after having discussions with the parties, has the option to extend this collective agreement to coincide with the agreement which has just been signed by the employers and the deck officers for a three-year contract.

Mr. Peters: Mr. Chairman, this legislation will extend it. There is a clause which says that that is fixed and it cannot be changed. We have had other back-to-work legislation before us. The question really has been resolved because the price paid for having the company accept the conciliation board report was the extension of the contract. I do not see why we do not just implement the conciliation board report. The extension would be the same, and the problem could be solved tonight.

This method has been used before. It was not necessary to go through protracted negotiations, because anything can happen if we take this route. Almost anything can happen, and usually does, and conflict is caused every time. In the other case one question would be facing the workers. The question would be whether to accept it or not; but there would not be any additional friction. The simpler we make our back-to-work legislation, the better; but it should be fair. I see very little role for the arbitrator in this case, with the exception of the implementation of the conciliation board report. We will have extended the contract, and for that reason I do not know why we have added things such as preventing the union from counselling workers not to return to work. We have written things into this legislation which the minister indicates are really not necessary.

Mr. Ouellet: I must say that events took place after the tabling of the conciliation board report which had to be taken into consideration by the government in presenting this legislation. If nothing had taken place since the time of the presentation of the conciliation board report, perhaps the suggestion of the hon. member could be entertained. But the fact is that in the meantime a collective agreement was signed by the deck officers and the employers and this collective agreement is beyond the terms of the collective agreement which was foreseen, studied and reported by the conciliation board.

Therefore, it is a new ball game. There is a different perspective and we have to take this into account because we do not want to take one side or the other. We feel that the fair approach is to appoint an arbitrator who will decide.

Mr. Smith (Churchill): Mr. Chairman, my question is to the Minister of Transport. I would like to ask the minister what contingency plans he has, or whether he has any, in the event that grain is not moving on the Great Lakes within a very short time.

Mr. Lang: Mr. Chairman, I do not have at hand the plans of the Canadian Wheat Board in this regard, but I can certainly inquire and obtain details for hon. members. The Canadian Wheat Board is always very alert to the challenge which a situation like this places before it, and it will be trying to do everything possible to maximize the through-put of grain to the east in order to make up for any delay which has been caused.

Mr. Smith (Churchill): I would like to ask the minister to make one suggestion to the Canadian Wheat Board. That suggestion is to direct the *Sir John A. Macdonald* icebreaker to keep the port of Churchill open for an indefinite period this winter. The studies which have been done so far have proved that the port can be a viable operation if an icebreaker is in attendance to accompany ships in and out of the harbour of Churchill.

Let us keep in mind that the port of Churchill can be very efficient during the winter and that the rail line to Churchill is maintained and capable of moving grain out of Saskatchewan to that port. I would be grateful if that contingency plan could be forwarded by the minister to the Canadian Wheat Board.

Mr. Lang: Mr. Chairman, I see two difficulties. There is no indication that any vessel owner would want to send a vessel on that route, even if an icebreaker were provided. Second, our icebreaking fleet is fairly occupied with other duties throughout any given winter. We are acquiring additional icebreaker

strength. Another day may dawn in that regard, but it would not be practical this year.

Mr. Woolliams: Mr. Chairman, I want to ask just one question of the Acting Minister of Labour, and one question of the Minister of Justice. I have not had much time to read the bill, but I have listened to the questions and answers. Is either minister satisfied that this bill contains enough sanctions to ensure that whatever labour group is involved, produce and goods—grain in particular—will move?

In my second question I will come right to the point. It has to do with the process of collective bargaining and the arbitrator so that labour is protected. Forgetting about all the nit-picking, can we in the opposition be satisfied on those two points?

Mr. Ouellet: Mr. Chairman, I very much appreciate the concern of the hon. member and I think I can answer both his questions. There is a clause in the bill to which I want to draw his attention. It is on page 4, and it has to do with the powers of the arbitrator. Clause 6(2) reads in part as follows:

—all the powers and duties of an arbitrator under section 157 of the Canada Labour Code.

Part of section 157 of the Canada Labour Code provides:

An arbitrator or arbitration board

(a) shall determine his or its own procedure, but shall give full opportunity to the parties to the proceeding to present evidence and make submissions to him or it—

Mr. Woolliams: After assent, assuming this bill is passed by this House and the other place tonight, how long will it be before the workers are back to work moving grain and other produce, which is so important to the economy of the nation? The minister has left the impression that the law will be obeyed.

Mr. Ouellet: As you can see, sir, it is approaching midnight. Because of that, and because of the intention of this House to proceed tonight and to have this legislation come into force as soon as possible, when we come to clause 10 we intend to bring in an amendment which will allow the legislation to come into force eight hours after royal assent.

• (2352)

Mr. Ritchie: I have a question for the Minister of Transport. It would appear that management quickly threw in the towel at a time when they have six weeks of very good shipping and the most profitable portion of the year ahead of them. Apparently they regard the proposed settlement as being too rich. Will it be necessary to raise the rates? Will they be squeezed by this settlement? What consideration has the government given to this aspect?

Mr. Lang: Mr. Chairman, I do not think I would want to comment on what the terms of the settlement may be as it is eventually developed by the arbitration process under this bill. Obviously the shipowners will have to take into account the settlements they have achieved with their other unions, and that will be a part of their over-all costs. I have not obtained from them, nor even from the Wheat Board, any estimate of what that will mean with regard to the over-all cost of the movement of goods.

Mr. Ritchie: Would the minister then hazard a guess or give an opinion as to whether this will not be fairly expensive and will result in substantially increased tariffs in the next year or two?

Mr. Lang: I cannot really comment on this bill and its impact because, after all, the arbitrator will have to do his work. I would need some calculations from either the shipowners or the Wheat Board of the impact of the other settlements which are now apparently in place and certainly agreed upon. Perhaps that would be helpful to the hon. member.

Mr. Blackburn: Mr. Chairman, I will be very brief. What really concerns me this evening, as we are going late into the night, is that on many occasions in the last seven or eight years that I have been a member of the House we have had to deal with major labour disputes in the country, and thus we have essentially turned this legislative assembly into a labour court. I think it is about time that the government realized that this is not a labour court—

Some hon. Members: Oh, oh!

Mr. Blackburn: —that this is not the place to waste time talking about specific labour disputes relating to national problems. Until the government on the other side realizes that it cannot fob off its responsibility to resolve labour disputes on us on this side of the House, until it realizes it is its responsibility to settle these disputes, we will not be any further ahead. Why should the government waste our time and the time of the House of Commons?

I would like to make one suggestion to the Minister of Transport and the Acting Minister of Labour and ask them when both of them will bring in a bill to debate in the House the establishment of a labour court in the country outside of the House of Commons which will resolve problems relating—

Mr. Rodriguez: No, no way.

Mr. Blackburn: Yes. When will the ministers bring in a bill to the House which all parties can debate, one which will establish a labour court in this country to deal with federal interprovincial and national labour disputes, so we can take this nonsense out of the House? It is almost midnight now. We are not here tonight acting as members of parliament; we are acting as labour arbitrators, and we are not in that position. How many members in the House tonight are experts in labour negotiations? I suppose we could find seven, eight or ten at the most out of the 264 of us. When will we get federal labour problems out of the House and into a labour court in this country which will deal with major labour problems, whether it is a mail strike, a railway strike, a grain handling strike or a Great Lakes shipping strike? That is what I am concerned about and that is what people in my riding are concerned about.

I worked on the Great Lakes as a short-order cook 23 years ago. When will we get this damned thing out of the House and before a labour court where it belongs? We are wasting the country's time sitting here tonight until midnight. I ask the minister: What is he prepared to do specifically to change this stupid, archaic, partisan system, so that we can get rid of this kind of nonsense and get it somewhere where it makes sense?

Mr. Ouellet: I think it should be put on record that in any industrial society there will be strikes, whether or not legislation provides for the right to strike. The hon. member indicated—

Mr. Blackburn: Mr. Chairman, I am not opposed to the right to strike.

The Assistant Deputy Chairman: Order, please.

Mr. Ouellet: The hon. member indicated he would like to see these disputes referred to a labour tribunal rather than be dealt with in the House of Commons. I want to remind members who are here tonight, as well as those who are watching us—if there are still people watching us at this time—that the news media, and consequently the public, are not interested in the record of over 90 per cent of labour disputes that have been referred to the Department of Labour after an impasse had been reached and that have been dealt with successfully through mediation and with the assistance of the Department of Labour. All of these cases are not referred to the House of Commons. It is only some specific and particular cases which are referred to parliament.

It has been the philosophy of the current government that when an individual right becomes a public wrong, the government faces its responsibility squarely. It does not hide behind any labour tribunal or public interest dispute tribunal that might be proposed. Parliament is asked to accept its responsibilities and terminate this dispute. That is what we are doing here, and I think it is our responsibility as members of parliament to do it.

However, I agree with the hon. member that this recourse should not be abused. Unfortunately, I must say that mass hysteria concerning strikes and the belief that permanent legislation could end strikes is completely out of order. I think it is illogical to believe that some group, some tribunal or some public interest dispute tribunal could solve the problem. I do not think we can consider such a solution. I think that basically we must believe in the due process of collective bargaining, and only on special occasions should we ask parliament to intervene, as we are forced to do today. It is regrettable that we must do it, but sometimes we must.

● (0002)

Mr. Blackburn: Mr. Chairman, I do not disagree totally with what the minister said. What positive suggestion does the minister have to facilitate this type of bargaining? How can we eventually reduce confrontation in this country? Would the minister elaborate at this time as to exactly what is proposed to overcome using this chamber as a labour court? Can the minister propose something better? I am ready to listen to the minister for the next hour.

Mr. Ouellet: Mr. Chairman, I should not like to abuse the time of the House, even though I appreciate the offer of the hon. member. I will have other occasions to make my thoughts known by the House and the public. Indeed I will assure the hon. member of copies of my comments.

Mr. Blackburn: Will the minister provide this side of the House with two minutes to elaborate on his answer concerning a solution to these very, very difficult problems in Canada? I am not asking for the minister to continue for an hour, as I said facetiously a few minutes ago. Will he indicate in what direction the government is going?

Mr. Ouellet: The direction of the government is very well known. The Department of Labour has promoted a series of meetings between management and labour in order for both parties to better understand each other. We advocated a series of seminars to analyse the situation and arrive at solutions to the problems. The Parliamentary Secretary to the Minister of Industry, Trade and Commerce today referred to a recently published report of his department. The Department of Labour, union representatives and the representatives of management have been involved in bringing about these studies. Because of the joint effort directed toward bringing the parties together, much progress has been made. The Department of Labour will continue in that direction.

Mr. Rodriguez: Mr. Chairman, my question is directed to the Acting Minister of Labour. One must recall the previous back to work legislation which was passed by the House. The first time I participated was in 1973 when the railway workers were put back to work. That legislation contained a clause which provided a money award, and arbitration was to follow on other issues. There were amendments from all sides of the floor to increase the amount, and the argument was raised that we were not here to conduct a collective bargaining process. The air traffic controllers strike followed, which resulted in legislation that was actually a collective bargaining agreement. We dealt with the classification of workers, rates of pay and overtime.

I agree with the minister, that we should not be dealing with collective bargaining at this level, except on the odd occasion. Since we are dealing with the private sector at this time under the Canada Labour Code, perhaps a clause should have been included within the back to work legislation to provide a cash settlement for the workers. Perhaps that cash settlement would be turned down by the employer, but we must remember that the dispute concerns money. Why was no cash settlement included in the legislation? Would it not be a disincentive to employers? Perhaps they would not want to come before parliament again if we were not their stoolie.

Mr. Ouellet: Obviously there are two ways of looking at this question. In some instances a conciliation board report is looked at by some people as being very interesting. In other instances, such a report can be looked at as a very discourag-

ing one. Sometimes it is good, sometimes it is bad. Obviously we are following the general approach. Perhaps it is wiser to follow our course, rather than refer the matter to arbitration.

Mr. Rodriguez: In this particular case, the conciliation board recommended a settlement which was rejected by the employer. Then the employer proceeded to lock out the workers. In effect, the legislation was precipitated by the employer. Therefore, I find it rather passing strange that the minister did not include a cash settlement in the legislation before us. If the workers had precipitated the legislation, then benefit would have accrued to the other side. I see the minister nodding. Why was there no cash settlement?

Mr. Ouellet: According to my information, both parties rejected the conciliation board report. The employer as well as the employees was not satisfied. Obviously the employer thought that it was too much and the employees thought that it was not enough. This piece of legislation provides both parties with an opportunity to present their points of view, and an arbitrator to evaluate their representations.

Mr. Blackburn: Mr. Chairman, I should like to continue on the theme I embarked upon a few moments ago. In Canada we are faced with problems related to the grain handlers, engineers and skippers on the Great Lakes, and to the general work force. My question is directed to the Minister of Transport and the Acting Minister of Labour. We have reached a point where we are creating in Canada today a growing number of terribly dissatisfied male and female workers. For example, millions of dollars can be put into job creation, but millions of dollars cannot be put into job happiness.

● (0012)

Usually, we in this House can enjoy our job, work five days a week here and then go home and do the things we want to do on weekends. We look after the things under our control as members of parliament while we are here, and we assume that the people who have to fill the ships, fill the hopper cars and look after the transportation system are able to do the same thing.

What is really fundamental is that we in this chamber, which is the most powerful legislative chamber in this country, do everything we can to make work more meaningful for the people of this country. Perhaps I am saying the wrong thing, and maybe I am even out of order.

An hon. Member: You are.

Mr. Blackburn: The point is that neglect in this regard comes back to haunt us, and will haunt us for the next decade and perhaps even the next generation. We have an opportunity tonight, and every day, to humanize the work of the working force in this country. Unless we, as the elected members of parliament, attempt once again to humanize work, we will be failing in our responsibilities.

Many members, over there, as well as on this side, did all kinds of jobs when we were young; and unless we do something to humanize those kinds of jobs, we will be in trouble. Let me give a few examples. You can go to the assembly line at Massey-Ferguson in Brantford and see the kind of work I have in mind. I worked for a steamship line for a number of years as a short-order cook. That was a human job at that time, but today it is not. I worked on a section gang for the CNR. That was a very important job in those days. We are losing the demand for and the responsibility involved in that kind of a job, and we are losing respect for an honest day's work.

What are hon. members on the other side of the House doing to rehumanize the idea of a good day's work? What are hon. members over there trying to do, in real terms, to bring humanity back to the work force? What they are doing is buying more computers, more mechanical aids and more machines. This is what we are talking about tonight. We are talking about people; we are not talking about a bill. Bills come and go, but we are talking about human beings. It is about time the Minister of Transport and the Acting Minister of Labour, wherever he is now, started to think in terms of human beings in this country, rather than numbers. We should be talking in terms of human beings, rather than social insurance numbers and income tax numbers. We are talking about people, and it is about time we in this House started to think in terms of human beings, rather than in terms of numbers. I do not know whether I have asked a question.

Some hon. Members: Oh, oh!

Mr. Blackburn: You can laugh at me all you want, but I ask the Minister of Transport to stand up right now and give a human answer to a human question.

Mr. Lang: Mr. Chairman, tempting as it would be to get into that very important subject—and it is much broader in scope than this bill—I suggest that the Minister of Labour would like on another occasion to deal with it at greater length in order that he might do justice to the important points that have been made.

Clause 2 agreed to.

Clause 3 agreed to.

On clause 4—*Term of collective agreement extended.*

Mr. Lang: Mr. Chairman, I should like to move an amendment to clause 4. I would move:

That Bill C-11 be amended by striking out line 4 on page 3 and substituting the following:

"1978, and expiring on May 31, 1979, and may be further extended by the arbitrator to include the period beginning on June 1, 1979, and expiring on a day not later than May 31, 1981."

The Assistant Deputy Chairman: The committee has heard the proposed amendment. Is it the pleasure of the committee to adopt the amendment?

Some hon. Members: Agreed.

Some hon. Members: No.

The Assistant Deputy Chairman: All those in favour will please rise. All those opposed will please rise.

Amendment (Mr. Lang) agreed to: Yeas, 65; Nays 5.

The Assistant Deputy Chairman: I declare the amendment carried.

Mr. Lang: Mr. Chairman, I have several amendments to clause 4. The next amendment is a technical one to the French version. I move:

That the French version of Bill C-11 be amended by striking out line 6 on page 3 thereof and substituting the following therefor:

"fiée par la présente loi ou en vertu de cette dernière, prennent effet et lient"

The Assistant Deputy Chairman: Hon. members have heard the amendment. Is it the pleasure of the House to adopt the said amendment?

Amendment (Mr. Lang) agreed to.

Mr. Lang: Mr. Chairman, I would move:

That Bill C-11 be amended

(a) by striking out line 9 on page 3 and substituting the following:

"for the period by which the collective agreement is extended by subsection 4(1) and, if the arbitrator further extends that period pursuant to that subsection, for that further period"; and

(b) by striking out line 15 on page 3 and substituting the following:

"by or pursuant to this act where the term of the"—

The Assistant Deputy Chairman: Hon. members have heard the amendment. Is it the pleasure of the committee to adopt the said amendment?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): On division.

Amendment (Mr. Lang) agreed to.

Mr. Lang: Mr. Chairman, those are the consequential amendments.

The Assistant Deputy Chairman: Shall clause 4 as amended carry?

Some hon. Members: Agreed.

Mr. Peters: On division.

Clause 4 as amended agreed to.

On clause 5—*Strikes and lock-outs prohibited.*

Mr. Lang: Mr. Chairman, again I would move a consequential amendment as follows:

That Bill C-11 be amended by striking out line 19 on page 3 and substituting the following:

"by or pursuant to subsection 4(1),"—

● (0022)

The Assistant Deputy Chairman: Does the committee agree to accept the amendment as presented?

Mr. Knowles (Winnipeg North Centre): On division.

Amendment (Mr. Lang) agreed to.

[The Assistant Deputy Chairman.]

The Assistant Deputy Chairman: Shall clause 5, as amended, carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 6—*Arbitration.*

Mr. Lang: I move:

That Bill C-11 be amended

(a) by striking out line 37 on page 3 and substituting the following:

"(*a*) appoint an arbitrator and refer to him the further extension of the term of the collective agreement to which this act applies to include the period referred to in subsection 4(1) and"; and

(b) by striking out lines 39 to 42 on page 3 and substituting the following:

"of the collective agreement that in the opinion of the arbitrator,"

The Assistant Deputy Chairman: Shall the amendment carry?

Mr. Knowles (Winnipeg North Centre): On division.

Amendment (Mr. Lang) agreed to.

The Assistant Deputy Chairman: Shall clause 6, as amended, carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 7—*Incorporation in agreement of decisions of arbitrator.*

Mr. Lang: Mr. Chairman, I have a technical amendment to the French version which is identical in effect to the amendment moved earlier. I move:

That the French version of Bill C-11 be amended by striking out line 29 on page 4 thereof and substituting the following therefor:

"présente loi ou en vertu de cette dernière, sauf les clauses qui portent sur"

The Assistant Deputy Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Lang) agreed to.

The Assistant Deputy Chairman: Shall clause 7, as amended, carry?

Some hon. Members: Agreed.

Clause agreed to.

Clause 8 agreed to.

On Clause 9—"*Union*".

Mr. Peters: Mr. Chairman, we discussed this previously, but in relation to clause 9(2) and (3), what is the reason for all this verbiage? What does it do?

Mr. Ouellet: Basically, Mr. Chairman, it is in relation to the injunctions against the company and the union which will expedite and simplify the procedures.

Mr. Peters: If this section was not written in, would not the Canada Labour Code provisions, which make possible the issuing of injunctions under the code and also the penalties, not apply? I see no particular reason for this.

Mr. Lang: Mr. Chairman, if I may, it is related to a technical legal question. It is true that injunctions can lie without the specific provision, but there are some significant and technical problems in injunction procedures, and these sections in our view may allow for injunctions to be obtained without those technical problems arising.

Mr. Peters: Is this punitive in that it is something which has arisen out of the previous bill and we are now covering all bases? In other words, are we in effect working out an amendment for the Canada Labour Code because of a failure in a section of Bill C-8 that would warrant the introduction of this clause?

Mr. Lang: Mr. Chairman, it is not a result of the episode after Bill C-8. A clause along these lines has been included twice before in strike legislation, both times in the private sector as in the case here.

The Deputy Chairman: Shall clause 9 carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 10—*Coming into force.*

Mr. Lang: Mr. Chairman, the hour has passed twelve o'clock, and there is an interest to see this law effected as early as possible. It is designed to give the parties time to have notice of the law and is designed to have the effect of bringing the law into force eight hours after royal assent. I therefore move:

That Bill C-11 be amended by striking out line 7 on page 6 and substituting the following:

"day and eight hours after the time at which"

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment (Mr. Lang) agreed to.

The Deputy Chairman: Shall clause 10 carry?

Some hon. Members: Agreed.

Clause agreed to.

Clause 1 agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Peters: Mr. Chairman, I would like to ask the minister, as we are completing this bill, if any draft bill has been contemplated for the other national strike which will be taking place at Nordair?

The Deputy Chairman: Shall the bill carry?

Mr. Knowles (Winnipeg North Centre): On division.

Bill reported.

Mr. Ouellet moved that the bill be read the third time and do pass.

Mr. Speaker: The question is that this bill be read the third time and so pass. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Ouellet), which was agreed to on the following division:

● (0032)

(*Division No. 6*)

YEAS

Messrs.

Abbott	Douglas (Bruce-Grey)	Munro (Esquimalt-Saanich)
Alexander	Dupont	Neil
Alkenbrack	Duquet	Nicholson (Miss)
Anderson	Fleming	Nielsen
Andras (Port Arthur)	Fraser	Ouellet
Andres (Lincoln)	Gendron	Paproski
Appolloni (Mrs.)	Gillespie	Parent
Baker (Grenville-Carleton)	Guay	Patterson
Béchard	Harquail	Pearsall
Blaker	Herbert	Pigott (Mrs.)
Boulanger	Kaplan	Pinard
Bussières	Lambert (Edmonton West)	Portelance
Cadieu	Lang	Prud'homme
Cafik	Langlois	Railton
Campagnolo (Mrs.)	Lapointe	Reid
Campbell (Miss) (South Western Nova)	MacDonald (Cardigan)	Ritchie
Caron	MacFarlane	Roche
Clermont	MacGuigan	Roy (Laval)
Collenette	Maine	Smith (Churchill)
Condon	Marchand	Turner
Cullen	Martin	Wise
Dawson	Mazankowski	Yanakis
De Bané	McIsaac	Young—73.
Demers	McKinnon	
Dionne (Northumberland-Miramichi)	Milne	

NAYS

Messrs.

Benjamin	Knowles (Winnipeg North Centre)	Orlikow
Blackburn		Peters
		Rodriguez—6.

● (0042)

Mr. Speaker: I therefore declare the motion carried.

Bill read the third time and passed.

[*Translation*]

Mr. Pinard: Mr. Speaker, it seems that the Senate is prepared to study this bill immediately, and with unanimous consent, I move, seconded by the hon. member for Portneuf (Mr. Bussières), that we suspend the sitting until the call of the Chair.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I have no objection to that. However, before we do that, I wonder if I might ask the parliamentary secretary to the government House leader what the House will be dealing with tomorrow.

Mr. Pinard: Mr. Speaker, later today we will be resuming debate on second reading of the bill we were considering before we moved to the bill now before us.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I, too, have no objection to the proposal. However, I understood that the "late show" was on. Since we are here anyway, we might as well have it.

Mr. Speaker: Order, please. The House gives its consent that we stand by to the call of the Chair. We can immediately occupy ourselves with proceedings pursuant to Standing Order 4, it being the understanding of the House that at the conclusion of those proceedings the House will rise to the call of the Chair.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

WAR VETERANS ALLOWANCE ACT—LEGISLATION TO AMEND—LEVEL OF PENSION FOR WIDOWS OF DISABLED VETERANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I do not blame those members who are leaving, since it is now 12.47 a.m. However, I want to express my pleasure that the Minister of Veterans Affairs (Mr. MacDonald) is here. He agreed to stay tonight to whatever hour it might be to answer the question that I put down for this adjournment debate.

My question arises from a two-part inquiry that I put to the Minister of Veterans Affairs on Tuesday, October 17, 1978, as recorded in *Hansard* for that date at page 165. The first part of my question had to do with the announced review of the War Veterans Allowance Act. The second part had to do with the question of pensions for widows of disabled veterans, those pensions coming under the Pension Act.

With regard to the War Veterans Allowance Act, I can say that all of us who are interested in veterans pensions welcomed the announcement the minister made during the last session that this act was being reviewed.

It can be said that in the last number of years we have made a good many amendments to the Pension Act and, in effect, we have made many improvements in the provisions under that legislation. While we have been doing that, not much has been done to the War Veterans Allowance Act.

I could remind hon. members that the War Veterans Allowance Act was brought before parliament in the early 1930s. Its purpose at that time was to provide for veterans who did not qualify under the Pension Act under which pensions for disability are paid, something a little better than was available to the civilian population under the then old age pensions act.

● (0047)

I should remind the minister and others that over the years—we are talking about a period of 47 or 48 years—a great many changes have been made in pension legislation, especially for the population generally. The result is that the provisions for veterans and their survivors under the War Veterans Allowance Act are no longer much better than are available to civilians generally. One of the main differences, of course, is that the means test which applied to the old age pension back in the thirties and which was therefore carried over to the War Veterans Allowance Act no longer applies to the basic amount of the pension under the Old Age Security Act. This is one aspect which it seems to me should be looked into. I feel strongly that the time has come, so many years after the wars in which our veterans have participated, for there to be a form of guaranteed annual income for veterans at a certain age and that we would be doing a service both to veterans and to our pension legislation by abolishing a good deal of the red tape and the obstacles that are now in place.

These are just a few thoughts I offer about the War Veterans Allowance Act. I appreciate the minister's answer that when he gets the result of the review he will make suggestions about what should be done. I hope his decision will result in legislation this session, or, if action is not possible right away, in a reference to the Standing Committee on Veterans Affairs.

The other part of my question referred to the remaining issue in the Pension Act, the fact that when a veteran dies, if his disability pension was below 48 per cent there is no pension for his widow. We have been over this back and forth. I know all the arguments the minister can use in defence of the present position, but he knows too, particularly as the veterans of World War II are getting older, that this becomes more and more a matter of deep concern to them, and I do not think that our so-called veterans' legislation, our so-called veterans'

charter, will be what it ought to be until we resolve this issue, at least to the extent of providing pro rata pensions for widows where the veteran's pension was below 48 per cent.

• (0052)

We have done well in getting the pension rate attached to a standard of wage in the public service. We have done well in getting a certain amount of compensation for prisoners of war both in World War II and World War I. We have done well in many of the things we have achieved with respect to veterans' legislation, and I refer now in particular to the Pension Act. However, this shortcoming still exists, and while I appreciate the fact that the other day the minister's answer seemed to imply some active consideration of the review of the War Veterans Allowance Act, he did not seem very hopeful that he would be bringing in something in this session to provide these pro rata pensions for widows where the veteran's disability pension was below 48 per cent.

I suggest to the minister that this parliament still has a number of months to go, probably into next spring or next summer, and when that time comes, it will not be good enough for the minister or for those on his side of the House to talk about what was done for veterans in the last few years. The question will be what was done in this session.

To sum up these remarks tonight, I say to the minister that what ought to be done, what the veterans would appreciate, would be to make a substantial improvement in the War Veterans Allowance Act and to amend the Pension Act to provide pro rata pensions for widows where the veteran's pension was below 48 per cent.

I hope the minister can say something encouraging. I do not expect him to announce tonight that something will be brought in tomorrow, but I hope he will tell us that these two matters will be given serious attention and consideration during this session.

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, staff of the Department of Veterans Affairs have over the past year been conducting a fundamental review of the War Veterans Allowance Act and part XI of the Civilian War Pensions and Allowances Act. During the review a detailed evaluation is to be carried out on how well the legislation meets its objectives, both in the nature and level of benefits provided to the veteran, dependants and survivors, as well as in the ways and means of determining and delivering the benefits. The examination was undertaken as a result of our recognizing, first, that the age and circumstances of the veteran and family today are very different from 1930 when the legislation was created, and second, that the methods used to administer the legislation might no longer be the most appropriate. The review is to focus on identifying opportunities for improving benefits to recipients and streamlining the administration of such benefits.

The review is reaching the stage where a report on the evaluation findings and a preliminary identification of alternative methods of achieving the objective of the legislation is due. This will not be a final document; rather, it will be a progress report permitting guidance to be given on the general direction the study should take during its concluding phases.

The question of paying pro rata pensions to widows of pensioned veterans has been raised by the hon. member many times. It has been suggested that a widow should receive a pro rata pension if her husband had been in receipt of a disability pension assessed at the rate of 47 per cent or less. Had his pension been assessed at the rate of 48 per cent or more, the surviving dependants would be pensionable. It should be remembered that a widow will be pensioned if her husband's death was attributable to service or occurred during wartime, regardless of the degree of the assessment of the disability.

• (0057)

I can assure the hon. member that when I have something specific to report on either of these subjects, I shall be pleased to do so.

TRANSPORT—REQUEST FOR CONTINUATION OF ESQUIMALT AND NANAIMO RAIL PASSENGER SERVICE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, it is rather a shock for me to find myself speaking on an adjournment debate at two minutes to 1 a.m., but the subject is important. It arises out of a question I asked the Minister of Transport (Mr. Lang) on October 20 about the Esquimalt-Nanaimo railway. I asked him if he could assure Vancouver Islanders that this popular, and now profitable, rail service will continue beyond December 13. The minister gave me more than the usual favourable answer and told me he presumed that the remarkable increase in the number of people using the services will be taken into account in the various steps which have to be taken with regard to the future of the rail service.

This story goes back a considerable distance. It is a long story of the CPR attempting to abandon a railway that is providing passenger service, and I am sure it has happened in other cases in the country. In this case the Canadian Transport Commission in 1970 and 1973 denied the railway the petition to abandon service and ordered some improvements to take place in the promotion of the service, station improvements and provision of sufficient equipment so that they could avoid carrying passengers in the baggage section.

These ordered improvements were given no attention or minimal attention by the railway, and in fact the line deteriorated so much that the northern section had to be closed in 1975. The railway attempted to avoid necessary repairs for reopening the line. The Canadian Transport Commission ordered that the line be repaired, and it was reopened in December, 1977.

From then on it was the story of the railway trying to give such poor service that nobody would use it and the railway could use that as an excuse to close down the line. Fares were prohibitively high, much higher than bus fares and CPR fares in other places, such as from Calgary to Red Deer. The only promotional effort was the printing of a few time cards. The

stations were in disrepair, often locked. Passenger inquiries had no local phone number on the island to phone for information. No food service was available, not even vending machines in either the train or in the stations. The Victoria terminal was relocated away from the city in an inaccessible suburban location. Permanent slow orders were in effect, delaying the train on every trip, without any public notification of the later schedule; thus trains were chronically and permanently behind time. No Sunday service was available, a day which has proven to be one on which there is heavy demand for service.

Predictably, the number of passengers was reduced to the very few who somehow discovered the existence of the service and could afford the exorbitant rate. The railway was given permission to discontinue service, although a one year extension of the order was granted to allow for appeal. This period expires on December 13 this year.

Local residents aware of the significant need and market demand for the service which existed have realized that they must use the service, despite the existing glaring deficiencies. Since December, 1977, thanks to an ad hoc committee which was formed by Mr. John Cooper and Mr. Win Moss to support the railway, loadings have climbed steadily to become impressive indeed. By May, loadings were regularly exceeding the capacity of the single unit available. By June the average daily loadings for the month exceeded 100 per cent of the seating capacity.

In summary, instead of the previous 8,000 to 12,000 passengers per year of recent years, this year saw loadings of over 40,000, and this in spite of the deficiencies in the service.

CPR has responded to the increased demand for service in a minimal way. The CPR action to fight against this ad hoc committee increasing the number of passengers carried has been as follows. No timetables have been available for over four months. Since this is the only company promotion for the service, it does not seem unreasonable to expect timetables, especially in view of changes in the service and fares. Slow orders keeping the train at 30 miles per hour were lifted only after public pressure. Stations have been unlocked after public pressure. Extra equipment has been added only after intense public pressure and the offer to help from B.C. rail.

● (0102)

Sunday service has been added but only after public pressure. After six weeks it was retained because of additional public pressure. Timetables and posters printed by an island daily and by private subscription were removed from the stations and train by order of the company, even though no timetable exists. The Canadian Pacific Railway feels no obligation toward persons who cannot board trains due to overloads, except on occasion to post signs in stations of high-use days warning potential passengers against using the train.

The new, substantially cheaper VIA fares were introduced only after they had been introduced throughout the rest of Canada first, and then only after public pressure. VIA excursion fares were not introduced until some six weeks later, when public pressure brought the matter to light. Amenities are minimal: stations have no phones; the on-board ash trays are used salmon tins; the disposal kit is an old bucket; the toilets are consistently out of order; and no on-board food service of any kind is available.

These items stress two facts. The CPR has provided service grudgingly, poorly, and only when subject to public pressure and scrutiny on a constant basis. The public response to the service, in light of the foregoing facts, underlines the very real need for the service. Certainly no one is riding because it offers luxury accommodation.

The present schedule is not adequate. It would be much more efficient to use a two-car train which each day would travel from Victoria to the north end of the island and back. One car at each end could be started at the same time. They are self-propelled. They could cater to northern Vancouver Island citizens, as well as the citizens of Victoria and its environs.

At the present time it is not possible for the railway to take this on, because there is an outstanding appeal by the British Columbia provincial government and the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). But it is my understanding that the minister can authorize an extension of the present extension for another five years, and I ask him to do that. It would give VIA Rail time to get firm control of the passenger service on that railway. Also it would provide the time necessary to continue developing the services on the island. If the minister gives the additional five years, we are confident that the railway will be made permanent and profitable.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the hon. member has just raised a problem that several members of this House have experienced in the past and will probably experience in the future. It concerns the fact that our railroads, whether Canadian National or Canadian Pacific, have too often in the past neglected passenger services for more profitable services. In fact, this is why the government established VIA Rail so as to put some order in passenger services and attempt to serve the Canadians who need these services to travel from place to place as they deserve.

[*English*]

As the hon. member for Victoria (Mr. McKinnon) points out, patronage has increased on this service over the past years as a result of the publicity generated about the service and the introduction of fare reductions this past summer. In June and July, patronage was up 130 per cent over the same period last year, and average loads during this period were around 78 persons per trip. Accordingly, on July 28, 1978, Canadian Pacific added an additional car to the train, thereby increasing capacity from 71 seats to 161 seats each way. Canadian Pacific reports that overloads have occurred only on a few weekends due to groups arriving at the station which are larger than had been indicated earlier to agents. September 30 and October 9 were two dates cited.

I should note that the president of VIA Rail inspected the facilities personally last week in order to assess problems with the current service. The Canadian Transport Commission, in its evaluation of this service, determined that it is uneconomic, and a good quality road network and bus service parallels the railway between Victoria and Courtenay. These reasons contributed to the CTC decision to allow the discontinuance.

● (0107)

As stated earlier, there are a number of complex legal and procedural questions relating to the commission's earlier decision and the subsequent appeal by the province of British Columbia which have a bearing on the final decision relating to this service. As the House may be aware, the matter of the B.C. appeal is still before the courts. The commission is, however, reviewing its earlier decision as a result of two applications for review. The commission will be reporting prior to December 13. This review is currently under way and the Department of Transport is assessing the matter in detail at this time.

[*Translation*]

Mr. Speaker, the minister is well aware of the importance of these services, but it is obvious that the minister cannot take any action as long as the Canadian Transport Commission has not given its ruling following a review of its previous decision concerning this service. I therefore believe that the hon. member for Victoria should raise this issue again, certainly before December 13, and when the commission has given its ruling on that date, make other representations to the minister if the ruling is not favourable so that a study can be made to see what are the possibilities of maintaining this service.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been withdrawn.

Pursuant to the order made earlier, the sitting is now suspended to the call of the Chair.

SITTING SUSPENDED

At 1.08 a.m. the sitting of the House was suspended.

● (0227)

SITTING RESUMED

The House resumed at 2.27 a.m.

Royal Assent

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-11, an act to provide for the resumption and continuation of shipping on the Great Lakes and certain other waters, without amendment.

* * *

[*Translation*]

THE ROYAL ASSENT

Mr. Speaker: It is my duty to inform the House that the following communication has been received:

Ottawa, October 24, 1978

Sir:

I have the honour to inform you that the Honourable Wishart Spence, OBE., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 24th day of October, at 2.25 a.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
Edmond Joly de Lotbinière
Administrative Secretary
to the Governor General

[*English*]

A message was delivered by the Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

Bill C-11, an act to provide for the resumption and continuation of shipping on the Great Lakes and certain other waters—Chapter I.

Mr. Speaker: It being after ten o'clock, this House stands adjourned until two o'clock later this day.

By unanimous consent the House adjourned at 2.37 a.m.

HOUSE OF COMMONS

Tuesday, October 24, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

NEW MEMBERS

Mr. Speaker: I am sure hon. members are aware that a number of successful candidates in the recent by-elections will be introduced into the House today in the usual manner. I cannot believe there could be anything more important for the House to turn its attention to; therefore, we ought to proceed to that as a matter of priority.

I will, of course, respect the time which is usually set aside for the question period and I ask for the co-operation of hon. members if they have applications pursuant to Standing Order 43. I ask them to exercise some discretion in that regard. Obviously, we ought to call those motions. If they are absolutely essential in nature, we will take them; but if certain matters can wait another day, I ask for the co-operation of hon. members because I expect it will take some minutes to introduce the new members.

I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Bob Corbett, Esq., member for the electoral district of Fundy-Royal.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of David Crombie, Esq., member for the electoral district of Rosedale.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Robert de Cotret, Esq., member for the electoral district of Ottawa Centre.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Donald J. Johnston, Esq., member for the electoral district of Westmount.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Marcel Ostiguy, Esq., member for the electoral district of Saint-Hyacinthe.

Also, I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Rob Parker, Esq., member for the electoral district of Eglinton.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Yuri Shymko, Esq., member for the electoral district of Parkdale.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Geoff Scott, Esq., member for the electoral district of Hamilton-Wentworth.

* * *

NEW MEMBERS INTRODUCED

Bob Corbett, Esq., member for the electoral district of Fundy-Royal, introduced by Mr. Joe Clark and Mr. Fred McCain.

David Crombie, Esq., member for the electoral district of Rosedale, introduced by Mr. Joe Clark and Miss Flora MacDonald.

• (1412)

Robert de Cotret, Esq., member for the electoral district of Ottawa Centre, introduced by Mr. Joe Clark and Mr. Walter Baker.

Donald Johnston, Esq., member for the electoral district of Montreal-Westmount, introduced by the right hon. Pierre Elliott Trudeau and the hon. Warren Allmand.

Marcel Ostiguy, Esq., member for the electoral district of Saint-Hyacinthe, introduced by the right hon. Pierre Elliott Trudeau and the hon. Jeanne Sauvé.

• (1417)

Rob Parker, Esq., member for the electoral district of Eglinton, introduced by Mr. Joe Clark and Mr. Sinclair Stevens.

Yuri Shymko, Esq., member for the electoral district of Parkdale, introduced by Mr. Joe Clark and Mr. Otto Jelinek.

Geoff Scott, Esq., member for the electoral district of Hamilton-Wentworth, introduced by Mr. Joe Clark and Mr. Lincoln M. Alexander.

S.O. 43

● (1422)

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUESTED AMENDMENT TO PROGRAM—MOTION UNDER S.O. 43

Mr. C. A. Gauthier (Roberval): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on a very urgent matter, namely eligibility for unemployment insurance.

Considering that clause 57 of the regulations derived from the Unemployment Insurance Act reads as follows, and I quote:

The employment of a person in agriculture, horticulture, forestry and harvesting by an employer who

(*a*) pays the employee a remuneration that is less than two hundred and fifty dollars in cash in a year, or

(*b*) employs the employee for a period of less than twenty-five working days in a year is excepted from insurable employment.

Considering that such a rule is detrimental to the farmer who has difficulty finding labour and discriminatory to the agricultural worker who does not enjoy the same status as the industrial worker; considering that because of this unfair piece of regulation hundreds of fruit and vegetable pickers in Quebec who worked in Ontario will be deprived of unemployment insurance benefits, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the Minister of National Revenue (Mr. Guay) lose no time in having clause 57 of the regulation removed so that all workers in Canada are put on an equal footing and are dealt with in a fair manner.

Mr. Speaker: The House has heard the motion of the hon. member pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

POST OFFICE

ENFORCEMENT OF LAW VIS-À-VIS CUPW—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. I refer to the fact that the acting president of CUPW in St. John's, one Ted Rice, has stated, as quoted in the St. John's *Daily News* with respect to injunctions:

If they are obtained they will be defied just as the back-to-work legislation has been. Twenty-three thousand workers stayed out on strike in the face of the legislation and injunctions are even a little milder.

[Mr. Speaker.]

Mr. Rice has questioned whether a judge will award an injunction, since the big question a judge will ask is whether the Post Office can guarantee that the injunction will be obeyed; and, since there can be no guarantee, he is doubtful that any will be obtained, and since the Newfoundland Federation of Labour has pledged full co-operation and support in defying the legislation, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the government explain in detail on motions how the government will ensure that any injunction is obeyed and how the government intends to enforce the law and to obtain respect for the law as a result of this massive and unprecedented defiance of the law in the courts by CUPW and the Newfoundland Federation of Labour.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity pertaining to testimony just given to the McDonald commission by former RCMP Commissioner Higgitt, investigating activities of the RCMP, testimony of the most serious nature alleging that three successive solicitors general were given both oral and written communications by Commissioner Higgitt concerning certain unusual police activities and that these cabinet ministers and the government failed to act in any way whatsoever.

I move, seconded by the hon. member for Lanark-Renfrew-Carleton (Mr. Dick):

That the Prime Minister and the government be ordered to make available immediately to the McDonald commission all details of such oral and written communications referred to by Commissioner Higgitt; further, that the Prime Minister explain this gross negligence on the part of the government in failing to act on the former commissioner's information and completely and utterly neglecting its obvious duty to reply to the commissioner for what must be interpreted as direct requests for instructions from the political level as to how the RCMP should proceed with its various activities.

Mr. Speaker: Such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1427)

REQUEST FOR STATEMENT ON EVIDENCE GIVEN BEFORE McDONALD INQUIRY—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a motion to make under Standing Order 43 similar to that made by the hon. member for Leeds, but since this has to do with the

privileges of members in the House I think it should be made in this form.

The testimony of Commissioner Higgitt of the Royal Canadian Mounted Police before the McDonald inquiry this morning raises matters, which affect the privileges of all members of the House. I would, therefore, move:

That the Prime Minister make an immediate statement on motions explaining the direct contradiction between the sworn testimony of the commissioner and previous statements made by himself and his ministers in this House, and that the Prime Minister table all written policy documents relating to this matter and referred to by the commissioner this morning.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

NEGOTIATION OF LABOUR DISPUTE—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise, under the provisions of Standing Order 43, to ask the unanimous consent of the House to deal with a matter of urgent and pressing necessity.

In view of the fact that an impasse has been reached between CUPW and the federal government which is without foreseeable resolution, and in view of the fact that this impasse has resulted in defiance of the law by 23,000 Canadian citizens who have reason to believe that this government is out to destroy their union, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House instructs the Prime Minister to insert himself into the dispute directly by calling both parties together, without preconditions, to negotiate a solution to the outstanding differences between CUPW and the Post Office.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ACTION TO END ILLEGAL STRIKE—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

Whereas the Canadian Union of Postal Workers is still defying the will of Canadians as expressed by parliament, and whereas the irresponsible leadership is continuing to advise its members to defy the law of the land, I move, seconded by the hon. member for Bruce-Grey (Mr. Douglas):

That the government act forthwith to decertify the Canadian Union of Postal Workers and that all the members of the national executive of that union who have counselled sedition be charged with that crime and fired from the public payroll.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

PAYMENTS TO PROVINCES FOR SOCIAL SERVICES—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and distressing necessity.

In light of the fact that the hon. member for Vaudreuil (Mr. Herbert), who has been appointed a parliamentary secretary and, therefore, occasionally answers for government policy in the House, yesterday moved a motion directing the government to discontinue federal transfer payments to the provinces for health, welfare and social services, payments which are the very linchpin of confederation, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the House direct the Minister of Finance to make a statement on motions as to whether or not the motion by the parliamentary secretary is government policy, and whether or not the government condones such irresponsible action by a parliamentary secretary.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Order, please. In my view, the question period should continue until 15 minutes after three o'clock.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DISTINGUISHED VISITORS

Mr. Speaker: Before beginning the question period, may I ask all hon. members to join me in recognizing the presence in our gallery of two very distinguished visitors in the persons of Mr. Giovanni Miglinolo of the department of foreign affairs in Italy, and Mr. Norbert Préfontaine, assistant deputy minister, intergovernmental and international affairs branch, department of national health and welfare. They are here to sign a treaty with Canada.

Some hon. Members: Hear, hear!

Oral Questions

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

EVIDENCE GIVEN BEFORE McDONALD COMMISSION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question to the Prime Minister has to do with the testimony given this morning to the McDonald royal commission by former RCMP Commissioner Higgitt who is reported as having said that he told three previous solicitors general that members of the Royal Canadian Mounted Police security service were breaking the law in carrying out their duties.

The Prime Minister will recall that on June 21, 1977, in this House, on a question of privilege, the Minister of Supply and Services said:

Not once, in my 23 months as Solicitor General, did any RCMP official suggest to me that the RCMP engage in illegal activities in the pursuit of its duties.

Clearly, there is an absolute and complete contradiction between the statement made by Mr. Higgitt this morning and the statement made by the present Minister of Supply and Services relative to his responsibilities in the period when he was solicitor general.

In light of that conflict, I wonder if the Prime Minister could tell us whether he has consulted the Minister of Supply and Services to determine whether the statement uttered in this House on privilege by that minister now stands. If he has not done that, can the Prime Minister tell us whether it is his intention to put that question to the present Minister of Supply and Services and whether he will give this House of Commons a complete report on the response of the Minister of Supply and Services?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the minister has stated publicly and privately to me that he is not only willing, but anxious to testify before the royal commission. That is also the case with the Minister of Consumer and Corporate Affairs. They have said they are willing to testify. I think the least we could do would be to hear what their testimony will put before the commission.

● (1432)

Certainly, Mr. Speaker, it does underline one of the difficulties of the present procedure in the commission whereby one testimony is made, it is picked up by the media, it is picked up by members opposite in the standing orders—as they did today—and based on allegations from one side which may well be dissipated in further examinations or cross-examinations and which certainly may be put in contradiction by further testimonies. I think this shows the wisdom of the government in saying, "Let us wait for the commission to make its report before jumping to conclusions."

Mr. Clark: Mr. Speaker, what we are dealing with here is a direct contradiction of a statement made by a former commissioner of the RCMP before the royal commission. Also, we are dealing with a statement made deliberately, after preparation on a question of privilege by a minister of this government. There is a certain obligation of leadership of the Prime Minister.

My question has to do with whether or not the Prime Minister, in light of his obligation of leadership and in light of the testimony this morning by former Commissioner Higgitt, has done his duty and has spoken with the present Minister of Supply and Services to verify the accuracy or otherwise of the statement given by that minister to this House of Commons.

If the Prime Minister has not exercised his leadership relative to a statement given to this House of Commons, will he do that and report to the House of Commons fully upon the results of that conversation between himself and the minister of his government?

Mr. Trudeau: Mr. Speaker, it does happen to be the fact that not only have I exercised my leadership in this matter, but I have done this many, many months ago in talking to former solicitors general. I think it ill behoves the Leader of the Opposition to talk about leadership when he did not dare talk to the hon. member for Leeds when the RCMP wanted—

Some hon. Members: Hear, hear!

Some hon. Members: Shame!

Mr. Trudeau: The Leader of the Opposition makes a strong point of the fact that we are dealing with a direct contradiction. Indeed we are, Mr. Speaker, and we will be very anxious to find who in this contradiction is giving the proper interpretation of the facts. It just so happens that my information and my memory is, subject to verification, that former Commissioner Higgitt is in direct contradiction with himself who, if I am informed correctly, said before the Keable commission in Quebec not so many months ago that he had no recollection of having informed the former ministers of any such thing.

I urge the Leader of the Opposition to look up his files and to find out whether the former commissioner has or has not contradicted himself before, suggesting he has been contradicted by the former minister.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, I regret to find that the Prime Minister is behaving as usual.

Some hon. Members: Oh, oh!

Mr. Clark: Instead of doing his duty, he is attempting to attack me and former Commissioner Higgitt.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Clark: What is clear so far is that the Prime Minister, with the knowledge this morning of this quite remarkable testimony by former Commissioner Higgitt, has not so far, nor has he shown any indication of an intention to do his duty, in regard to verifying the accuracy of the statements made by the

now Minister of Supply and Services to the House of Commons.

I have a question, sir, that relates to an undertaking given by the Prime Minister of Canada to the House of Commons. It is germane in relation to the statement made this morning by former Commissioner Higgitt. The Prime Minister said in this House in answer to two questions on June 22, 1977 the following:

I have had repeated assurances from the commissioner of the RCMP and from the Director General of Security that this

The word "this" relates to an illegal act. The Prime Minister went on to say:

—was an isolated incident and it was in no way a general or special practice of the RCMP to have break-ins.

Can the Prime Minister tell us whether he stands by that statement made on June 22, 1977?

Mr. Trudeau: Mr. Speaker, yes, I stand by it absolutely. As a matter of fact, the statement was cleared with people in my office and in the RCMP who were working on this particular matter. In so far as doing my duty, it seems to me that I made it clear that I had talked to the former solicitor general in previous circumstances. So far as having done it today, I learned of this testimony over the lunch break. I had time to talk to the former solicitor general, who is now Minister of Consumer and Corporate Affairs and he assured me that former Commissioner Higgitt's testimony is not in conformity with what he has said on previous occasions. I have not had time to talk with the previous one.

I find it a little strange that the Leader of the Opposition stands up indignantly and says that I am attempting to attack him and former Commissioner Higgitt. It seems to me, Mr. Speaker, that the question period is a place where the opposition attacks the government. They have done nothing else in their question, and they did nothing else under the Standing Order. But I am not supposed to answer, because if I answer that it is seen as an attack on the poor Leader of the Opposition.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, the question period is supposed to be a place where members of parliament can elicit information from the government. That has not been the case for the last ten years with this government.

Some hon. Members: Hear, hear!

Mr. Clark: The question that the Prime Minister should be putting to his long list of solicitors general does not deal with the consistency of Commissioner Higgitt's testimony, but deals with the question as to whether the testimony given today to the best of their knowledge is true. I wait to have an assurance from this Prime Minister that there will be a full revelation to this House of Commons of all the details of the efforts he has made to verify the record with the Minister of Supply and Services.

My question now relates to the invitation by former Commissioner Higgitt today that his advice to former solicitors general was in both oral and written form. May we have an unequivocal undertaking by the Prime Minister, now, that any written recommendations that are still extant will not be destroyed and will, instead, be made public to this House of Commons?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, we have given the undertaking that we would turn everything we have over to the royal commission. It has asked for many documents. It has had all it has asked for. We have given them more than that to introduce them to new facts. I think it is a very despicable slur to suggest that we would destroy information—

An hon. Member: You sure would.

Mr. Trudeau: Who said that we sure would? I will kick his ass.

Mr. Paproski: Shame.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

● (1442)

PUBLIC ACCESS TO EVIDENCIARY DOCUMENTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Minister of Justice, in the absence of the Solicitor General. The Minister of Justice will be aware of the arguments advanced by council for the cabinet—I am not sure that council was acting for the Attorney General, because he would not tell us—to the effect that certain classes of government documents would only be made public at the option of the government. This argument was, of course, rejected by the commission. Would the Minister of Justice give an undertaking that the documentary material referred to this morning by former Commissioner Higgitt will be permitted to be made public and that the government will not seek any remedies to prevent such material being made public?

Would he also confirm that no argument will be advanced by cabinet before the commission in an effort to prevent the former commissioner testifying in public?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): The hon. member, along with other hon. members, will be aware that we have taken a straightforward position that the material in our possession is available to the commission. That is a broad statement of our willingness to make available all that possibly could be of use to the commission. In addition, we have made it clear that we would expect the commission, obviously, to have regard for the public interest more broadly, that is, recognize the fact that there are certain classes of documents which deserve continued confidentiality

in order that our national system may continue to operate well. That is our position and it is a position we shall continue to take before the commission.

I shall not engage in hypothetical, theoretical discussion about whether or not at some point we might get into some kind of confrontation. I do not foresee it. I foresee our making statements to the commission when the commission wants advice on issues of confidentiality. The decision will then be taken by the commission. As I see it, that approach has worked well up to this point. Of course, the opposition, which does not care about responsible investigating but only about partisan attacks, does not appreciate the fact. We continue to expect that approach to work well and I shall not engage in hypothetical alternatives.

Mr. Jarvis: It is very hard to imagine what is hypothetical about a vast number of documents already delivered to the McDonald commission. The question is not whether the government will make them available—they are already available—but whether the government will attempt to invoke or bring down a shroud of secrecy through the argument of its lawyers. I ask the minister for an assurance that the documentary material referred to by former Commissioner Higgitt will be made public without objection on the part of the government. Second, I ask for an assurance that the government will not invoke the infamous provisions of the Federal Courts Act, section 41, to prevent these documents being subject to public scrutiny.

Mr. Lang: I have made the position very clear and I invite the hon. member to read what I said, if he has not understood it. We shall make such arguments before the commission with regard to confidentiality as the public interest requires. I expect the commission to take its responsibility at that point with regard to the public interest and I do not propose to engage in further hypothetical discussion beyond that as to what might happen. Why not wait to see whether such a case ever arises, and then we can discuss the matter?

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I, too, would like to ask a question about the evidence of ex-Commissioner Higgitt. The ex-commissioner further testified before the inquiry that none of the solicitors-general—referring to Mr. Goyer, Mr. McIlraith and Mr. Allmand—advised him at any time that the law should not be broken. The Minister of Justice is presently engaged in an effort to have the postal workers obey the rule of law and go back to work.

Given the evidence before the McDonald inquiry and the minister's stated objective of seeing that everyone in this country respects the rule of law, will the hon. gentleman now give an undertaking to the House that he will see that charges are laid forthwith against those who have violated the law as indicated by evidence before the McDonald inquiry, meaning both RCMP officers and cabinet ministers? Will that evidence be placed immediately before the attorneys general in the respective provinces so that appropriate charges may be laid?

[Mr. Lang.]

Mr. Lang: Of course, if anything arising out of the commission's inquiry deserves the attention of a provincial attorney general by showing any indication of a breach of the law, that information will be placed before him. But if we talk about observing the law and the spirit of the law, I would think it equally important for the hon. member from New Westminster and the Leader of the Opposition not to engage in conviction upon first glimpse of a suggestion of evidence, but to wait for due process of that very law.

Some hon. Members: Hear, hear!

Mr. Leggatt: I was referring, of course, to specific evidence, known for a long time, of mail openings, break-ins, barn burning, you name it. There is enough evidence for charges to be laid. If we expect the postal workers to go back to work, they want to see that there is not one law for them and another for the cabinet and the RCMP.

My supplementary question is a specific one with regard to the letters which were referred to ex-Commissioner Higgitt. Would the Minister of Justice agree to table those letters before the House so that we could examine the evidence? The minister is talking about prejudging: we will not prejudge them.

Mr. Lang: I would remind the hon. members, again, that the very reason the commission was set up, at the strong urging of the loyal and official opposition at least, was that all the material might be made available to the commission for an independent judgment. There was a very important point involved in that process. It was that a complete study might take place before conclusions were reached. We now find the hon. member for New Westminster arriving at conclusions on the basis of his glimpse of what must be at very best a tiny bit of evidence or suggestion. On that basis, the hon. member is not only weighing the evidence and reaching a conclusion, but he has so convicted some of my colleagues that he has used it as an argument for postal workers and CUPW to disobey the law, and that is outrageous.

Some hon. Members: Hear, hear!

Mr. Leggatt: My position has never been any different, and it is that everyone in this country should obey the law. And that includes postal workers. Can the minister at least make a commitment that he would not use the Federal Courts Act to suppress evidence concerning cabinet ministers, so that we may know publicly what the relationship is between those former cabinet ministers and the RCMP?

Mr. Lang: I have explained the situation. The commission has the matter in its hands. If it would help hon. members further, let me say this: I can conceive of no circumstances in which the commission, seeing that there is some suggestion of impropriety or illegality in a document or in testimony and, therefore, a need for it to be made public—I can conceive of no circumstances in which that decision of the commission would not be honoured and the documents made public.

• (1452)

[*Translation*]

FISHERIES

ACCESS OF SMALL COMPANIES TO FINDINGS OF LARGE COMPANIES

Mr. Eudore Allard (Rimouski): Thank you, Mr. Speaker. My question is directed to the Minister of Fisheries and the Environment. Following the announcement that in future the private sector will have to conduct its own research in the field of fisheries, can the minister tell the House if small and medium fishing outfits, as well as fishermen, will have access to the information and knowledge acquired through scientific research by the large companies in this field?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, first I must specify that there is no scientific research involved among other things in determining the quantity of fish that can be taken. This research will be aimed at developing new fish products. We feel that the industry is sufficiently strong in this area to fend for itself. I have said it clearly, we will in no way reduce our scientific research nor our research aimed at improving the fishermen's equipment and increasing their catch.

Mr. Allard: Thank you, Mr. Speaker. As a supplementary question, I would like to ask the minister if, at that level, the small and medium outfits as well as the individual fisherman will be protected?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, no doubt that as small outfits band together to form associations, as they are already doing, they can take advantage of the information which may result from ongoing research.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY GIVEN BEFORE McDONALD COMMISSION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question with respect to the evidence adduced before the McDonald commission this morning. My question is directed to the Prime Minister and it concerns the sworn testimony with respect to its being the general policy of the RCMP to engage in activities which are the subject matter of the inquiry.

My concern has to do with the direct contradiction which exists between statements, not only of previous solicitors general but also the Prime Minister's own statement made in the House in 1977 which is recorded at page 6988 of *Hansard*. The Prime Minister left the House with the impression that the matter was discussed. He said:

—very clearly with them—

Presumably, the security officials of the RCMP.

—in my office in the spring of last year . . . We had these specific assurances.

That is, that there were no specific break-ins. In view of that apparent contradiction, and in the interest of getting to the bottom of things and getting all the facts and the truth, will the Prime Minister be appearing before the McDonald commission to make known the facts within his knowledge with respect to the degree to which his previous ministers were aware of the general policy of the RCMP in this area?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is referring to a page in *Hansard*. I cannot remember the exact context of that quotation, but if my memory is right, I was reporting on a conversation which took place in my office between the commissioner of the RCMP, the then solicitor general, and perhaps one other member of the security service. The assurance I received then in my office, which I believe was quoted by the hon. member, had to do with the question of whether the one presumed illegal act which had been brought to light had been isolated or whether there had been many others.

At that time we were discussing the question of whether we should set up a royal commission of inquiry into the RCMP, and I was assured by the RCMP that this was an isolated act. They argued that there was no need, because of that, to set up a commission of inquiry, that it was an isolated act, that it had been uncovered and that the matter was before the courts. We wanted to set up a commission of inquiry.

Mr. Leggatt: No, we asked for it.

Mr. Trudeau: You had not even heard about it then. At that time the police were saying it was not necessary because this was an isolated act.

The hon. member went on to ask whether specific cases had been brought to our attention. I repeat that the only specific case which was brought to our attention was the one which had been made known then. It was, I believe, a break-in at offices in Montreal. I have before me the testimony of the commissioner at the Keable inquiry. I think this is public. Before the Keable inquiry, while referring to the interception of the private mail of citizens of Canada, Commissioner Higgitt said, in so many words, "No, I do not recall any such conversation". So this rather substantiates the fact that he had not raised such a matter with the then solicitor general.

Mr. Nielsen: Mr. Speaker, I have one further supplementary question. For the benefit of the Prime Minister's recollection, the exchange took place on June 22 with the leader of the New Democratic Party. The Prime Minister is quite correct in his summary of his recollection, but I am not concerned here about a specific instance. In his testimony before the Keable inquiry, the commissioner was referring to a specific incident. The Prime Minister is referring to a specific incident, but I am referring to general policy.

It is inconceivable to me that, as chairman of the cabinet committee on security, the Prime Minister would not be aware

of the general policy of the RCMP. As Commissioner Higgitt testified under oath, today, the general policy was to condone not only these specific incidents but also several others. That is the clear purport of his testimony.

In view of the fact that the Prime Minister and his former solicitors general should be, if they are not, fully aware of the general policy in this area, does the Prime Minister not think, in the interest of getting all the facts, that he should testify before the McDonald commission with respect to the policy areas which were testified to this morning?

Mr. Trudeau: Mr. Speaker, I repeat that I do not have the testimony of Commissioner Higgitt. I doubt very much that he was saying what the hon. member quotes him as saying, that there is a general policy on the part of the government to support the RCMP in its breaking of the law. If the commissioner says that, that is flatly denied by his own testimony before the Keable commission. It is flatly denied by the solicitors general under which he has served, and certainly no such conversation ever came up in my presence or with him.

PRODUCTION OF DOCUMENTS BEFORE McDONALD COMMISSION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is to the Prime Minister, not only in his capacity as Prime Minister but also as chairman of the cabinet committee on security matters. Can the Prime Minister tell us whether the letters, documents and memoranda referred to this morning by former Commissioner Higgitt have actually been turned over by the government to the royal commission?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have never heard of any such documents. The former solicitor general says he has no recollection of any such documents. I do not think Commissioner Higgitt has produced any such documents. The government has made all its material available to the royal commission of inquiry, and I suggest that the advice of the Minister of Justice is the best. Let the commission do its work. Let us at least have the elementary fairness not to condemn one side until we have heard the other side. This is a rule which the opposition should keep in mind once in a while.

* * *

POST OFFICE

ACTION BY GOVERNMENT TO END STRIKE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Minister of Justice: it has to do with the Post Office fiasco. We are now seeing the rule of law versus the rule of power with regard to the injunctions which the minister has been seeking. We find now that CUPW is not going to respect them. Police chiefs and police in general are reluctant to move. They say that perhaps there might be a breach of the peace if they did.

[Mr. Nielsen.]

The minister must be in touch with the attorneys general across the country in order to see that the situation is brought to their attention and that they move and give directions, rather than several chiefs of police. Has the minister been in touch with the attorneys general across this country in order to put the position of the government before them so that the proper action can be taken?

● (1502)

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, in cases where it is relevant, my deputies or other officials have been in touch with their counterparts in the various provinces. It is true that because we are applying the rule of the law rather than some rule of arbitrary power, the matter must necessarily take some time and some careful consideration and deliberation. That is true, but I still ask hon. members to join in the basic argument that what we must have is obedience of the law, we must have due process, no doubt moving slowly but moving inexorably just the same.

So let us not make it sound in the House as if it were some sort of confrontation between government and a particular group. This is confrontation against the law of this land itself and we will continue to apply that law slowly, carefully and properly, because in applying it—the hon. member for New Westminster says "very slowly"—very slowly, deliberately and properly, as we would in every case, we would not want in any way to be open to any feeling of disrespect of the law and the legal system which is being defied in this flagrant way.

Some hon. Members: Hear, hear!

Mr. Alexander: I am glad the minister understands the situation, because the people of Canada are looking to the House for leadership in this regard. The minister indicated he was gathering the evidence, all the facts, in order that prosecutions can be laid. Can the minister rise in his place now and tell us whether he has the facts to enable prosecutions to be laid, and what type of prosecutions he is referring to? After all, this is the second or third day that has gone by in the gathering of facts in order to prosecute. Has the minister prosecuted—and to what extent?

Mr. Trudeau: Thirsty for blood, Linc?

Mr. Lang: We have obtained injunctions in a number of locations and those injunctions have been served. We are continuing to seek injunctions in other cases in order to remove the biggest obstacle which inhibits those in the union who would want to return to work. We are, indeed, preparing the material for charges of a variety of sorts, and those will be against a variety of people involved in breaking the law.

While it would be very tempting, politically, for me to make broad statements about whom we will charge and what kind of charges those will be, I will not fall into that political trap against the obligations I have as Attorney General to, first, assess evidence carefully laid before me and, second, lay the

charges and then be able to say that those charges have been laid.

Some hon. Members: Hear, hear!

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Acting Minister of Labour. There were reports yesterday that the leader of CUPW had said categorically that he would refuse to meet with the hon. Lucien Tremblay whom the minister appointed yesterday as mediator-arbitrator. Today, however, there is a press release—and I am quoting from it—put out by the leader of CUPW which says:

However, we wish to reiterate that we are ready to meet any person appointed by the government with a view to resolving the issues that gave rise to the present dispute.

I know that the acting minister understands that if there is an absolute refusal to meet with the hon. Lucien Tremblay, then the whole nexus of the legislation falls apart. Can the minister tell us what the situation is?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, in this regard the course of action which ought to be followed by the union is quite clear. It has been decided by parliament that the mediator-arbitrator would be appointed and that he will try, in the first instance, to bring the parties together to try to arrive at a negotiated settlement, and if he is not successful in achieving this, he will turn into an arbitrator, a responsibility which has been given to him by parliament; and he will draft a collective agreement which will have force and effect on both parties, on the government on one hand and on the union on the other hand. That collective agreement will be in force until the end of 1979.

Mr. Fraser: I have a final supplementary, Mr. Speaker. Has the Acting Minister of Labour any information which can clarify what are, not apparently but clearly, conflicting statements made by the leader of CUPW, one of them yesterday, in which he is reported to have said that he would not meet with the mediator-arbitrator, and the second statement today that while he is critical of the choice of that particular person, nonetheless he will meet with anybody appointed by the government.

Can the minister clarify for the House just what is going on, because it is obvious to all of us that it would be preferable to have the union meet with the mediator-arbitrator?

Mr. Ouellet: It is very difficult indeed for me to give an interpretation of two different statements made by the president of CUPW. But I am glad to see in his second statement that he is now starting to understand the fact that parliament has established a course of action which he ought to follow, that if he wants to present his point of view in order to have, for his own sake and that of his members, a better collective agreement, he should sit down with the mediator-arbitrator and present his point of view, because the course of action of the mediator-arbitrator has been set by parliament and within 90 days he will have to draft a new collective agreement. I am sure he will do it. This agreement will be imposed, I repeat, not only on the union but on the government.

SUGGESTED DECERTIFICATION OF CUPW

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my supplementary question is directed to the Postmaster General. In view of the continuing defiance by CUPW and the counselling of its executive that members defy the law, has the Postmaster General asked the government to start proceedings to decertify the union, and will the government take steps to fire those public servants who counsel defiance of the law?

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): In answer to the hon. member's question, I should like to advise him and members of the House that this morning a memorandum was sent by the Deputy Postmaster General to the CUPW bargaining unit, and in that memorandum the deputy minister advised members of CUPW that, under the Public Service Employment Act, any employee who failed to report for normal duties during the seven days ending at 12.01 a.m. on October 26, 1978, may be declared to have abandoned the position he or she had occupied.

This could lead to the termination of employment with the Post Office.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

URBAN AFFAIRS

BUILDING PERMITS FOR MONTREAL CONSTRUCTORS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs.

On August 31 last, the minister announced to the residents of Place Frontenac in Montreal that as a pilot project, he wanted to set up a management committee for those buildings. Considering that the Central Mortgage and Housing Corporation stated recently that it wished to set up a non-profit company to manage those apartments, is the minister in a position to say why he does not extend the 12-month mandate which included a clause providing for its extension?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, indeed the Central Mortgage and Housing Corporation which was the owner of Place Frontenac in Montreal decided to make a rather special experiment with that housing complex by setting up a joint management under which the tenants of those apartments met with the directors of the corporation to organize the joint management of that complex. We then said that if the experience was successful we would be prepared to offer the apartment for sale to the tenants who through a non-profit company would become owners of that complex. We are now negotiating the sale of Place Frontenac to tenants who have set up a non-profit company which will become the owner of the building.

Mr. La Salle: I have a supplementary question, Mr. Speaker. In view of the fact that this morning, in Montreal I think, the president of the management committee expressed deep concern and regretted and complained about not receiving from the corporation the information they should provide him, can the minister give the required information, is the minister prepared to meet with the tenants and in particular with the responsible management committee in order to settle this question in the best interests of the tenants?

Mr. Ouellet: Yes, Mr. Speaker, I did meet with this management committee in the past. Obviously, I will be happy to meet them again if there are some points to be clarified.

* * *

• (1512)

[*English*]

LABOUR CONDITIONS

CN STRIKE AT THUNDER BAY, ONT.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is directed to the Minister of Transport and Minister of Justice. In view of the decision by Canadian National to prosecute individually 137 members of the United Transportation Union, local 913, in Thunder Bay, for a wildcat strike caused by CN demanding that train crews work longer than the hours stipulated in the collective agreement, in the interest of industrial peace, will the minister talk to CN management in an attempt to convince them that there is no useful purpose in prosecuting these employees now that a compromise has been worked out for a trial period?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I would be glad to have that representation made known to the management of Canadian National. As hon. members know, it is not my ordinary practice to interfere in the day to day operations of CN. However, in referring to the action as a prosecution, perhaps the hon. member has misstated the situation. I believe it may involve civil actions.

Mr. Symes: Mr. Speaker, my supplementary question is directed to the Acting Minister of Labour. Will he have his officials investigate the situation with the United Transportation Union and Canadian National in Thunder Bay, to determine if the company is acting illegally or contrary to the intent of the collective agreement, and to see if, through his good offices, the dispute can be resolved?

Hon. André Ouellet (Acting Minister of Labour): Yes, Mr. Speaker.

[Mr. Ouellet.]

GRAIN

PRICE OF WHEAT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I will not ask any questions about the retired commissioner, because I have been always under the impression that there should be no threats in parliament. But after the eloquent description of the kind of treatment that certain members of the opposition will receive, as expressed by the Prime Minister a few moments ago, I will not ask the questions I had in mind, because I would not want him to start into some other fuddle-duddle words!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: My question is directed to the Minister of Transport and Minister of Justice, as the minister reporting for the Wheat Board. In the last few days there was a meeting in Washington in connection with the price of wheat. Among other things, the discussions were leading up to an international wheat agreement. The Canadian participants in the Canada and American Senate wheat talks came to the conclusion that until farmers received $4 a bushel, they would not have sufficient money to pay their cost of production and receive any return. Will he give consideration to bringing before the Wheat Board the need of action in this regard?

It would not mean any particular increase in the cost of living, but it would place hundreds of thousands—tens of thousands—of western farmers in a position which they are not in today.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I presume the right hon. member is not suggesting the destruction of the Wheat Board system and the initial payment system. Therefore, he should take note of the fact that the farmer receives part of his return by way of initial price, and the rest by way of final payment.

While the price of the elevator does not reflect the fact that wheat is being sold by the Wheat Board for over $4 a bushel, I would have thought the right hon. member for Prince Albert would have known that for some number of months now the Wheat Board has in fact sold wheat at prices ranging between $4.30 and $4.70 a bushel. At the present time at least the returns for our grain are above the minimum to which he referred.

Mr. Diefenbaker: Mr. Speaker, I am fully aware of what the minister is saying. Whenever he expresses himself on any subject, naturally I give the greatest attention to it. I should like to ask him the simplest question. Having regard to the market as it now is, why can the farmer not receive $4 a bushel at the time of sale? Because the minister has said that the sales ahead indicate a price beyond that, that is a pertinent question to ask. Even his constituents in Saskatoon-Humboldt might be interested in learning whether the minister is interested in their prosperity.

Mr. Lang: Mr. Speaker, I think the grain farmer realizes, in setting the initial price, that we often take the recommendations of the Canadian Wheat Board into account. In March of this year we set it at $3 for this year. We did so in March, 1977, for the past crop year. In both cases the government was taking significant risk regarding the possible deficit in those pools and was not advised by the Canadian Wheat Board to reach for so high a price. Prices have moved upward and are at a higher level now. I am glad about that. We will make every effort we can in the international negotiations under way to assure fair returns for our farmers from the international marketplace. That is where the farmer would most like to achieve it.

However, in the alternative we have available such things as the grain stabilization plan, for which the Conservatives fought so bitterly for so many years, and which this year has paid out $115 million to prairie farmers.

Mr. Diefenbaker: Mr. Speaker, in so far as the grain stabilization plan is concerned, the minister and those connected with him gave farmers a ride. The Minister of Agriculture said that the farmers would secure a further payment from $110 million to $140 million. When the payment was made, it was $55 million. In other words, farmers were taken for a ride, and the last thing the minister should do is boast about the success of that particular plan.

Mr. Lang: Mr. Speaker, earlier it was made clear in the House that any reference by the Minister of Agriculture to the final payment under the scheme which farmers would receive was to the total payment they would receive.

Mr. Diefenbaker: No.

Mr. Lang: I made that clear, and that was very clear in everything said. Once again, it is quite wrong for the right hon. member for Prince Albert to attempt to perpetrate or put forward the notion that somehow an unfairness is being done to a sector of our economy. That is not so.

Mr. Diefenbaker: It is so.

Mr. Lang: The House and the government, through the grain stabilization plan, hopper cars and railway rehabilitation, have done things such as the right hon. member never dreamed of.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. BAKER (GRENVILLE-CARLETON)—McDONALD COMMISSION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, earlier in the question period there was an exchange between the hon. Leader of the Opposition (Mr. Clark), the Prime Minister (Mr. Trudeau), the hon. member for Perth-Wilmot (Mr. Jarvis), and the hon. member for Yukon (Mr. Nielsen). It

involves an apparent contradiction in what was said to the House by the Prime Minister, what was said through him today by the Minister of Supply and Services (Mr. Goyer), what was said on former occasions by the Minister of Supply and Services, and alleged testimony given before the McDonald commission today. This raises very serious questions affecting the privileges of members of the House. In order to watch the universe unfold, I should like to reserve the right to raise this question of privilege at a later time.

Mr. Diefenbaker: It cannot be done now because the Prime Minister (Mr. Trudeau) has left.

Mr. Speaker: Order, please. I am not sure the nature of the question raised by the hon. member for Grenville-Carleton (Mr. Baker) is sufficiently clear to warrant it being classified as a question of privilege. In any case, if it relates to contradiction in testimony now before a commission or in answers given in the House, or something of that sort, the matter can be raised when the hon. member has been provided with an opportunity to examine the record. If there is any argument about procedural matters, in terms of raising it at the first opportunity, the hon. member certainly can refer to his remarks today.

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POINTS OF ORDER

MR. KNOWLES (WINNIPEG NORTH CENTRE)—ANSWER GIVEN BY PARLIAMENTARY SECRETARY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. From time to time questions have been raised in the House concerning the role, authority, and responsibility of parliamentary secretaries.

For the most part we accept answers given by parliamentary secretaries as being the answers of their ministers. But today we received an answer from a parliamentary secretary which has very serious implications. Even the parliamentary secretary said that he was answering on behalf of the deputy minister, the Deputy Postmaster General in this instance. The suggestion was that a threat of wholesale dismissal was hanging over postal workers. How can we know, Mr. Speaker, in light of the concern that has been expressed in the past about the authority of parliamentary secretaries, whether that announcement was just a departmental answer or whether it represents the deliberate policy of the government?

● (1522)

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): Mr. Speaker, I am sorry that I did not convey this properly in the answer, but this is government policy. The minister made the announcement in his speech in Toronto at lunch today. Under the Public Service Employment Act, it must be the Deputy Postmaster General who notifies, in writing, the Public Service Commission of any intention to deem jobs abandoned within the employ of the public service.

Point of Order—Mr. Hnatyshyn

Mr. Speaker: Order, please. Essentially, we are extending the question period as though two further supplementary questions had been put to the hon. parliamentary secretary, and this is really no different than if the Postmaster General (Mr. Lamontagne) had been here and had had further supplementary questions put to him. I can understand the concern of the House over the nature of this procedure, but, nevertheless, it is not a point of order. It is really an extension of the question period, but there is a limit as to how far we can go.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I accept the judgment which you just made. However, it seems to me that a matter of this seriousness ought to have been stated in the House by a minister of the Crown.

MR. HNATYSHYN—ROLE OF PARLIAMENTARY SECRETARIES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles) underlines the point which I wanted to raise and which was raised earlier in a motion under Standing Order 43 by my colleague, the hon. member for Kingston and the Islands (Miss MacDonald), relating to the role, function, and position of parliamentary secretaries in this House.

Yesterday we had the situation where the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Miss Nicholson) stood in this House with respect to suggested anticipated policy concerning equalization payments. My understanding is that when a parliamentary secretary stands in this House and states a policy of the government, that it is attributable to the government. Yet we have the situation now where we have no explanation, and there has been no attempt to make a statement on motions as to whether or not the position put forward by the hon. member for Vaudreuil, (Mr. Herbert) is in fact the position of the government with respect to the abolition of the principles of equalization.

If we are going to have a system of parliamentary secretaries in this House, we have to know whether they are speaking for the government or whether they are speaking *ex cathedra* on some other basis, through some inspiration that we have no basis upon which to attach any method of attribution to the government. I suggest to you, sir, that if you think that the parliamentary secretaries are answering for the government, then we should be entitled to an explanation, particularly in the case of the matter raised by the hon. member for Vaudreuil with respect to the motion he placed yesterday, which apparently is government policy.

Mr. Speaker: Order, please. Naturally I am only prepared to accept that thesis when the hon. member is prepared to tell me that every application put by a member of his party, pursuant to Standing Order 43, is the policy of his party.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: That is nonsense, Mr. Speaker!

[Mr. Collenette.]

Mr. Speaker: Order, please. There are rules of this House which give to every member the opportunity, as a privately elected member of this House, to intervene, put forward motions, notices of motions, bills or other matters. Those rights all operate to the benefit of a private member of the House. Whether or not a member in this particular instance is taking advantage of that rule in one way or another is a matter which can be debated. If and when the matter comes to a debate, it can be discussed, but, in fact, it does not constitute a matter of order in this House.

The point was raised by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) as a point of order. I think that he will recognize that he is perfectly entitled to make the conjecture that he has, as is the hon. member for Kingston and The Islands (Miss MacDonald) entitled to make that conjecture. It is not a matter of disorder for any member to take advantage of Standing Order 43 in any way, and I cannot find that any disorder or point of order now attaches to the point raised by the hon. member for Saskatoon-Biggar.

Mr. Joe Clark (Leader of the Opposition): Very briefly, sir—

Some hon. Members: Order, order!

Mr. Clark: I heard order being called from across the floor. It is not yet the prerogative of the Minister of Finance (Mr. Chrétien) to set rules of this House. I think it may well be, in light of your remarks in response to the points raised by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), that there is perhaps not a complete understanding of the points that the member for Saskatoon-Biggar was making. The difficulty posed for us here is that at one moment a parliamentary secretary is wearing the guise of a spokesman for the government, and at another moment—and there is no way by which we can distinguish what hat he is wearing—he stands in the guise of a private member.

It is well established practice in this House, honoured particularly on this side, that members of parliament are free to speak their views and to raise points that are of concern to them. The question relates to when is a member of parliament, who is also a parliamentary secretary, speaking not for himself or herself but for the Government of Canada. That is the difficulty that we have when, as today in the case of the Parliamentary Secretary to the Postmaster General (Mr. Collenette), a statement was made that is apparently government policy, and yesterday in the case of the hon. member for Vaudreuil, the Parliamentary Secretary to the Minister of State for Urban Affairs (Mr. Herbert), a statement of devasting consequences to this confederation—made apparently in a private capacity.

I suggest to you, sir, with all respect, that this is a very difficult question for this House, the question as to whether or not these people, who at one moment are private members and at another moment are spokesmen for the government, are, when they make those statements, speaking for the government or for themselves. That, I suggest, is a matter which

should be considered with the utmost care by the Chair and the table.

Mr. Speaker: Order. I think we can finish this discussion. I do not disagree with the Leader of the Opposition (Mr. Clark) in the slightest, or with the hon. member for Saskatoon-Biggar. Indeed, it is a matter of concern, but it is raised by way of a point of order that a member of the House put forward a motion yesterday pursuant to Standing Order 43. There is no disorder or a point of order in that.

If there is any concern that the member was speaking for the government, then a question should be put to the leader of the government in the question period as to whether or not that member was speaking on government policy, or to his minister if he or she is a parliamentary secretary. This is a very direct vehicle for determining his performance.

Similarly, when the parliamentary secretary spoke today he did not make it clear if he was answering for his minister, and that was clarified by a point of order at the end of the question period. The question could be put quite directly as to whether or not the parliamentary secretary in that case, or any case for that matter, is speaking for himself or his party in the circumstances. I think that this is a perfectly legitimate proceeding.

MISS NICHOLSON—INCORRECT ATTRIBUTION BY MR. HNATYSHYN

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I rise on a point of clarification. I am sure that when the member for Saskatoon-Biggar (Mr. Hnatyshyn) spoke that it was an unintentional error, but he did attribute to me, as the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs, the remarks which were made by my colleague. Perhaps the hon. member would like to correct that, as I do not share those views.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I apologize. I know how anxious the hon. member would be to dissociate herself from the motion put by her seatmate.

Some hon. Members: Oh, oh!

ROUTINE PROCEEDINGS

[*English*]

IMMIGRATION

TABLING OF ANNUAL REPORT

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, pursuant to Standing Order 41(2) and in accordance with section 7 of the Immigration Act, 1976, I should like to table, in both official languages, a document

entitled "Annual Report to Parliament on Immigration Levels".

* * *

QUESTIONS ON THE ORDER PAPER

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that those questions be allowed to stand.

* * *

● (1532)

[*English*]

POINTS OF ORDER

MR. BEATTY—DELAY IN ANSWERING QUESTION NO. 67

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I rise on a point of order to express my concern that the parliamentary secretary continues to allow many questions to sit on the order paper. Many members who did not have their questions answered, and who left them on the order paper for several months in the last session, reinstated the questions at the beginning of this session in exactly the same form. Therefore, any work done by the government in preparing answers over the months could be used immediately.

I have already drawn to the attention of the parliamentary secretary my question No. 67 which was first put on the order paper about eight months ago. It inquired about a week end trip on government aircraft to western Canada by the then minister of labour, on the week end of February 3, 4, and 5. Surely the parliamentary secretary cannot continue saying he has done a brilliant job in answering 90 per cent of the questions when in eight months he is incapable of eliciting the cost of this visit to the taxpayer, whether it was official business, and who the people were who accompanied the then minister of labour.

If the vehicle of questions on the order paper is to continue to be of use to members it is necessary that the parliamentary secretary take them seriously and at least make some effort to prod recalcitrant departments into giving answers to questions legitimately asked, and which deserve legitimate answers.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the hon. member is giving a very poor example to his new colleagues. Had he been in the House yesterday he would have heard the answer I gave to his colleague, the hon. member for Leeds (Mr. Cossitt), to whom I said that at the beginning of the session last year we had started to answer questions on the tenth day after the Speech from the Throne. Today is the ninth day. The House would not have to waste its time listening such a fallacious point as this,

Mr. Speaker, if the hon. member had attended the sitting yesterday. I refer him to page 353 of yesterday's *Hansard* where he will find the answer to his question.

[*English*]

MR. JONES—DELAY IN ANSWERING QUESTION NO. 69

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I rise on a point of order. I have a question, No. 69, on the order paper, which has been there since July 12, 1977, all last spring and last fall. I had promises in this House from the parliamentary secretary that I would receive an answer within a few days, a few days, a few weeks, but another 16 months have passed. I would ask that the parliamentary secretary do everything to get that answer within the next week.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I am sorry. Could the hon. member repeat the number of the question, please?

Mr. Jones: Question No. 69. I do not know what the number was on July 12, 1977, and I do not know what the number was when the House started in the fall for that third session, but this is the fourth session.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Monday, October 23, consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, the remarks I had intended to make yesterday have long since passed from my mind in view of the circumstances today. My first words today are words of welcome to the new members.

Some hon. Members: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): I hope, if they get an opportunity to sit and ponder, that they will learn the first rule of this House is a bad one, namely, that every member who comes here thinks that all history starts from that moment. It takes us most of our lifetimes to realize that it actually started before that.

The second thing is that they come here on a day that I think is very typical of the last several years of this parliament and the type of exchange that goes on between the opposition and the government side regarding a very critical matter on which this whole nation's integrity depends. When they ponder the questions and answers and the attitudes, I think they will have learned a good lesson with which to start. This was a good day.

When he spoke in this debate yesterday I believe the hon. member for Provencher (Mr. Epp) touched on something that has been overlooked almost entirely in this whole discussion of the economic situation in Canada. He made it very clear that the real sufferers in this type of action by the government over the last ten years are not only this generation but the generations that will follow. By this type of bill we are transferring the financial obligations of our country to the next and succeeding generations. The hon. member pointed out yesterday that the real culprit and the fundamental danger to our country are this attack on our sons and grandsons who will have to pay for the mistakes we have been making for the last ten years.

Put into perspective, Canada is not alone in this mess; Canada is part of a worldwide revolution which really began on the North American continent about 50 years ago. It started in Europe 50 years before that. This social revolution was supported by all parties in varying degrees. There is not a party in Canada that would say, "Turn back the clock on what we are trying to do on behalf of bringing social equity to all levels of our people." This social revolution has come so fast and at such a cost in the last ten or 15 years, and there was so much waste in the last ten or 15 years, that we are finding it hard to pay for it at all levels of government. This is not only true in Canada but is true in all western countries.

A huge proportion of the wealth of the nation each year has to go for the payment of services that we all want and that we intend to keep if at all possible, but we have got into the habit and the fatal blunder, destructive blunder, of more and more of these costs of what we are taking for ourselves today being left as a debt for our sons, grandsons, and great-grandsons to pay. I think the thanks of all Canadians should go to the hon. member for Provencher for putting his finger right on the sin we are all committing.

This bill is just one of the sins. It calls on us to approve or authorize the government to borrow up to $17 billion in this one year to carry out the services we want, to keep on carrying this place, to keep on carrying the incompetence of this government, not charging it to ourselves today but charging it to the future.

If one looks at what the demographic charts are showing it is that in ten, 20, 30, 40 or 50 years there will not be enough young people coming along in western nations to carry this ever-increasing load we are laying on them 20, 30 or 40 years in advance. As a nation we are deliberately planning a geria-

tric society, and the statement made by the hon. member for Provencher yesterday should strike home to all of us that passing this bill, or not passing it, is not just a routine of this parliament; we are nailing a major nail into the bodies of our sons, grandsons and great-grandsons by loading this debt on them without sufficient examination of what went wrong with our financing.

There is no question that because of the costs, legitimate and otherwise of this social revolution, we and other nations have forced on our countries a cost-push type of inflation. It is not a demand-pull type where people are asking for more goods than we can produce; it is a cost-push type of inflation almost entirely.

As has been stated in this House on many occasions, and as almost everyone agrees, the first villain in that cost-push inflation is the cost of government, forcing up taxes, forcing up prices and reducing the living standard of our people. Rather than force prices up any faster or force taxes up any faster, we immediately pass it all over to the next generation.

The second villain in the piece is the misuse of our money supply over the last 25 years. That did not start with this government; it started with a group of nitwits who accepted the philosophy that all our problems could be resolved by pouring money into circulation or withdrawing it from circulation. There was a lot of good in this monetary theory, but it does not solve our problems. This distribution of the money supply has to be put down as the No. 2 villain of the piece.

● (1542)

The third villain of the piece is interest rates. Almost everything one looks at today is capital intensive. Almost every project, no matter whether it is a big pipeline or the building of a building, it is capital intensive. In a capital intensive world of high technology we have interest rates over and over again being 75 per cent of the cost of anything we do. When a person of normal means tries to buy a home in our cities today that person will find he has to take out a mortgage of $50,000 to finance an ordinary $75,000 home, because that is the ordinary price today. Over a 30-year mortgage that person pays four times the cost of his home, 75 per cent of it in interest. That is how the arithmetic works out. The precise figures I have put on the record many times. This same analogy respecting home ownership applies equally to every large enterprise. For example, the cost of extracting oil from the big oil sands project in Alberta means 75 per cent interest in the way it is being financed. Interest costs are a large component of the cost-push inflation. We have sat here in parliament, and as well during the summer when we were away, and watched interest rates being raised a total of five times this year.

You understand why I have to use the word "nitwits", Mr. Speaker, to describe this type of madness. Here we are cursed and burdened with interest taking up three-quarters of the cost of capital intensive enterprise, and we have a government following the practice of an equal group of nitwits in the United States, because if they raise interest rates, we raise them. I would like to spend more time on that subject but that is not the main purpose of my speaking today.

The fourth item on my list is the land cost near our cities. If we look at the experience in Europe in the last century, and now North America in the last ten years, we see the sudden escalation of land costs around our cities which shows where the large costs of inflation are coming from. Frankly, I put it fourth on the list.

Fifth, what we have witnessed in this House this last two weeks is the heavy, heavy cost on everybody of the labour-management confrontations. Because we refuse, as union leaders, and we refuse, as businessmen, and we refuse, as governments, to face the fact that this ritual rhumba of a so-called collective bargaining procedure has developed into a professional "Maintain the battle", we see businessmen paying huge sums of money to hire the brighest young fellows they can get to take on personnel management. We find labour unions buying the ablest people they can to be the other part of the equation. As long as these people can keep a fight going, the more money they make. This ritualistic rhumba, as I call it, of obsolete techniques of labour-management is costing this country heavily, and the workers are the chief sufferers.

We have witnessed, as a result of what we have been forced to do in the last two weeks of parliament, this institution being made into a court of decision when it should not be, except in grave, grave emergencies.

The sixth item on my list is the misuse of the floating dollar. The floating dollar makes it possible for any government to resolve its own inflation at home. But when there is a pegged dollar we become part of worldwide inflation. The minute currency runs free, the domestic fiscal policy can cope with inflation. It is on that last point that I want to extend a little bit with general remarks.

In Canada today we are witnessing a ten-year phenomenon. It started under the late Lester Pearson, rushing into social programs without considering all the things that could have been done to deliver those services that we all want in a way that was prudent.

I recall the setting up of the Hall commission on medical matters and saying to Mr. Justice Hall via the terms of reference, "Look at what happened in Russia, in Sweden, in China, in Europe, in fact all over the world, and bring back a way of having medicare in Canada so that we avoid the mistakes made in the United Kingdom after 1945; and the mistakes made in Saskatchewan in 1946 and 1960." "Let us have social medicine but let us not do it in such a way that you set up a system that destroys itself with abuses."

Over half the costs in the systems are nothing but abuses. Every one of us here knows that to be true. We went hog-wild in pushing these programs under the present administration. Now we sit and look at them. After doing these things to us all in the name of carrying out a social revolution, we see a government sitting there, frantic and frozen at the same time, with fear of being defeated at the next election. It is too fat to

fight and too frightened to run. Because their trauma is at that stage, they are not seeking the answers they should be seeking.

● (1552)

The answers are not difficult. They can be put into two words. The key necessity at this moment is to build an economic base which can carry the weight of our social needs without destroying our country. I spoke of two words. Those two words are productivity and savings. Every piece of economic policy placed before the House should be based upon the philosophy and the principles therein. How can we get greater productivity from our people, from our resources, out of our capital? How can we create more savings on which to base productivity? It is not possible to get those savings if we spend all our time trying to eliminate the middle class and get rid of the upper class or moneyed class altogether—they are so few in number anyway that they do not count that much.

My advice to the government is this: get off the backs of the workers of this country. Look what ministers opposite have done to the Post Office in the last three or four years. They have deliberately allowed their management to force workers into a strike so as to pose as strong defenders of the law. Let them get off the backs of the businessmen. I am not talking only of regulations but of the countless changes of policy—no one knows whether they are going this way or that way, or straight down. Most important of all I say to the government: get off the backs of the workhorses—let's call them what they are, the middle class of this country, and that comprises 90 per cent of us. Get off their backs. Get these taxes off their backs and give them back the incentive to go to work, to earn some money, and to put that money at the service of the development of this country.

I should like to refer at this point to a proposal which was made during a by-election campaign by my party leader. He put forward a program which has been the policy of the official opposition since 1965. He suggested there should be equality of tax levels with other countries. He asserted, for example, that home ownership was something Canadians accepted and wanted. They want the possibility of raising a family with some dignity and away from the rat nests, of the highrises, and he knew that they should get equal treatment with the tenants of this country. The tenants have always been able, through their rent, to get tax deductions, not only on interest on the money spent on the mortgage to build their highrise but also on all municipal taxes.

When my leader suggested that program, in harmony with the Conservative philosophy of the family home, we all know the extent of the attack by so-called economists who all felt they had to honour the conformist role economists have always assumed, namely, always to think alike. I am simply pointing out that such a program has been long overdue. That program would not only help on the social side but it would help combat the lack of law and order which comes from crowding people together in highrise developments.

That policy is economically sound. At this moment in time, with one of the largest unemployment indexes being in the construction industry, what could be better than to put people to work doing something productive, building individual homes? Nothing will be lost by way of taxes. There are many precedents to show that by reducing a tax, when you have an unused labour supply and unused material at hand, you increase the tax take. These precedents go back in North American history to a time after the First World War, 50 years ago.

Practical politicians discovered that if productivity was maximized, tax revenues rose. Every member of the House who has been here for the last 15 years has heard me tell the story of how this was done by the Kennedy administration in 1964. A huge reduction in the balance of ways and means, approximately $10 billion, brought in $19 billion of new revenue which made the Americans think they could carry on not only their social programs but the Vietnam war as well. When you have unused labour supply together with available materials, it is fighting inflation to put people to work to produce more, because you get more revenue and at the same time you reduce the cost of maintaining people who are unemployed. This is called potential budgeting.

This proposal was made by the Leader of the Opposition (Mr. Clark) and it was received well by the people of Toronto—I think it would be received well in all our towns and villages, and I hope it will apply equally to the farmers. What we have seen from the government in the last few years, in spite of our warnings in 1975, is this: the government deliberately brought in a measure which legislated inflation. I refer to price and wage control. One does not even need to be a grade one economist to know that this is the case. Ministers wanted to control the workers and they wanted to control business profits. All they did was force up costs and bring all these inflationary pressures to bear on us.

This government has no moral principles. It is intellectually dishonest, and philosophically confused. And the most confused man over there is the Prime Minister (Mr. Trudeau). He does not know whether he believes in private entreprise or socialism. He goes this way and that way, depending on public opinion, and because he has no clearcut philosophy—he is still at second year university thinking—there is confusion in the government. Nor is there any help for the government in the civil service.

The civil service was at its peak 30 years ago when it produced that brilliant white paper in 1946. It has been dying ever since. All you have there now are a few mandarins who make certain they tell every other civil servant they must conform to their opinions and climb up the pyramid they have erected, before expressing opinions of their own.

These guys began to die 30 years ago, and today they are only walking around to save funeral expenses. The government cannot get any help from them. They are finished. And what I say about the civil service in Ottawa at higher levels applies equally to the United States. They just follow each other. It is a case of the blind leading the blind.

I have seen many a minister destroyed in this House. I remember the well-known name of John Turner, with all his

promise, with all his charm, well liked in all quarters of the House, coming here in 1974 with two budgets in one year and placing double taxation on the resource industries, a move which flattened out one of the most important segments of our economy. And all because the civil servants at the federal level were mad at civil servants at the provincial level and said, "If you guys are going to tax too much, we shall make the tax non-deductible." Turner destroyed politically not only himself but the party to which he belonged by yielding to this type of nonsense from the civil service.

There was another man I recall, one of the fastest readers in this House. He had been briefed and he regurgitated that brief sounding like a high speed phonograph. He brought into this House, in 1974, the Petroleum Administration Act, and got it passed after a long, long debate in this chamber. That act was the first major attack by the government on the rights of the provinces to own, control, and use their own resources. It began a confrontation between the federal government and the provinces which is far more serious than the so-called fight over language.

I put it to you bluntly, Mr. Speaker, that the sins of the government have not all been committed within the last six months. It is a lame duck government, and if members do not know what a lame duck is, I invite them to look at American history. The minute the people know that a government is no longer effective, no more attention is paid to it. Over the years I have noticed this, and I have tried to be helpful.

● (1602)

I do admit that there are certain things governments cannot discuss in public. Matters of security and matters of finance have to be kept within the confines of the Privy Council and the senior civil service. I do not relish the position of the Minister of Finance (Mr. Chrétien) when he cannot divulge certain things. It is his right and his duty to keep certain things to himself. However, at the same time certain things happen, and it would be helpful to be able to talk them over with somebody besides our own advisers. Walter Gordon, once a minister of finance, recognized this, and he brought in outsiders from the business world. His only mistake was that he did not get rid of them soon enough before he brought in his budgets.

I have thought over and over again that as these difficult decisions have to be made by a minister of finance—and one cannot in all honesty and efficiency tell the country what is being done until it has been done—it would be awfully nice if he could discuss some of these problems with his counterparts in the Privy Council outside his own party. Some of these problems are not political. The interest of the country is at stake, and I suggested in a press release over a year ago that it would be smart, and good common sense if the Prime Minister would take advantage of the Queen's coming to Canada, name the Leader of the Opposition as a Privy Councillor, and use him.

I went further and pointed out that because of the vast experience of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) and of the hon. member for Winnipeg North Centre (Mr. Knowles), and because of their long service, they should be given the Privy Council oath, and then the government could discuss with them some of the problems it is facing but cannot tell us about in the House. The government at least knows what the problems are, and these men would be bound by the Privy Council oath to keep quiet about what they are told until the proper time. This system is used in times of emergency in the United Kingdom and in other Commonwealth countries. We are not exactly in an emergency situation now, but we are very close to it in this lame duck period.

I use the example here of the floating dollar. When dealing with our country's exchange, we cannot tip our hand on what we are doing. The Minister of Finance was quite right in saying that Canada's interest demanded a floating dollar. The minute he said that, he told the world that it could judge us and our economic health by buying and selling our dollars as it thought wise for its own good, but as far as we were concerned the dollar was floating, period. Then the speculators were working one against the other, and they would have given us a stable dollar, but when civil servants monkey around and use hundreds of millions of dollars to interfere with a floating dollar, it is called a dirty float. Every speculator in the world then knows he has a pigeon on the stove, and world speculators roast that pigeon.

Neither Canada nor the United States has enough money to buck international speculators. Not only are tens of billions of Eurodollars looking around for a quick buck, but now there are tens of billions of oil dollars trying to make a quick profit, and any government in the world, bar none, should be smart enough not to tangle with international financial speculators. They have too much money in this floating crap game.

We have taken a beating, and we have tried to get around this by doing the worst thing possible, going abroad to borrow money to speculate in our own currency. The new generation will have to pay for the debts which will cost us heavily not only in interest payments each year but also because of the fact that those debts did not achieve anything. World speculators were told that they had a pigeon on the stove and that they should really take that pigeon to the cleaners. We were cleaned thoroughly, to the extent of several billions of dollars.

The reason I speak today about the floating dollar is that the same thing happened to the Canadian government in 1962. We decided to float our dollar. We did not know where it was going to go, but we did not interfere with it until the spring of 1962 when civil servants in the Department of Finance began to play the same game on our minister of finance which the present group is playing on the present Minister of Finance. We did not last very long in that game. We did not have enough money, and we had to bow on our knees to the International Monetary Fund. We had to bow to the Americans and to the British, and we accepted a pegged dollar. Fortunately for us we pegged it at about the right level and stopped speculation for a number of years, but when I see the same mistake being repeated by a government 15 years later, I wonder what amount of study and reading it does.

No one can tell me that this business of stabilizing the dollar by pouring hundreds of millions into it was the policy of the minister. He is too sensible a man ever to agree to that, but he is surrounded by officials who tell him what to do, and there is no other counter advice. He is helpless. It would have been nice if he could have spoken to some of the fellows who went through the same thing and who would have to honour their Privy Councillor oaths. It would have been good if they could have told him about the experiences they went through. That may have prevented this horrible mistake, for which we will have to pay for many generations to come.

I say this because the minister has been receptive to other proposals I have put forward. Last fall I suggested that with his shortage of money he would have to do things which would not cost him anything but which would make a lot of money for him. I suggested potential budgeting to him, and I gave only one example having to do with the field of renewable energy hardware.

It is very obvious that in the next six to ten years almost every individual home in this country, and certainly all big buildings, will be heated in a new way which will cost one quarter of present heating costs. We will use our oil and gas for more useful things than heating homes. With the knowledge we already have, why should individuals who live in this country not take advantage of the fact that we can heat our homes at one quarter of the present cost? I gave the minister figures, and he was impressed by them, but the civil service answer which came back was that we could not do a thing like that because we would be giving individuals the same break we give to businesses. We were told that we should not want to give a sucker any kind of break.

I know the attitude of the people in the Department of National Revenue. That is why I hope that the new man who came into the House today will back up his reputation, go in there, clean house, and get these people to realize that this money belongs to the Canadian people and not to them. These are the kinds of procedures which do not cost any money but which save us a lot of money.

If the Minister of Finance could have got his civil servants to accept that idea, and if he had brought in a whole series of things this summer when the Prime Minister came back from Bonn, things which would have been economically helpful to this country, we could have turned this country around.

When we look at the government's economic program, we realize what a roaring farce it is. Bill C-2 deals with the Resources Fund Act. What would that do to build up productivity and increase savings? Bill C-3 introduces new regulations under the Corporations and Labour Unions Returns Act, which is just information legislation. Bill C-5 would allow $20 more per month for the needy aged. Good, but that does not produce any more productivity. It makes the lot of the needy aged a little easier, but it certainly is not an economic program to build up our economic base. Bill C-6 on conflict of interest of senators and members of parliament—what does it do to build up productivity and savings?

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

• (1612)

Bill C-9 is on a referendum on the constitution. We have enough guys running around with referendums now, not only in Quebec but in Saskatchewan. Everything is going to be referendums—it is the new philosophy of the Minister of Justice (Mr. Lang). Bill C-10 is on income tax. Very good, they will cut down on family allowances and add a little bit more for children in poorer families. That is good, but where in that whole program do you get the sense that there is somebody driving the car?

This nation is like a big, powerful car going down the road at 90 miles per hour, but there is no wheel on the driving equipment. All these guys are out there waving, shouting and yelling, "What will we do now?" When you have a car without a wheel to hold on to, it is a damn risky period for the country. These people are going along like this, and I plead with them: for Canada's sake, admit your failures; for Canada's sake, beg for help, you need it; for Canada's sake, no more of these interest rate increases; for Canada's sake, no more foreign borrowing to enter a gambling game; for Canada's sake, recall that this country is strong; we must get it turned around and we do not have to wait until after the election.

Just because we are called Conservatives and are in the opposition most of the time, it does not mean that we are all bad. Some of these ideas do have some merit. Certainly with the complicated evidence of what the government has been doing for the last 13 or 14 years, there is no fate awful enough for people opposite. I am simply saying that they will be here for the next six months, whether they like it or not, because it is too cold to campaign in the winter in Canada. So we are stuck with this lame duck government. For God's sake, let us pull together for a few months, get some economic policy through this parliament, and turn this country around so we do not have so many unemployed and so we have some hope for the future.

Some hon. Members: Hear, hear!

Mr. John C. Crosbie (St. John's West): Mr. Speaker, while I have the opportunity to speak on this piece of legislation, which is a bill on borrowing authority, let me remind the House that I am from Newfoundland and I remember well the time when I was minister of finance in Newfoundland, from 1972 to 1975, and how the finger of caution was waved at us, when we came to Ottawa, by the minister of finance in Ottawa and the officials of the Department of Finance who told us how terrible it was that down in Newfoundland we were borrowing amounts of up to $200 million a year, that we were borrowing too much and that this little province of Newfoundland was going to flounder, that it would have to go to the bond market some day to borrow money if it kept up with this disgraceful, profligate attitude.

I remember when the deputy minister of finance of Canada actually called on the premier of the province—who was then Mr. Smallwood—to tell him officially from the Government of Canada, to give him an official warning that if he continued his profligate ways, if he continued borrowing down in that

province which was so far behind every other province, down in that part of the country which is 100 years behind the rest and which has to try to catch up, that if he continued their terrible, terrible record of borrowing $100 million every year, the province would go under. That was the message from these great mandarins here in Ottawa.

When I became minister of finance, I got the same message. You were tut-tutted at when you came up here and had to confess that you had no choice, that you had to borrow a couple of hundred million dollars for Newfoundland that year because, if you did not, there would be no highway program and no capital program whatsoever, there would be no progress, you would not be able to do anything. The people would have to continue to put up with substandard services and substandard programs, so that was the minimum you had to borrow.

I remember how we cut and slashed. I was not the Mr. Nice Guy that I am here, Mr. Speaker. Down in Newfoundland in those days when I was minister of finance and president of the treasury board I was Mr. Public Enemy No. 1 because we were trying to keep ourselves solvent and there was a limited amount we could do, and because old Uncle Ottawa was making ferocious noises at us, and frowning severely at us because of the way we were borrowing.

Here we are, just three years later, and what do we have before us but a bill which asks us to authorize the group opposite to borrow $17 billion. Are the taxpayers of Canada listening to us at all? Unfortunately, the answer is no. If they were listening to us, they would be rioting outside this building to put a stop to this. It is money that will have to be repaid by them and their descendants through taxes. There would be riots out there. They would be trying to hang the Minister of Finance (Mr. Chrétien) by his heels. They would be trying to catch "ol' slippery heels" and get him up if they realized what was happening.

When the Minister of Finance came to the House to ask for authority to borrow this money, did he come in all humbleness and supplication to ask us, to take us into his confidence, to lay his soul bare, to give us the facts? He came in arrogance, and in ten minutes told us next to nothing.

Now I will read a selection of the musings of the lugubrious Minister of Finance in his introduction of this bill, as reported in *Hansard* of October 19 at page 264. The minister first recapitulated:

> In March, 1977, borrowing authority of $7 billion was provided to meet anticipated cash requirements for fiscal year 1977-78. A further $9 billion borrowing authority was sought and provided as part of the income tax bill passed in December, 1977. Finally, on March 22, 1978—

What was it? April, May, June, July, August, September and October—just seven months ago. We poor Newfoundlanders have to count on our fingers. Just seven months ago we authorized a further additional borrowing of $5 billion. The minister went on to say:

> —additional borrowing authority of $5 billion was granted.
>
> This makes a two-year total borrowing authority of $21 billion—

You would think $21 billion was fantastic, but he goes on to say:

> —which is not sufficient to meet the combination of domestic borrowings for the $20.1 billion in cash requirements for the two fiscal years ending next March 31, and our foreign borrowings to date of about $4.5 billion. Nor does it allow a margin to bring our borrowing authority in line with the amounts available under our already negotiated stand-by credit facilities.

We authorized $21 billion for two fiscal years between March, 1977, and November, 1978, a period of one year and seven months, not even two years, not three years, not five years, not ten years, not 20 years, as you might think, but for a period of 19 months we have authorized the hon. gentlemen opposite to borrow $21 billion, and that is not enough. They want to borrow $1 billion for every minister in the cabinet. How much is that? It must be $34 billion that we are headed for.

We authorized $21 billion in 17 months; now they want another $17 billion. If we add $17 billion to the $21 billion, that will make $38 billion which will be authorized in 19 months. So we are asked to authorize another $17 billion over a 19 months period.

The minister went on to say, as reported at page 265 of *Hansard*:

> The bill also provides borrowing authority of $10 billion for the new fiscal year beginning next April 1. We have previously indicated that cash requirements excluding foreign exchange transactions, are expected to be $9.7 billion for fiscal year 1979-80. The government's cash balances at the beginning of the next fiscal year—

He goes on to say what it is, that is excluding foreign exchange. The minister is already admitting that the government will need $9.7 billion for the next fiscal year, which is only a small down payment on what they really need. Should we do this? As our finance critic pointed out, this will make the Canadian debt, once the money is borrowed, amount to a total of $74 billion.

The people who are so happy to give advice to poor little Newfoundland, who shook their finger at us and said how bad we were to borrow this couple of hundred millions of dollars, have themselves borrowed $21 billion over the last 17 months. This has not been sufficient for their hungry mob. They want another $17 billion.

• (1622)

I suggest we should rename the dollar and call it the beaver, because that might stop the government. If the people of Canada had a picture of 17 billion beavers all knocking their tails on a pond, and if they heard the sound that would make, they would have some idea of what the government is doing. Let us change it from dollars to beavers. The government is trying to borrow 17 billion beavers. I know what they would do with those beavers if they borrowed them, or what they would attempt to do with them. That would give Canadians a picture. Billions of dollars are nothing now, but can Your Honour picture 17 billion beavers lined up? It would be quite a picture.

The government has brought this bill before us. The debate on the Address in Reply to the Speech from the Throne was interrupted for this fantastic bill, this piece of economic mira-

cle. What does this have to do with the government's economic and industrial program? Beans all, Mr. Speaker. Why has the debate on the Address in Reply to the Speech from the Throne been interrupted for this borrowing bill?

Why are we being asked to authorize $17 billion before we have even had a budget from the hon. lugubrious Minister of Finance? He said that he will bring a budget down in November. He wants us to authorize $10 billion in borrowing for next year without seeing the estimates. Why? What does this have to do with the television appearance of the Prime Minister (Mr. Trudeau) last August? What does this have to do with not having an election? Supposedly we were not having an election so that we could get on with our economic business and the government's fantastic program for economic and industrial development, but we have seen nothing. All we have seen is CALURA. If the government did not have CALURA brought in by the Minister of State for Small Business (Mr. Abbott) every session, there would be no legislation before us. Does anything express more fittingly the state of this government than the fact that it has the gall to bring the CALURA bill before the House again? The Minister of State for Small Business should resign in protest because he has to bring this before the House.

Does anyone care what all this does to interest rates? Hon. members opposite have the most shameful record in our history. Last March 8 the central bank rate was 7.5 per cent. That was the bank rate just seven months ago. That is what the central Bank of Canada charged, and probably the banks charged one half, three quarters or 1 per cent more. Let us call it 1 per cent. So, it was 8.5 per cent. Now we have had five increases, and in seven months it is up to 10¼ per cent. How does this correspond with the Prime Minister's great program of industrial and economic expansion and growth which was brought back by him from Bonn via Morocco? The Prime Minister cannot explain. He throws his hands up and says, "Look, we have to do whatever the United States Central Bank does. If they go to 8¼ per cent or 8½ per cent, we go to 10¼ per cent."

If the Americans increase their interest rates once again, which they may well do—and it is being forecast down there right now—the central bank rate in Canada will go up again, and the interest rate at banks will go up to 12 per cent, 13 per cent or 14 per cent. Where will it end? Where will it stop? How can we have economic expansion in light of these interest rates? What will the small businessman do? Supposedly the Minister of State for Small Business is concerned about them. What will they do to meet these heavy, additional expenses?

Is it not correct that one of the factors which make us uncompetitive compared to the United States is the much higher interest rates in Canada? Who is considering all this? Who cares? What will our merchandise trade balance be? All we have is wild speculation by the Minister of Finance and his ally, the Minister of Industry, Trade and Commerce (Mr. Horner). They do not even take the figures and give you low estimates, so that when the figures come out it will be that much more encouraging for the analysts. No, instead of that they exaggerate. When the lower figures come out, then everyone reacts, the Canadian dollar goes down, and all the rest happens.

In June, July and August of last year, our merchandise trade balance was $542 million. In June, July and August of this year, the year of miraculous expansion which the two ministers spoke about, the amount of our merchandise trade surplus was $101 million. The total for the first eight months of 1978 was $2,084 million. If we extend that for 12 months, it would be a $3.1 billion surplus, if it is extended at the same rate. The most optimistic analysts say that it might be $3.5 billion. Everyone who buys the Canadian dollar knows that we will have a deficit of $8 billion or $9 billion apart from the merchandise trade balance, tourism account, interest, dividends, services, shipping, insurance and the rest. So, there will be another deficit balance in the international current account of approximately $4 billion or $5 billion again this year. We do not know how much.

Canada is living beyond its means. That is why our dollar keeps going down. What will we hear the government discuss? I get sick of hearing about all these troubled things. I get sick of hearing myself talk about them. I would like to hear the government get up and tell us what steps will be taken to overcome them, and not the old pat answers which the ministers come up with, not the old rationalizations which they come up with. They should give us something to get our teeth into. For example, the merchandise trade balance in manufactured end products, fully manufactured products, which the former hon. member from our side talks about all the time, and rightly so, was a deficit last year. There was a deficit in fully manufactured products of $11,096 million. That is a fact. The year before it was $10,210 million.

What does the Minister of Industry, Trade and Commerce do? He puts out a study indicating that the picture is brighter than assumed. Another 177-page study detailing our trade performance in 1960 was presented. It showed that things were much brighter than we thought. We cannot dispute that the deficit last year in fully manufactured end products was $11 billion. The figures are there. He wants to show that it was not as bad as it was in 1960, and in 1960 proportionately it was better. Who does that comfort? Who does that help? How does that deal with the problem we have in the form of a deficit now? That is what we are interested in hearing about.

What about the GATT negotiations? We are asked to authorize $17 billion in borrowing. What about GATT? When will we have a minister of this government, a deputy prime minister, a minister of industry, trade and commerce, or a minister of finance, who will tell us what is happening at GATT? We do not know exactly what is happening at GATT. The only ones who seem to know are the people at the *Globe and Mail*. I should like to refer to an article which appeared in that newspaper approximately two weeks ago. It is entitled, "Canada Seeking More Concessions In Talks On Trade", by James Rusk. In part it reads as follows:

> Two of Canada's key trading partners in the developed world must improve their offers if the current round of world trade talks in Geneva is to come up

with a package acceptable to Canadian negotiators, report on business interviews with trade officials in Ottawa indicate.

Both the European Economic Community and Japan still have a way to go to make their offers acceptable to Canada—

The shortfalls in the Japanese package are in fish and farm products,—

Non-ferrous minerals and paper products are the main areas of difficulty, and there has been minimal movement in fisheries products and nothing significant in agricultural products.

This is the kind of thing we want to hear discussed. What is really happening at GATT? What can we expect of GATT? The people involved in fisheries are dependent upon the United States market. They would like to know what is happening at GATT. We on the opposition side would like to know, and I am sure Liberal members opposite would like to know. Rather than a bill to borrow $17 billion, a minister should come in and spend some time tracing out the negotiations at GATT, what is really happening there, and what our prospects are. That is what our manufacturing industry is waiting to hear. That is what our fishermen are waiting to hear. That is what our agricultural organizations are waiting to hear. They do not want to hear the government asking for $17 billion before it has produced a straight, new, economic investment and financial program. Give us the programs first. Then we will authorize the dollars afterward, if we think the programs are worth something.

What is happening at GATT? Never has a government been more anxious not to give information as this government is with reference to GATT and everything else. This is why we came here two weeks ago. We came to hear about GATT. We want the government to rat on GATT. We want information as to what is happening, what Canada's future is in trading, and not nonsensical studies produced by the Minister of Industry, Trade and Commerce to show that there is nothing wrong with our deficit in fully manufactured end products, even though it is $11 billion.

● (1632)

I could talk all day, Mr. Speaker, and I intend to unless you stop me. Let the government come in and give us some answers. What about our investment hemorrhage? We are hemorrhaging in Canada in the dollar sense. In the first half of 1978 Canadians made direct investments abroad totalling $910 million, principally in the U.S. This is the largest six-month outflow of dollars in Canadian history. The outflow in the first six months of 1978 was greater than the yearly outflow in all our previous history, with the exception of 1975. Now what about the counterbalance of foreign direct investment into Canada, Mr. Speaker? That inflow in the first half of the year was only $185 million. Foreigners invested $185 million in Canada, and Canadians invested $910 million outside. We had a net outflow of $725 million in six months, greater than any yearly outflow, with the exception of one year.

Why is this happening, Mr. Speaker, and what does the government propose to do to change it? Surely to God we cannot afford to have, in six months, such an outflow, and if it continues it would put us in very dire straits, a $725 million outflow of capital more than is coming into the country. We are a country which still needs capital to develop all kinds of our resources. Canadians apparently have no faith in their own country, and they are investing outside more than others are investing here. What does the government think of that? Can or will ministers do anything about it? What do they think about it? What is the bright side about it? This is what we would like to hear. We came here to hear the government's new economic, industrial and financial proposals, not to authorize billions of dollars in borrowing. It will be $38 billion that we will have authorized in 17 months if we pass this bill. Let us hear something on this problem of investment before the government asks us on this side to approve this bill.

One gets sick of even thinking of the statistics on every side. A person cannot find a bright corner anywhere, and it is not the opposition's role either to look on the bright side. It is our role to point out what the government is doing wrong and what it needs to correct it. The professional, bright-eyed optimist should be on the government side, but they are getting more doleful every day. They are Pinnochios, as I said the other day. What we want to hear, is what we came here to discuss.

The Minister of Finance announced in September a $750 million loan from the U.S., the second bond issue this country had in the United States. This amounts to $1¼ billion. Then we had a 1.5 billion deutschmark loan in West Germany, which at that time amounted to something like $705 million. The total foreign credit in loans that this country has arranged this year is $7.7 billion in money which was borrowed outside of Canada or arranged. The spendthrift crew opposite does not know how to do anything except to borrow, this crowd that had the gall to criticize the province of Newfoundland because it was borrowing a couple of hundred million per year.

How do they propose to pay for that, Mr. Speaker? The interest costs alone are more than $100,000 daily, finance department estimates indicate. We are selling off our international reserve holdings at a rapid rate. So far this year we have sold $3.2 billion U.S. of our international reserve holdings. Prior to this year the government had not borrowed outside the country in ten years. These are things which we want to hear about, but we are treated with contempt, as are the Canadian people, by the Minister of Finance, who comes into this chamber and asks us, in a ten-minute cursory speech, to authorize the borrowing of $17 billion. He will have some job borrowing it if I have anything to do with it, Mr. Speaker.

When the minister comes before the House in this way—and I have pointed out some of the things which the government is telling us nothing about—it is time for us to bring forward some grievances. There are something like $11 million to $12 million that the government would not have to borrow if it had administered the income tax laws of this country honestly and efficiently. I have mentioned before in this House, and I am going to keep mentioning it until we get to the bottom of the matter, the dealings of that one individual, Mr. John Christopher Doyle, a great friend of the government, and who owes the government not only what I reported last June but more than that.

I have some more information, Mr. Speaker, to bring up to date the tax saga of John C. Doyle and why the government could borrow $11 million less if it had collected the taxes owed it by that great friend of the Liberal party, John C. Doyle. Just to refresh minds opposite I would point out to them that for the 1950 tax year this gentleman was reassessed in 1955, and he had income tax added to his income tax. He appealed to the Income Tax Appeal Board, and was heard in 1967, 12 years after the tax year in question. He then appealed to the exchequer court, and that was not heard until 1970, three years later. He lost there again before Mr. Justice Gibson, whereupon he put in a notice of appeal to the Supreme Court of Canada, which was not heard until October 24, 1977. It was heard then only because I brought it up in this House and peppered the then minister of justice, the Minister of Finance and the minister of national revenue with letters about this scandalous situation.

The government allowed the appeal to drag on for seven years. In the 1954 tax year Mr. Doyle was reassessed on June 11, 1959, but it did not go to the Tax Appeal Board until 1967. It was not heard in the exchequer court until 1970, and his appeal to the Supreme Court was not heard until May 3 and 4, 1978; heard only because I had pressed and exposed this nefarious dodge in this House and outside it. I am glad that there is approval opposite because there has not been much approved in the ministry.

I then pointed out to the House, Mr. Speaker, that the government received no adequate security for the amount they were owed, that this was the one taxpayer in Canada who did not have to pay the tax as most of us do and who did not have to put up a bond or bank guarantee. He was allowed all those years to go free, with no adequate security in the hands of the government at all. The government eventually took over about 55,000 shares of Canadian Javelin Limited. When it finally received a judgment, the government could not collect because Mr. Doyle had left Canada. This Canadian had become a Panamanian citizen. He bolted from Canada in 1974 and now lives in Panama City.

What is the amount owing for those three tax years which were involved in those cases, Mr. Speaker? According to the Minister of National Revenue (Mr. Guay), as at June 23, 1978—I was given this information in the committee—Mr. John C. Doyle owed the Government of Canada a total amount of $5,014,281.13. I am just recapitulating what I said in this House before. He owed $211,000 for 1950, $276,000 for 1953, and $4,526,000 for 1954.

If you are like the ordinary taxpayer who has to pay, or be reassessed, dragooned, have an attachment placed on your bank account or have your assessments seized and sold, you might get a little irritated when you hear that one taxpayer has had that kind of treatment for 27 years. He has now left the country, and the government cannot collect the money.

By the way, the appeals to the Supreme Court of Canada were dismissed from the bench. They were so involved with great matters of law and fact that they were dismissed from the bench.

Mr. Speaker, you might think that that is something, $5,014,000 lost, but during the summer I discovered that the gentleman owed another $6 million. I wrote to the Prime Minister on May 18 or 19 of this year, bringing all this and a lot more to his attention in connection with the Doyle case. I asked him to appoint a commission of inquiry. After writing that letter I discovered that there was another case involving Mr. Doyle. He was involved in a case called the Minister of National Revenue versus Javelin Foundries Machine Works Limited and Mr. John C. Doyle with seven appeals. I discovered that Javelin Foundries Machine Works Limited was wholly owned by Mr. Doyle, and I discovered that there are $6 million owing for the years 1950 to 1956 to the Government of Canada by Javelin Foundries Machine Works Limited.

● (1642)

I discovered that this tax delinquent, this fugitive from justice in the United States since 1965, this fugitive from Canada since 1974, made an application to the Federal Court of Canada, to Mr. Justice Addy asking to have a commission take his evidence in this matter down there in Panama because he did not want to come back to Canada because he might be arrested for all the other charges against him.

Mr. Abbott: Would be.

Mr. Crosbie: Yes, he would be. So he asked the court—imagine the audacity and the gall—he asked the court to come down to Panama and take his evidence because, "if I come up there I will be arrested for fraud and stockmarketing offences, 406 of them, stockmarket transactions and I do not want to do that. Although I owe $6 million which I am disputing, I want you to take my evidence down here." Two million dollars in income tax was levied for the years 1953 to 1956 which, with interest and penalties, now totals over $6 million. The company ceased business in 1956—the company has not existed since 1956 except with this one-man shareholder.

The matter has not gone to trial yet, Mr. Speaker. We are talking of the tax years 1953 to 1956. If the previous cases I cited in this House were not bad enough, these cases of another $6 million not adequately secured have not yet gone to trial.

The resumé of all of this should go to every Canadian taxpayer so they can decide what to do about their own taxes next year. I got a notice for $950 a couple of months ago. I fought it like a good Canadian, and they are withdrawing it now. I won. Four constituents got on to me. One owed $250 and had his salary attached. Another one owed $500 or $600, another one $50,000. They dragooned him and they did everything under the sun with the poor devil. But here is this man who for 27 years has had the most tender treatment that any taxpayer could ever ask. This stinks and cries out for an answer. It cries out for justice. Mr. Speaker, that is $6 million and it has not gone yet to trial. From 1953 to now is 25 years, from 1956 to now is 22 years. In 22 years we were not able to get this matter to trial, so what does Mr. Trudeau reply to me after I write him again?

The Acting Speaker (Mr. Turner): Order, please. I would ask the hon. member to refer to a member of this House by his title and not by name.

Mr. Crosbie: What does the Prime Minister (Mr. Trudeau) respond? I have the Prime Minister's letter of October 2, which is his answer to my letter of May 19 and September 7. He regretted the delay in replying to me and said:

The issues you have raised are serious and substantial. I have consequently had a careful study made of this matter by officials of the Privy Council office in consultation with the Departments of Justice, National Revenue and Consumer and Corporate Affairs. I am advised that no indication has been found that partial or preferential treatment has been given to Mr. Doyle.

Imagine a prime minister putting that down on a paper. The bare recital of facts shows partial and preferential treatment.

The Prime Minister goes on:

While I am inclined to agree that, on the face of it, the proceedings in respect of Mr. Doyle's tax assessments for the years 1950, 1953 and 1954 have taken an inordinate amount of time.

That is some admission.

—the study that has been made indicates that the substantial delays that have arisen are largely the result of unfruitful settlement negotiations entered into in good faith by the government, the appointment of new counsel at frequent intervals as the court cases have proceeded, and complex procedural questions that have continued to arise.

How are they going to deal with the Post Office, Mr. Speaker, if they could not deal with one taxpayer in 27 years and they are going to give such thin excuses as this?

Mr. Abbott: Mr. Speaker, I wonder if the hon. member would permit a question?

Mr. Crosbie: "Unfruitful settlement negotiations". They do not have to have a—

Mr. Abbott: On a point of order—

Mr. Crosbie: That is not what happens to us ordinary Canadians.

The Acting Speaker (Mr. Turner): Order, please. The Minister of State (Small Business) (Mr. Abbott) on a point of order.

Mr. Abbott: Mr. Speaker, I wonder if the hon. member would permit a question.

Mr. Crosbie: Yes.

Mr. Abbott: I would just like to ask if he is asserting that the shortfall in taxes, that the government has failed to get from Mr. Doyle, is what is giving rise to the borrowing requirements. Is that the linkage to this particular bill? Could he explain what remote connection this case that he has been pursuing for two years has with today's debate?

Mr. Crosbie: The minister has put his finger right on the leakage. There has been a leakage in tax collection. There has been dishonesty, maladministration, misfeasance, and corruption in the collection of taxes in this country. That is my charge. I make the charge again. Because of that they are borrowing $11 million more than they need borrow if they had collected this money from Mr. John C. Doyle.

I come back to the Prime Minister's letter now, Mr. Speaker. As the right hon. member for Prince Albert (Mr. Diefenbaker) said once, when you are on the hunt do not be distracted by rabbit tracks. The letter continues:

With regard to the question of the security held by the government, it appears from the study that the security originally taken by the Crown was adequate to secure the indebtedness. However, as a matter of law, it has not been possible to realize on the security while appeals from the assessments have remained outstanding and the market value of the security has in the meantime decreased.

What he means is that Canadian Javelin shares traded at $17 a few years ago and today they are trading at $1.50 or $1.75.

The letter goes on:

Nevertheless, all legal means of utilizing the Crown's position to obtain recovery of the amounts owing are being vigorously pursued.

He goes on to admit that they only have security for part of the amount owed them by Javelin Foundries and that efforts to obtain payment are continuing. I am only giving a short recital of the facts—the facts that impugn the whole administration of the tax laws of this country.

The Prime Minister concluded by saying:

I believe that all possible steps are now being taken to conclude the matters to which you have referred.

They sure are. I am the burr on their tail, Mr. Speaker, and they are certainly taking all possible steps.

He goes on to say:

In the circumstances, a public inquiry into these matters, as suggested by you, would not appear to me to be necessary or desirable.

In the matter of collection of taxes we have had several immense scandals in the last couple of years, Mr. Speaker. One is the matter to which I am referring now. It shakes your faith in the collection of revenue in this country and how fairly and equitably it is administered, or whether friends of the government, people who have done the Liberal party favours in Quebec and outside, are to get treatment so that they do not have to pay their taxes, so that they do not have to put up adequate security, so that they can do what they like, living right here in the nation's capital for years and getting away with this. We only know about the years 1952 and 1953 to 1956. The minister will not answer my questions about other years.

We know that the government permitted Canadian Javelin Limited to ignore attachments placed with it in 1964 directing them to pay any moneys they owed to the government on this tax plan. They ignored that, and Javelin paid out $1,444,000 to Doyle through a company in the Bahamas, and ignored the attachment. The government only started to sue Canadian Javelin for that last fall as a result of my constant chasing of them. It is another example of negligence and misfeasance in the administration of tax laws.

We know from other evidence given at a royal commission in Alberta that the minister has disregarded the laws of this country and that the Department of National Revenue has

given the RCMP information from people's tax returns whenever the RCMP asked for it. If that is not enough to topple the government, I do not know what you need to topple a government in Canada today. This is a topless government because it is a government that needs to be topless out of office as soon as the Canadian people can get at them.

Miss Bégin: How can we be topless and cover up too?

Mr. Crosbie: They should not open their mouths because they are cowering and quavering in their lairs, afraid to go out and face the people of Canada. The only one who has a chance, in my opinion, is the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo). I think she has a real chance, but I would not put any money on any of the rest of them.

I just wanted to bring this to the attention of the House hoping that the consciences of some of those opposite would be pricked and they start a public inquiry into these tax matters to which I have referred.

There is also the question of PUITA, the Public Utilities Income Tax Transfer Act. The government has announced it is going to abrogate that act unilaterally through legislation before this House. It was passed in 1965 at the time Newfoundland was entering into the Brinco deal with the government of Quebec of not so happy memory. It was introduced in this House by the then minister of finance, Mr. Mitchell Sharp, in July, 1965. It involved the agreement of the Government of Canada to pay back to the provinces 95 per cent of the federal corporation tax paid by utility companies which distribute and sell electrical energy, steam or gas. The three provinces most affected by this are Alberta, Newfoundland, and Prince Edward Island, where we still have some major publicly-owned utilities engaged in the sale of electrical energy, steam and gas.

This has been in effect since 1965, and yet unilaterally the government has announced it is going to do away with this act and stop transferring this 95 per cent corporation tax. It was entered into originally because it was recognized that if something like this were not done, each province would be encouraged to nationalize its privately-owned public utilities so that they would all be on the same basis and none would be—

Mr. Martin: On a point of order, Mr. Speaker—

The Acting Speaker (Mr. Turner): The hon. parliamentary secretary on a point of order.

Mr. Martin: I wonder if the hon. member could in some way demonstrate to the House how it is legitimate to be speaking at this time, when we are dealing with Bill C-7, on another bill that is before the House. I do not see any relationship whatsoever, and I wonder if you could rule on that matter, Mr. Speaker.

The Acting Speaker (Mr. Turner): I suggest that the hon. member keep his remarks to the bill under discussion.

Some hon. Members: Hear, hear!

[Mr. Crosbie.]

Mr. Crosbie: As always, Mr. Speaker, I bow to your ruling. If the bill I am talking about is not enacted we will have to borrow more money. That is the relevance of this matter I am discussing. If PUITA is not done away with, we will have to borrow more. In one case we have to borrow less and in the other case we have to borrow more.

• (1652)

I am not going to speak at too much length because my time is going fast. The finance critic has given me permission to take my time, Mr. Speaker. Let me just say I will not go into any more detail on that. What I want to speak about is how can we trust ministers to borrow $17 billion who answer questions like this—and I refer to *Hansard* of October 13 where the Minister of Industry, Trade and Commerce was asked a question by the hon. member for Calgary South (Mr. Bawden) about PUITA—first he asked a question of the Minister of Finance, and then he asked the Minister of Industry, Trade and Commerce: "If the minister is aware of the government's proposal to repeal this act." As reported at page 65 of *Hansard* the minister answered:

> Mr. Speaker, I am fully aware of the arguments put forward at that time and now. I have made my representations to the cabinet and to the Minister of Finance, and my colleague has assured me he will discuss this matter fully with his counterparts in the provinces.

I would not loan one dollar to a minister that made that answer. A minister in the Government of Canada is responsible for every act of the government. In September an announcement was made by the President of the Treasury Board (Mr. Andras) outside the House that the government was going to ask this House to repeal the Public Utilities Income Tax Transfer Act. The Minister of Industry, Trade and Commerce comes to this House and pretends he did not know about this, that he is not just as responsible for it as the President of the Treasury Board or the Minister of Finance. He has made his representations to the cabinet. Yes, he made them. The cabinet ignored them. That is how much influence the cabinet minister from Alberta has. He is nothing but a laughing stock from here to his district.

The Acting Speaker (Mr. Turner): Order please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Public Service—Reduction of personnel—Effect on service to public; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Canadian National Railways—Proposed strike by Nordair pilots—Air Canada control of Nordair; the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty)—Post Office—Alleged lock-out of returning strikers.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed Consideration of the Motion of Mr. Chrétien that Bill C-7, to provide Supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I feel I have to speak in French at the outset of my remarks this afternoon to remind certain hon. members, more particularly certain members of the press media, be it the written press, radio or television, that the province of Quebec does not have a monopoly on French in Canada and the parliament of Canada. Recently I heard certain commentators say that the Progressive Conservative party had tried to show they had French-speaking spokesmen because they had used certain members, particularly those from western Canada, to speak in French in the House. Mr. Speaker, members of the media who made those remarks are outright ignorants, and I say so in all sincerity.

Just today I was reminded that I have been serving in this House in my capacity as member for Edmonton West for 21 years and 135 days. That beats the record of any other member from the province of Alberta, except my former colleague, the Hon. Douglas Harkness, who served his riding of Calgary for 27 years. I just want to say that we, from western Canada, are of bilingual origin; we speak French—

An hon. Member: I beg your pardon?

Mr. Lambert (Edmonton West): —and I can speak English just as well as anybody else—

—and we have nothing to apologize for to anyone in this House and if I happen to be speaking to a French-speaking minister, since we are in a bilingual country and we know the two official languages are English and French, I will be putting my question to him in French—simple courtesy.

It is quite simple, and if on the other hand he did not speak French, I would speak to him in English. So I hope that we will develop this habit in this House.

In my 21 years in this House we have witnessed progress because before we had simultaneous interpretation—and just this week I was invited to a dinner to celebrate the twentieth anniversary of simultaneous interpretation in this House; I want to point out that fact to the newer members in this House who accept that as a simple matter of fact, just like the sunrise every morning. Indeed, simultaneous interpretation was for us—

Mr. Pinard: Mr. Speaker, we are discussing Bill C-7 concerning the possibility for the government to borrow certain sums. The hon. member is making very interesting remarks about bilingualism in this country and his freedom to use the language of his choice, which I entirely respect. But I think it would be more advisable to stick to the rules of the House and not only express oneself in the language of one's choice but also to discuss the matter of the debate. I would urge the Chair to call the hon. member to order and ask him to discuss the bill before us, Bill C-7.

[*English*]

The Acting Speaker (Mr. Turner): I would suggest to the hon. member that he return to the bill under discussion.

[*Translation*]

Mr. Lambert (Edmonton West): Yes, Mr. Speaker, I agree to be patient with the hon. member who is one of the youngest in the House. He forges straight ahead probably hoping for a promotion as there are interesting vacancies to fill. I have known him for a long time and when it comes to our rules I would hope he will show just as much eagerness in calling members of his own party to order as he does for the members of the opposition. This is a forum where we can express our ideas. I am going to express my views on Bill C-7. The hon. parliamentary secretary might then decide to draw my attention to something else.

Bill C-7 is very simple and asks us a very simple authority, a blank cheque allowing the federal government to borrow an additional $17 billion by 1980. The hon. secretary who is rather young has a poor memory, he did not look into the records of the administration to see what are the limits and the borrowing needs of the federal government. Ten years ago, the man who is now thumping on his desk in support of the Prime Minister—I remember perfectly when the Prime Minister

arrived as a lion and promised to solve the problems of our country, not only our linguistic and cultural problems but also the inflation we had at that time.

● (1702)

[*English*]

"We shall wrestle inflation to the ground," said the Prime Minister (Mr. Trudeau). Later on he said he had wrestled it to the ground. Nonsense, Mr. Speaker. Never has there been a greater misrepresentation to the Canadian public than by the present Prime Minister over the years. Yet the parliamentary secretary has the gall to say that I should limit myself to this paltry bill.

Some hon. Members: Order!

[*Translation*]

Mr. Pinard: I think the hon. member—who has been sitting here for over 20 years, as he pointed out so well, and whom I respect very much—is mixed up. I was not here ten years ago, Mr. Speaker. I was elected for the first time in 1974. So, either he is mistaken, or he is speaking of someone else; but I should like him to be more specific, to stick to Bill C-7, and stop chiding me for having called him to order, what Your Honour confirmed by asking him to speak strictly to Bill C-7. The hon. member says he knows me very well, that I am young and have no memory: there is nothing repugnant about young people having a good memory. But, as the right hon. Prime Minister (Mr. Trudeau) said so well recently to the leader of the official opposition: 'Tis better to have good brains than good memory. On the other hand, I would point out that the hon. member would be well advised to speak to the bill instead of making personal remarks. If, however, he is in earnest about making of this institution a place where problems and not individuals are discussed, then he should limit himself to the bill before the House; he should respect our Standing Orders, for this institution, so that it can work efficiently.

[*English*]

The Acting Speaker (Mr. Turner): I suggest to both hon. members that they stay with Bill C-7. I find we are getting into debate.

Mr. Lambert (Edmonton West): God forbid that we should get into debate in this House, Mr. Speaker. I will debate with the hon. member. I will debate side issues or any issues he likes having to do with this bill. He should have been here on Friday afternoon to hear his hon. friends; they debated everything but the baseball scores that afternoon to keep the House from voting on the amendment put forward by my hon. friend from York-Simcoe.

I want to remind the hon. member that this bill has to be considered in the context of the quality of the administration. After all, that illustrious colleague of his, the Acting Minister of Labour (Mr. Ouellet), is forever trying to bootleg into the record things that happened prior to 1963 when there was a Conservative administration. I want to tell the hon. member about what happened prior to 1974, before he was conscious of the political process. I want to call attention to what the government was doing at that time and to the pattern which we could see developing. I have been connected with finance since 1963. I do not know how many speeches I have made on the subject. I do know that the hon. member for Winnipeg North Centre (Mr. Knowles) used to wonder whether my needle had got stuck in the record when I talked about inflation and its pernicious effects.

We look back to 1963 when the present administration took office. Those were the hey-days. The total budget brought down in 1963 amounted to $6.3 billion. Today we are looking at a deficit which is going to exceed $12 billion in the present fiscal year. That is the deficit, let alone the total. By the end of 1978-79 the total is going to be in the neighbourhood of $50 billion. There is the pattern of inflation.

I recall some years ago looking at an appropriation bill—in 1973 or 1974, I think it was. It was an appropriation bill dealing with supplementary estimates. The hon. member for Halifax (Mr. Stanfield), who was then the leader of the opposition, asked me whether there was anything objectionable about it. I looked at it and said, "Of course, there is. We are being asked, out of the blue, without previous notice, in a bill upon which there can be no debate, to give authority to borrow something like $5 billion." Of course, when the matter came up, we blew the whistle. I raised an objection, and Mr. Speaker held that I was right. The clause was struck out of the appropriation bill and the government had to come back to the House with another measure.

There are two ways in which we can deal with the Financial Administration Act and the authority to borrow. One is the method used in the bill before us, the regular way of doing it through an amendment to the act indicating clearly what changes in borrowing limits are being proposed. As long as the minister can explain why—I note that the hon. member for Esquimalt-Saanich (Mr. Munro) mouths the word "why"? What he is doing is epitomizing the attitude of the official opposition toward this bill. In particular, we are directing that question to the proposal regarding 1980.

Is this 1980 figure, $10 billion, a symbolic one chosen from thin air? It does not sound too bad. From $7 billion to $10 billion to $15 billion—the way inflation is going, $10 billion seems to fit the pattern. It is instructive that the parliamentary secretary, who was so interested a while ago in what I had to say, should no longer be here. But to return to my theme, that is the essence of our questioning this bill and that is why I shall oppose it.

Why should we want authority to borrow at that level? Even should the present administration, by some unknown miracle, manage to survive beyond 1979, why should there be authority to borrow an additional $10 billion? I would think enough has been said in the standing committee and in committee of the whole to have made the government wiser and more readily prepared to share confidences with its backbenchers and the opposition.

• (1712)

When we in the opposition ask for more information, we do not do so entirely for our benefit. In the standing committees I have seen representatives of the governing party asking the same kinds of questions I ask, and I have wondered why those men and women have to do that. The reason is that information is not shared. It is not put out. Why does the government think it has a special, private preserve, that it has gone to a higher ground, and that "so help me, Hannah," it shall be forbidden for the government to disclose to man, woman or child in this country the information the government has? I admit that administrations I have seen and of which I have been a supporter have sinned in this regard just as much as anyone else. God only knows that in the 1950s and 1960s "mum" was the word. Nothing was said. I have seen great administrations with great potential go down because the membership knew nothing. The membership was not given anything, and it became frustrated.

Many backbench members on the government side have been here almost as many years as I have, and—

Mr. Béchard: Don't look at me.

Mr. Lambert (Edmonton West): The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) says I should not look at him, but I have heard him asking questions in committees. He should have had the information he was requesting before he came to the committees, but it was not given to him, and he did not get it in those committees. He was rebuffed in the same way members of the opposition were rebuffed. The treatment of government backbenchers is no different from the treatment given to members of the opposition regarding access to information. This bill is a classic example.

I have known the Minister of Finance (Mr. Chrétien) since 1962 when he came into this House. He has done a good job. I like him as an individual. I think he is was out of his depth as Minister of Finance, but that is beside the point. He won his spurs in other departments. However, when it comes to explaining this bill—and when it came to explaining other bills earlier this year—I am afraid that our hon. friend, the Minister of Finance, is seized by the attitude, "Don't tell them anything". He does not want to tell anyone anything for fear of being criticized, or that there might be another opinion.

Many factors have led to this bill. One of them is greater government reliance on Canada Savings Bonds sales. There is a great dependency on the part of people to be able to convert their immediate demands into cash. After all, Canada Savings Bonds are their cash. Last week the minister had to increase interest rates on Canada Savings Bonds by three-quarters of 1 per cent. Today several leading banks in the United States increased their prime rates by another quarter of 1 per cent. What will rates be a fortnight from now? If the American prime rate goes up another one-half per cent a fortnight from now so that the rate will have risen three-quarters of 1 per cent, the Bank of Canada will have to increase its prime rate. Then what will happen to the balance of sales of Canada Savings Bonds? What will happen to those people who have bought Canada Savings Bonds?

Has anyone looked at the stock market quotations in the last few days and seen how equity stocks have dropped in exact balance with the increase in the interest rate on Canada Savings Bonds and others? We have seen a drop in mutual funds, which are a mix of both Canadian and American stocks, but the interest rate in the United States is climbing too, and now we are talking about seeing some major banks in the United States charging almost 10 per cent as a prime rate. I caution hon. members that they should put their hats squarely on their heads and hang on because the wind which will blow this winter, if this should continue, will be of super hurricane force, and we will see interest rates we have never seen before. If that is to be the case this bill, particularly the anterior portions of it, will be seriously questioned.

The minister must tell us about this. This bill will be going to the Standing Committee on Finance, Trade and Economic Affairs. The minister has been very reticent in telling us anything here, and I suggest to him that his tactics have been totally erroneous in this regard. The more open the minister is now, the better it will be in committee because I know that I, the hon. member for York-Simcoe (Mr. Stevens), and others in the opposition, will have questions to ask in the Standing Committee on Finance, Trade and Economic Affairs.

Incidentally, the standing committee has not yet been organized. If this bill had been passed earlier, we would not have been able to consider it in committee. We cannot do any preliminary work on the amendments to the Bank Act because somebody on the government side is asleep at the switch. This House has been sitting almost two weeks, and the first notice to go out regarding a committee meeting has been in connection with the Standing Committee on Management and Members' Services. It is shameful that that should be the first committee to sit. For a week now we have asked that the Standing Committee on Finance, Trade and Economic Affairs be set up and that there be a reference, but that request has fallen on deaf ears. Therefore, what is lost to the government if we debate this bill *in extenso*? The Standing Committee on Finance, Trade and Economic Affairs could not sit even if the bill passed second reading stage tonight because there has been no notice sent out to organize the committee. There is no reference, nothing. That is just another indication of this administration's loss of control and lack of direction. I have seen it before, and the rot is very apparent.

I will not repeat the figures which were put on the record by the hon. member for York-Simcoe and others. We have them all from national finance figures. I could refer to the percentage of gross national product which has been taken by federal governments, provincial governments, and municipal governments, over the years. I could give a breakdown of percentages and of absolute figures regarding government revenues over the years. I could demonstrate how personal income taxes have risen over the last decade, ever since the so-called income tax reform of 1971. God forbid that the Canadian public should

ever have such a philosophy in such a law inflicted upon it again.

● (1722)

Is it any wonder that Canadians are investing abroad, that they do not want to invest in Canada at this time because of the incidence of tax? Look at our real estate development companies. Hundreds of millions of dollars are going to the United States. If you ask their principals why, they tell you that we have developed in Canada the greatest municipal bureaucracy, when it comes to land development, that man could devise. That is where we have to start reforms as well, right down at the municipal level, and then at the provincial level. There should be an intermix between municipal and provincial bodies. They exist for their own self-perpetuation and they serve no useful purpose.

Why is it that in Dallas, in Denver, and in Minneapolis it takes less than three years to put together a big package and get it into building? Here in Canada it takes over five years. Why is it that Canadian development companies—I will not name them but they are both in eastern and western Canada—are moving into the development centres in the U.S.? First, because it is easier to get things moving, and second, because the tax return there is much healthier and there is a reasonable profit for those people who are prepared to take the risk to develop the ulcers and suffer the high blood pressure of being a mover and a doer. This country was developed by people who are movers and doers.

It seems to me that the government's philosophy is that, first, in far too many administrations, in far too many halls of academe, according to far too many columns in our daily newspapers, he who dares to move and make a profit, he who dares to move and give jobs, should be the first to be hit on the head. That is the philosophy that has crept in and it is all too rampant in Canada. Was it the consequence of the 1960s and the early 1970s? I do not know.

If someone should say that there is something irrelevant in what I have to say, I must be fair and say that in the end the deficiency in development, the deficiency in the Canadian economy meeting the demands that are put on it through our levels of social service—I am not criticizing the level—is that we went to the welfare state too quickly. The cost of our medicare, our hospital care, our care for the aged, is not met by plucking the money tree. It is met by the efforts of the hon. members sitting across from me, of our constituents, of Canadian corporations working in Canada and abroad, the big operators and the little two man operations running a couple of trucks. It depends upon the willingness of the Canadian people to spit on their hands and get on with the job. The more they can do, the wider the economic base, the greater is the facility of the Canadian economy to support that level of social services to which we aspire.

There are many things that must be corrected yet in the Canadian society, but let us be sure that we can afford all those things and that we do not set up incentives that become disincentives. There are some industries today which face the impossible task of getting people to work for them and to give an honest day's work for an honest day's pay because there is an alternative means of getting by. This is the sickness that has afflicted far too many Canadians. Why do I say this? Because it all accumulates in this type of bill.

This is the sort of bill that accompanies the little statement that was supposed to have been on Harry Truman's desk. It read, "The buck stops here." In Canada, the buck stops right here. The Minister of Finance is the man at the end of the line. You can have activity by the provinces, some of them richer, some of them poorer, some good administrators, and others which should never have started out in the business. But here we have the ultimate in the requirements of the Minister of Finance. This is residual bank account.

What does the Government of Canada have to borrow to pay its bill? There are no two ways about it. Can we say in this day and age that we will balance the budget? No, not particularly when on one side the government is fighting a losing battle with regard to the foreign exchange account. That is a many-holed rice bag. There is no way that the government can pour enough money into that holey rice bag and say that they can balance their cash requirements with their cash resources. Therefore, there has to be this particular authority to borrow.

What contributes to the condition of the Canadian dollar? It is worth less than 85 cents on the best of markets, and if you have currency and want to exchange it in an hotel, if you are a foreign traveller, you get only around 82, 83 cents. I have had this unfortunate experience this summer. This summer's experience in September in Europe has been, in over 40 years of travel, the first time that I, as a Canadian, felt like a beggar. I must say that prior to World War II I went overseas for the first time and the Canadian dollar was at 86 cents. It had been at 86 cents for a long time, but one did not have that sense that we have today. In a matter of three weeks I saw the pound climb 8 cents on the dollar, I saw the Austrian schilling and the German mark climb. My goodness, the climb was astronomical. It is a good thing that we did not go to Switzerland.

● (1732)

There is no real reason why this should be happening, other than that approximately two years ago, when we were at an artificially high rate, there was a lot of so-called hot money in Canada. There are pools of hot money around the world. Many people do not recognize the importance of investor confidence. If something is done which upsets the confidence of investors, then they do not have to invest in our country because there are many other places in which to invest. They have been chased away. Goodness only knows that the useless institution FIRA has scared away more foreign investment in this country than any other organization. There are different ways of controlling the situation other than setting up a cosmetic institution which scares foreign investors into diversifying their portfolios in Canada.

We are taxed too much. We are over-taxed. We have no incentives to save or invest. Canadian taxpayers are laid out by

the many carcasses of beef which are carved up by federal and provincial governments. To the maximum shall he bleed, to the maximum shall he yield a pound of flesh! Then we tell people to invest in Canadian enterprises, that they have money so to invest. Our tax system penalizes people for investing. Gradually a patchwork of minor incentives is being built up, but they are meaningless.

We must shake our tax system and thinking fundamentally so that Canadians are interested in investing in Canada. In the past several years Canada has invested more abroad than foreigners have invested here. What is the reason for this? What a commentary upon our tax laws and philosophies! We live in a fool's paradise. We are similar to ostriches which have found a bed of soft sand; they shove their heads so far down that practically only their tails are showing. That is the reaction when it comes to considering what can be done for our economy. If Canadians were given a potential in resource development, the situation would improve. Is there any incentive for Canadians to invest in resource development? None at all.

Canada has some antiquated nineteenth century thoughts on capital gains which were imported from Britain for another purpose. We sock it to investors. I am ashamed. It all boils down to the bottom line when the government indicates that it has to borrow an additional $7 billion for 1979 and another $10 billion for 1980. That is the way of mendicants and bankrupts.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): Mr. Speaker, I have nothing more to say. I have given my reasons for voting against this bill.

[*Translation*]

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise to speak on the same issue after my colleague from Edmonton West (Mr. Lambert) because I feel this bill is very alarming and I would like to explain why. I can state several reasons, Mr. Speaker, to justify my concern. First I would like to detail them and then elaborate. To begin with, Mr. Speaker I find that the procedure followed to introduce this bill is disquieting. The throne speech debate was suspended without notice nor consultation to consider Bill C-7. That is the first reason for my concern.

Then, Mr. Speaker, this is the third time in the last ten months that the government has been seeking authority to borrow. In December last, we passed a bill empowering the government to borrow $9 billion—I repeat, $9 billion because we must keep that figure in mind while last March, three months later, we were asked for another $5 billion. All told, $14 billion in three months. And this after having sought authority to borrow $7 billion in March last year, that is in 1977. Mr. Speaker, this amounts to a total of $21 billion for the period from March 1977 to March 1978—nearly $2 billion a month. Authority has been requested to borrow $2 billion a month and now an additional $17 billion, including $7 billion for the current fiscal year for expenses and spendings already provided for in the estimates, but $10 billion for the coming year without even offering us and the Canadian people a budget or the blue book which contains the estimates, all that without any explanations. Some $10 billion without explanations. This is more like blackmail than a request to raise by $17 billion the national debt of Canada which already amounted to $71 billion in 1976.

I want to list the other reasons for my concern. So here is a third reason: the short-term effect of the implementation of this bill on our debt. The fourth reason is even more important: It is the long-term effect of this increase in our national debt, a burden imposed by this government on future generations, those generations represented in this House by these young students who serve in the House as pages. Mr. Speaker, they are the ones who will have to pay back the debt which we are asked to contract today.

I would have liked to offer an explanation of what exactly is $1 billion. My colleague the hon. member for Provencher (Mr. Epp) offered a very simple illustration of that amount. He did so yesterday in his speech. I am referring to page 364 of *Hansard* dated October 23. So with your permission I would like to quote it because it is interesting to see exactly what is $1 billion, not $17 billion but just $1 billion. My colleague wondered if hon. members can grasp the meaning of $1 billion. I have often thought that if they did not, they can hardly have any idea at all about what $17 billion is. In order to grasp what a billion dollars is, and I quote the member for Provencher, I did a bit of calculating. I want to show the magnitude of $1 billion. Here is his illustration, and I quote: If from the day that Christ was born a man had spent $1,000 every day, seven days a week, every month of every year and had done so regularly, by the end of this century he would have spent $730 million. There would still be $300 million left out of the $1 billion. And now under this bill, this government is asking us the right to borrow an additional 17 billion dollars.

• (1742)

[*English*]

As I said, there are a number of reasons. I have explained some of them in French, and I wish to go on with the explanation in English of the reasons for my disquiet at the introduction of this bill. The first one is the manner of its introduction. It was done without any consultation in the middle of a traditional debate which permits members to explain their problems and uncertainties as to where this country is going. It is one of the two debates in this House which is free and open to all members to discuss matters which

are on their minds, whether they be constituency, provincial, national or international in nature. This opportunity has been thrown away and we have been asked to concentrate on this bill, without being given any explanation. There has been no explanation of what the $10 billion is for.

The urgency puzzles me. Here we are, not quite seven months through the fiscal year, and having been conned last March before the fiscal year started into believing that the $5 billion being borrowed at that time would meet the needs of the government, we are now being asked to approve an additional $7 billion. Why is $12 billion needed in a planned expenditure of $42 billion? Maybe it is $49 billion; I get lost with the immensity of our budgets these days. I will stay with $42 billion, a good round sum which came up at one time and has probably been added to at some time. But do we need $12 billion to help meet the planned expenditures of $42 billion?

This government on the other hand is talking about cutting back. The Canadian public is being conned, and we are being asked to share in the con game. Our revenue is down, not just for this year but for next year, because an extra $10 billion is being sought for next year. What assurances do we have that this is going to be the last request by this government in this fiscal year or the next? We have no assurances.

Why do I say we have no assurances? I would like to go back to the earlier loans, back to November, 1977 when the Minister of Finance (Mr. Chrétien), in talking about Bill C-45, said the following, as reported at page 646 of *Hansard:*

The increase in borrowing authority sought at present is to cover estimated financial requirements into the next fiscal year and to provide a substantial margin for contingencies.

A little further on he says:

The size of the request for additional borrowing authority requires some explanation. Earlier this year, this House approved $7 billion of new borrowing authority.

I should say it does. I jump now to the end of that paragraph, where the minister says:

The increase in the borrowing authority will serve to cover our financial requirements well into the next fiscal year and will provide a cushion for contingencies.

Just four months later, on March 16, the Minister said, as reported at page 3860 of *Hansard*:

—our treasury totalled $5.2 billion, a fairly high level; the borrowing authority asked for should allow the government to plan and efficiently carry out management of the public debt. The unused part of the existing borrowing rights, and the new $5 billion authority requested will cover our domestic cash requirements in 1978-79, and will be used to draw on the $1.5 billion U.S. credit opening and the $750 million U.S. loan which is being negotiated.

That was intended to cover our domestic cash requirements for 1978-1979, but what do we see in this bill? Section 2 of the bill calls for the authority to borrow $7 billion any time before April 1, 1979. It provides:

—such sum or sums of money, not exceeding in the whole, the sum of $7 billion, as many be required for public works and general purposes.

That is within the present fiscal year. We have now been assured twice. First of all, they said there would be something left over from the previous year, and now they are asking for another $7 billion for this year.

Let me go now to section 3—and this is why I have some hesitation in saying that I will vote for this bill, because I do not know when the government is going to come back at it again. It provides:

—at any time after March 31, 1979—

They are getting into the next fiscal year now.

—and before April 1, 1980, borrow . . . such separate sums . . . not exceeding in the whole, the sum of $10 billion, as may be required for public works and general purposes.

We have already started into the next fiscal year, and that is why I am deeply concerned, not just for today but for the future. What we are being asked to do today is to load upon future generations, those who will be paying the taxes and sitting in these places in the next ten, 12, or 15 years, an extra burden of debt.

• (1752)

I admit that some of these funds—although we have not received any explanation—are probably intended to retire some of the debt. We do not know how much debt is going to be retired, but some of this is going to be added to the debt as well. Before agreeing to go that deep into debt I want to know the purpose for which the funds are to be increased and whether proper controls are to be applied to their use. That is a perfectly legitimate request. I think some members of the government should be asking exactly the same questions, unless they have been told in caucus why this extra money is required. But I doubt that very much.

The hon. member for Edmonton West explained that it does happen and the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) had trouble finding out in committee what certain funds were used for. He was not told but he should have known before. Why were they not asking, as it is their duty to ask, why these funds were being requested?

Mr. Martin: It is quite clear why they are being requested.

Mr. Munro (Esquimalt-Saanich): I am assured by the Parliamentary Secretary to the Minister of Finance (Mr. Martin) that it is quite clear. The bill says they are required "for public works and general purposes." That is a pretty broad statement. I wonder about these public works and I think we ought to be a little more specific than that. I should like to figure out a way of needling either the parliamentary secretary or preferably the Minister of Finance into giving us some explanation of what the public works are. I think the best thing the minister could do is to bring down a budget and tell us what he wants to spend the money on.

There are times, however, when I wonder how a budget is worked out. I got a glimpse of it the other day when listening to the President of the Treasury Board (Mr. Andras). He was boasting about how well they managed the economy and how much they had been saving, but he was not very convincing. At page 187 of *Hansard* for October 17, he is reported as saying:

I often hear that our expenditures have gone from $16 billion to $50 billion—'Isn't that shocking'? and 'Indeed that is startling.' But nobody adds to that that next year the gross national product of this country will be $250 billion. It has to have a form of relativity—

Why did he bring that notion forward? Is it because the government's expenditures are decided upon by either estimate of what the gross national product is going to be? I wish I could do that in my own domestic financing. I have to know what my revenue is going to be and I have to budget with a margin of safety within my domestic arrangements in order to do it properly.

There are only two things that I think any good housekeeper does in the matter of overspending and casting beyond his revenues. One is buying a house and the other may be buying a car, particularly with the price of cars these days. He realizes he can use so much of his current revenue for a mortgage or to make a loan—although mortgage rates are pretty frightening these days. But that is not the way the government does things. It estimates in advance what the gross national product will be and says, "We are going to take x per cent as our chunk of the gross national product, because that is the revenue-producing part and we are going to levy taxes against that." Sometimes they make mistakes. What any good manager should know is what the revenue is going to be and keep within that.

I wonder why the government does not deal more with what its revenues are this year and what its forecast of revenues is next year, not in terms of the gross national product but in terms of an addition because of greater employment or expanded business activity, and then work out on a percentage basis if it has to increase its expenditures. Now it is finding it has to pull back. I have to convince myself and my wife that we can afford carrying charges, whether it be for a house or for a car. I cannot understand why the government cannot work that way.

May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Turner): It being six o'clock I do now leave the chair until 8.00 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, in my remarks before the dinner hour I mentioned the many reasons why I am disquieted by this bill, worried and deeply concerned. I had reached my fourth reason, that is the contribution the proposed borrowing will make to our national debt. Now I want to look at the growth in that debt.

Let us look at the record of this government in debt accumulation. I put that forward as something that we ought to examine closely when we are being asked to add to that debt by several billion dollars. I repeat what I said earlier several times, that what we are doing is adding to a debt which is going to be assumed by those who follow us, by those serving in this chamber today and who may very well be sitting here ten years from now. Those are the people for whom we should be concerned.

Let us look at the record of the government, which says today that on the road to Bonn the Prime Minister saw the light of restraint. We can think of another road, the one to Damascus. However, a different light fell then. This time the Prime Minister talks about the light of restraint. Can we believe him, Mr. Speaker? You may; I cannot. I will come to the matter of expenditures in due course. What concerns me at the moment is debt and the actual, eventual debt charges.

I have extracted from a reputable publication put out by the Canadian Tax Foundation called "The National Finances" some very interesting statistics about the debt of Canada over the last several years. These statistics are from the latest edition. I have chosen selective years over the past 30 odd to give us a perspective of the growth of the debt in this country. The first date is 1946, just after the war, when the total growth debt was only $18.9 billion. Some 20 years later in 1968 the debt had grown to $32.9 billion. By 1977, the last year for which we have figures, the debt has grown to $80.5 billion. That is $80.5 billion compared to $32.9 billion ten years earlier. Over ten years, the ten years of this government, this is an increase in excess of 150 per cent. That is gross debt.

Let us now look at net debt. There is a distinction which is drawn very carefully here. Time unfortunately does not permit me to delve into it, but I advise those who are interested to have a look at this particular publication. The net debt is when all the earnings have been taken away. In 1946 it was $13 billion. In 1968 it was $16.7 billion, a modest increase in 20 years. I repeat, in 1968 the figure was $16.7 billion. In 1977 the figure was $29.5 billion. As hon. members can see, that figure has almost doubled in ten years. In 20 years there was an increase of $3 billion, while in ten years there was an increase of $13 billion. That is what bills like this have done to our debt.

Mr. Martin: The GNP went up at that time.

● (2012)

Mr. Munro (Esquimalt-Saanich): That is what bills like this have done.

Mr. Martin: Tell us how much the GNP has gone up in that time.

Mr. Munro (Esquimalt-Saanich): I will come to that. I can tell the hon. member that I do not see why government debt should increase in line with the gross national product. How much is this costing every Canadian in this country, man, woman and child, in terms of net debt? In 1946 Canada's net debt was $1,000 per capita. Just after four years of war, it was precisely $1,091. By 1968 it had fallen somewhat to $842. Ten years later it had gone up to $1,273, a 50 per cent increase.

Yes, Mr. Speaker, there has been a war going on, a war on your pocket and my pocket.

Who were the ministers of finance in those years? I remember a certain gentleman who is now the commissioner for the northern pipeline, Mr. Sharp. I remember Mr. Turner. Now we have another minister. I am waiting with bated breath to learn what the debt per capita is likely to be in 1978.

What is the cost of this debt per capita? This is of importance because debt carries interest. In 1946 it amounted to $367 for every man, woman and child in Canada. In 1968 it was $688. In 1977, almost ten years later, it had risen to $2,228, having almost quadrupled in ten years.

Mr. Martin: What did the gross national product do?

Mr. Munro (Esquimalt-Saanich): You are having trouble with the gross national product.

Mr. Robinson: You are the one who is having trouble.

Mr. Munro (Esquimalt-Saanich): I intend to give the House an idea of what it costs to carry that debt. At the beginning of the war it was $10 per man, woman and child. In 1946 it was $30—the cost had trebled during a great war. In 1968 it was $33 and in 1977, $95. These are just interest charges; these figures have nothing to do with amortization of debt. One might wonder in these circumstances why we have to go back to the moneylenders again.

I suggest it is time we looked at the expenditures on government operations during this period. I see that the hon. member who was talking about the growth of the gross national product has left the chamber.

An hon. Member: He will be back.

Mr. Munro (Esquimalt-Saanich): In 1946, according to this valuable study by the Canadian Tax Foundation, total expenditures were of the order of $2,800 million. By 1968 they had risen to $12 billion, by 1976 to $38 billion and by 1977 to $42 billion. The 1978 figure is around $50 billion. So in those ten years expenditures had risen from $12 billion to almost $50 billion. Is it any wonder I am worried and that the Canadian people are worried?

Before hon. members opposite point out that the gross national product has also increased, let me turn to the argument that so large a part of government expenditure is dictated by statutes and cannot be reduced. What was said by the President of the Treasury Board when he spoke on this subject during debate on the address? He got in his speech before the government House leader interrupted the debate to bring down this bill about borrowing. On October 17, as reported in *Hansard* at page 188, the hon. gentleman stated:

> On April 1 of this year, the April problem I call it, my people did a tally for me about the inexorable and inevitable growth of spending for next year. As I said publicly, my hair went white. It was far too high. It would have broken through the commitment to stay within the GNP trend line.

[Mr. Munro (Esquimalt-Saanich).]

We are back with this GNP again. To continue:

> Something significant had to be done . . . We took $500 million off this year to cut our ceiling to $48,300 million. We have taken $2 billion off for next year to get from $54,600 million to $52,600 million.

I see I was modest in my estimate when earlier I mentioned $50 billion. The amount is more than $52 billion. That is the sum which is to be spent next year and this, I suppose, has something to do with the extra $10 billion which is to be borrowed. I still do not understand why the government insists that the amount of expenditure has to be tied to the g.n.p. and not to revenue.

Mr. Robinson: It is the same thing.

Mr. Munro (Esquimalt-Saanich): I do not see that. If the revenue of the government is the GNP, I think we are all in trouble.

The history of the growth of the public service should also be told. It is staggering. I choose as a starting point the year 1964 when there were about 200,000 public servants. By 1968 the figure was 234,000—I suppose the GNP grew during the same period. By 1976 it was 321,000. In ten years the number had risen from 234,000 to 320,000, a growth of about 33 per cent in ten years. We see in the Speech from the Throne that the government is dedicated to the proposition that there should be cuts in the expenditure. Ministers claim to have made them. They say planned expenditures have been cut by $2 billion.

It is easy to plan an expenditure and then to cut back, because the figure they are cutting back to is $52 billion, the figure I mentioned just now. If I were to go back again to the speech of the President of the Treasury Board, I would find that he made a public commitment to reduce the growth of spending to something below the growth of our gross national product. The government has no regard for what it can collect in revenue. In 1976 the minister said that the government met that commitment. I draw the attention of the House to that year. There was growth up until 1976, and I recollect that a minister of finance decided to get out of the government in 1975. It was just after that that the government decided it should cut back on its commitments. The government claims it met its commitment in 1977-78, and it claims it will meet it again in 1979. How growth from $42 billion to $52 billion in one year, 1978-79, is a reduction in the growth of expenditures I find difficult to understand. The absolute figures could be quoted.

● (2022)

With that indication of the extent to which this government has been committed to expanding expenditures and increasing the national debt, I will rest my case and say that it will be impossible for me to support this bill.

Mr. Rob Parker (Eglinton): Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Parker: —perhaps I should begin by pointing out that I am the newly elected member for Eglinton which, as I am sure most hon. members of this House realize, is located in the city of Toronto. Some years ago when I had the privilege of living in Newfoundland and first becoming acquainted with my colleague, the hon. member for St. John's West (Mr. Crosbie), we used to refer to Toronto as one of the more pleasant mid-western cities in Canada. I think that continues to describe Toronto accurately.

The riding of Eglinton in that mid-western city is an historic one. At one time it lay entirely within the boundaries of the city of Toronto at the north end of the city and stretched across the boundary, much like a cap on Toronto. Since then the boundaries have been altered somewhat. The riding is now vertical in shape. Its eastern boundary runs straight north along Yonge Street. Its western boundary curves out and back into the borough of North York, while the southern tip of the riding is rooted in the city of Toronto. I think the riding might now more properly be described as a feather in the cap of Toronto.

Some hon. Members: Hear, hear!

Mr. Parker: Eglinton riding was represented with distinction in this House by the Hon. Donald Fleming from 1945 until his retirement in 1963. For the first 60 years of this century the riding remained Conservative virtually without a break. In 1963 it fell slightly from grace, and during that period in the wilderness it was represented here by the Hon. Mitchell Sharp. It is now 1978, and I am pleased to stand on this side of the House and say that the prodigal son has returned.

Some hon. Members: Hear, hear!

Mr. Parker: During the past six months of compaigning for the by-election which was held last week I was fortunate to get the know the riding of Eglinton well, and it is, with some statistical variations, urban Canada in microcosm. In the riding of Eglinton live businessmen, labourers, academics, office workers, professionals, shopkeepers and many hundreds of unemployed. In the riding of Eglinton there is much religious diversification: Protestants, Catholics and, on October 16, a large number of effectively disenfranchised Jews. In the riding of Eglinton there are widows, pensioners, disabled people and others on fixed incomes whose quality of life has been ravaged by inflation running out of control.

The riding of Eglinton is ethnically diverse. There are Canadians from foreign lands as well as Canadians who were born here. It is a constituency interested in national unity and dedicated to a country where people may live together in a spirit of consensus rather than confrontation.

Finally, in the riding of Eglinton there is a diversity of generations stretching even beyond what might be found in this House. There are those in the riding who are old and nearing retirement, like the right hon. member for Mount Royal (Mr. Trudeau). There are those who are young and on the threshold of their careers, like the hon. member for Rocky Mountain (Mr. Clark).

Some hon. Members: Hear, hear!

Mr. Parker: That briefly is the riding of Eglinton. Eight days ago the people of that riding went to the polls. They faced decisions on two major issues. The first was representation in this chamber, which they have not had for some months. They have made their choice, and I intend—indeed, I am honoured—to provide that representation to the best of my ability.

The second issue was an opportunity for the people who live in Eglinton to pass judgment on what this government has done to Canada during the past four and one half years. For those who believed that this government has done as well as possible under the circumstances, for those who believed, as my opponent believed and stated publicly, that the state of the economy is a red herring, and for those who believed, as the Minister of Agriculture (Mr. Whelan) apparently believes and has said publicly after complaining about his breakfast and before ordering his lunch in Washington, that Canada is a country of two cars in every garage and citizens just returned from a trip to Europe, October 16 offered a clear opportunity to vote for the government.

For people who lived in Eglinton and who believed that government priorities in recent years have been properly ordered, who approved of a government which, until the miraculous conversion of August 1, referred to a few moments ago by my hon. colleague, talked almost exclusively of constitutional reform and national unity—we have all noted that our Prime Minister was, shall we say, "Schmitten" in Bonn, enlightened in Morocco and unbelievable in Ottawa—and which looked around and saw one million people out of work and tried to fire the Queen—

Mr. Martin: Shame.

Mr. Gillespie: Shame.

Mr. Parker: Mr. Speaker, if hon. members opposite have something to be ashamed about, I would be happy to give them a chance to apologize.

Some hon. Members: Hear, hear!

Mr. Parker: For all of the people to whom I have just referred, October 16 was a chance to vote for the government.

Finally, for those who believed that the government's approach to the powers of parliament and secrecy was justified and for those who approved of a government which makes Richard Nixon on Watergate look like Chatty Cathy, October 16 provided an opportunity to express that approval.

However, the fact is that despite that opportunity the people of Eglinton chose to vote against that kind of government. They chose to vote for credibility, for making the economy the first priority, for the rights of parliament and for efficiency, honesty and integrity.

On October 16 the people of Eglinton chose to send a message to Ottawa and, given the state of the mails, I have opted to deliver it in person.

Some hon. Members: Hear, hear!

Mr. Parker: I am aware of the tradition that a member's first speech in this chamber should be non-partisan in nature. I trust that so far I have fulfilled that obligation.

I would like now to refer specifically to the bill before this House. Although I am a new member of less than ten hours' formal standing, I have had some opportunity to become acquainted with this debate. It seems clear to me that the principles expressed at the polls in Eglinton eight days ago are directly contradicted by Bill C-7.

● (2032)

This bill asks basically four things of the House. First, it asks for authority to increase government borrowing by $7 billion during this fiscal year; second, authority to increase government borrowing by an additional $10 billion in the next fiscal year; third, explicit authority to place all or part of that borrowing in foreign markets; and fourth, explicit authority to maintain all previously authorized borrowings in perpetuity, if the government chooses, as a charge against the people of Canada.

On the issue of credibility, on March 16 of this year, the Minister of Finance (Mr. Chrétien) acknowledged that $21 billion of borrowing authority obtained in three separate instalments was sufficient to meet all cash requirements for the fiscal year 1977-78 and the fiscal year 1978-79, plus a margin for contingencies. Seven months and three days later, the minister informs the House of the need for an additional $7 billion—a 33 per cent increase over the total cash needs he forecast for two years.

The same minister, while steadfastly refusing to discuss his projected budgetary deficit beyond the figure of $10.9 billion, admitted in the spring, some six months ago, and reluctantly confessed, to a $300 million increase in cash needs. Presumably that $300 million is covered by this request, but in addition he suddenly discovered a need for an additional $6.7 billion. He still refuses to give budgetary deficit forecasts when the most conservative figures—and I use that adjective deliberately—indicate a minimum $13 billion deficit which could soar to $15 billion to $16 billion. This government has a credibility problem, and it need look no further than this sort of behaviour for the reason.

Some hon. Members: Hear, hear!

Mr. Parker: Mr. Speaker, I feel it strikes at the rights of parliament for this House to be asked to approve borrowing authority in the amount of $10 billion for the next fiscal year, without estimates, without detailed spending and revenue projections, and to be asked for that approval in the face of massive inconsistencies and errors on the part of the Minister of Finance in presenting previous numbers, forecasts and figures. This time they do not even present the inconsistencies.

According to the record of proceedings of October 19, the minister said simply that the government requires the authority to borrow $10 billion to meet next year's cash needs, including that ever present margin for contingencies. That $10 billion is over 90 per cent of this year's entire deficit, or at least that part of it which the minister is so far willing to admit publicly exists. They want the authority five months before the fiscal year begins and they justify it with two phrases: cash needs and margin for contingencies. Ten billion dollars! Some margin! Some contingency!

An hon. Member: Some government!

Mr. Parker: While the minister was silent on further reasons for this borrowing, his loyal parliamentary secretary, the hon. member for Scarborough West (Mr. Martin), was not. This hon. member must have felt a cold breeze around 9.30 p.m. on October 16. He presented the following reason: "The authority is needed now", he said, "to avoid our having to come back to parliament time and time again."

Some hon. Members: Oh, oh!

Mr. Parker: As I acknowledged earlier, Mr. Speaker, I am a new member, a babe in the woods compared to most members in the House, but even I know that parliament is here in the first place to be referred to time and time again.

Some hon. Members: Hear, hear!

Mr. Parker: I am sure I speak not only for my colleagues but for myself when I say I am willing to sit here as long as necessary to listen to debate, to hear justification, to study estimates and projections, and to vote for or against such bills as this, based on what the hon. member referred to as positive facts. Given the record of spending of this government, any facts they bring forward are highly unlikely to be positive, or even accurate for that matter, but at least he might do this House the courtesy of providing a semblance of justification for these outrageous figures.

I think it strikes again at the rights of parliament and at the issue of control over spending that this bill contains a clause authorizing every dime of borrowing authority virtually in perpetuity. It removes any last possibility that any borrowing authority, once obtained, would ever have to be submitted for review. Instead of sunset laws, this government is asking for perpetual sunshine.

Some hon. Members: Hear, hear!

Mr. Parker: Finally, it strikes at the expressed desire of the public in these election results to place the economy first on our list of priorities when the introduction of and justification for this bill mentions no major measures related to reducing unemployment, no steps to put Canada back to work, just spending, spending, and more spending.

The same government that made so much noise two months ago about cutbacks—$2 billion of illusory reductions next year—now asks for $10 billion of real money—$2 billion of

soft cuts versus $10 billion of hard cash. That they define as restraint. This government is like a dog surrounded by four trees; it does not have a leg to stand on.

Some hon. Members: Hear, hear!

Mr. Parker: This bill is bad in principle. It is bad in practice. It is disastrous in precedent. It is an arrogant request for unnecessary authority. It is clearly timed to lessen the impact of criticism as we approach a general election. It is the kind of bill, and the kind of approach to government and financial management, that I came to Ottawa to defeat, and I urge all members of the House to vote no when the time comes.

A few minutes ago I mentioned representation and sending a message to Ottawa. This is the first instalment of that message, and I am sure my colleagues in the freshman class of 1978 will have additional chapters. In the months ahead, to the best of my ability, Mr. Speaker, I will be providing that representation on issues that matter to my constituents. I hope to see changes in the Canada Elections Act so that never again will Canadian citizens be deprived of the right to vote because of their religious observances. I am preparing a private member's bill to that effect.

Some hon. Members: Hear, hear!

Mr. Parker: I hope to see changes in our regulatory procedures and practices, making them administratively simpler and less costly. I hope to see the delivery of government services reformed, made leaner and more businesslike. I hope to see stimulation of the economy in a real and meaningful way as we begin the long, complicated and much overdue process of putting Canada back to work.

May I say in closing, Mr. Speaker, that I am proud to have been elected by the people of Eglington, I am very proud to be a member of the House, and I am particularly proud to be a member of this caucus.

Some hon. Members: Hear, hear!

• (2042)

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to congratulate the hon. member for Eglinton (Mr. Parker) for his contribution. Perhaps some of my colleagues will find themselves equipped with a number of new first liners which may bring some joviality to this staid and sombre chamber.

In Bill C-7 the government is requesting an additional $7 billion of borrowing power. Others who have participated in this debate have indicated that the government has been borrowing itself almost out of business. My generation was taught that it was good to pay one's bills and live within one's means. Certainly the present generation of finance ministers are not the least bit concerned about that. They are leaving a very large debt for generations to come.

In 1978 borrowings amounting to $38 billion have been authorized. Bill C-45 requested $7 billion, Bill C-11 requested $9 billion, Bill C-31 requested $5 billion, and now Bill C-7 is requesting $17 billion. This total of $38 billion means that each one of us is paying interest on over $7,000. Through the produce of this nation, every citizen will have to pay 10 per cent or in excess of $700. In many instances people in Canada are living on annual income of $3,000, and that $700 is a very large amount of money for them to shoulder.

Those members who were involved in the recent by-elections are aware that the average citizen is now concerned about the amount of money borrowed, and the difficulties faced in an attempt to retain stability in our money. The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was involved in borrowing to sustain the dollar years ago when he was a cabinet minister in the government of the day. That government decided to borrow in order to sustain the Canadian dollar. Canada was faced with extreme financial difficulties because of that measure. It turned out to be totally unsuccessful in the end. In an attempt to maintain the Canadian dollar at 85 cents, an awful lot of money has come out of the pockets of Canadians which has not brought much in return.

I am no financial expert. I have not studied the financial structure to the extent that I know all the answers. In fact, I am not sure whether the new economists will be able to say any more than I. I consider their knowledge to be zero as well. Not long ago I read a newsletter which indicated the United States borrowed so much money a few years ago that it is having a great deal of difficulty making the repayment which is now due. Apparently the money was borrowed in Europe, on terms that it would be repaid in one of two currencies when the term expired, either gold or Swiss francs. Also the newsletter indicated that United States treasury representatives went to Switzerland in an attempt to persuade the Swiss to devalue their money and print more so that there would be enough francs to go around. Rightly so, the Swiss told the Americans there was no deal. There is not enough money in the American treasury at Fort Knox to pay off that loan in gold, particularly with the price of gold today.

Apparently our dollar is worth approximately 84 cents compared to the American currency. One must remember that the Americans are bankrupt. They may not be able to pay the debt incurred in Europe because they will have to pay it in a currency which they do not have. When the deal was made, gold was worth $35 an ounce; today it is worth considerably over $200 an ounce in the United States. They paid large interest payments over the years for that loan, and it will be necessary to pay off the remaining debt at a rate five times what it was incurred at. The United States is not in a very good position, yet we weigh our dollar at 84 cents against the American dollar.

Another government newsletter indicated that three years ago $1 Canadian bought 300 Japanese yen; now it buys 162 Japanese yen. That means our money is worth approximately 50 or 51 cents on the Japanese exchange market. We are in serious difficulty, as is the United States. Even countries which find their currencies rising rapidly are in trouble, because

eventually they will not be able to make their payments, as was the case in Canada at one time.

I am glad to see the Minister of Energy, Mines and Resources (Mr. Gillespie) present in the chamber this evening. I am sure the minister is not a collective enterpriser. Surely he is not interested in establishing a Crown corporation in order to operate Syncrude or to raise money to put into the Syncrude operation because it would not happen otherwise. Aside from being responsible for mines, he is also responsible for energy. If we must buy all our energy offshore, we cannot exist as we do today. At one time his friends in the seven sisters told him that there was no future in oil, that the end was in sight. Even so, he saw fit to put taxpayers' money into the development of Syncrude. I congratulate him for that, particularly since the situation has changed marginally in the last few years. But why did he not put all of it into Syncrude? Why did he allow the oil companies to become involved? Perhaps they are smarter than us. They have been robbing people for years and years.

Mr. Dick: Oh, oh!

Mr. Peters: Apparently the hon. member does not believe that. At one time the seven sisters put lead into their gasoline, which resulted in a five-cent increase in price. Then that lead was taken out, which resulted in another five-cent increase. That little exercise cost an additional ten cents. Now they are pushing leadless gasoline, which is apparently anti-knock. Of course, there will be another five-cent increase because of that. The hon. member is entitled to believe that the oil companies are not crooked, but I consider them to be crooks. At least, I do not consider them to be reasonable and legitimate businessmen.

● (2052)

There is still a valuable commodity out there under the minister's jurisdiction, and that is gold. We are not unaware of this. One of the minister's own colleagues has authorized a publication which indicates that the government has 200,000 gold coins containing half an ounce of pure gold for sale at $150 each. That is a good bargain because gold is going to go up to $300 an ounce, and as the value of the dollar goes down the value of the gold goes up. I suggest the value will go to $300 an ounce by early March. It is now selling on trade markets at from $262 to $267 Canadian funds. We are selling these coins for $150 and the government is going to make some money.

When we have talked about putting out a bullion coin containing one true ounce of .999 fine 22-carat, we have found that we do not have enough gold in this country to produce them. We are somewhat like the United States which found that when it had to pay off its debt in gold it did not have a sufficient amount.

In my part of the country there is still a lot of gold. I suppose there are two or three thousand mines there which operated when gold was selling at $35 an ounce. When I started to work underground in a gold mine I received 58 cents an hour. Things have improved since then. I think my highest hourly wage was $1.19 as a raiseman, which is a skilled position in a mine.

Let us assume that the same man receives $10 an hour today. It is hard to look back and find that you were making less in a day than a man doing the same job now makes per hour. Gold has increased in price proportionately more. Obviously wages are not going to represent the major portion of the cost of developing gold mining operations. Perhaps the minister should sit down and put together a consortium to pick up some of the gold mining claims throughout northern Ontario, northern Quebec, the maritimes and British Columbia. I imagine that in each of those areas the consortium could operate 500 or 600 mines. These mines would not have to be big producers.

An hon. Member: But they must have gold.

Mr. Peters: Sure, they must have gold, but the minister and his department knows exactly how much gold there is in every cut on every face in every mine that has operated over the last 50 years. He knows what the projection is in respect of the tonnage in each one of those holes in the ground. He could get that information from his computers in a matter of a few weeks. I am sure he would find there is a very large amount of gold-bearing ore still available producing gold valued today at $265 an ounce.

When we abandoned emergency gold mine assistance some 15 years ago gold production was supported by the government to a maximum of less than $50 an ounce. I know the minister is not interested in government corporations, but he has had to take some interest in Syncrude for the production of petroleum. When things were tough under a Conservative government—and maybe things are always tough under Conservative governments—most of the Crown corporations or national corporations were established. This was not in the Diefenbaker years because those years turned out to be a financial disaster as well.

In a previous Conservative regime the government established railway companies, airlines and banks as well as radio services, and many of these things were considered to be totally acceptable. No one wants to change them even today. My point is that just because one is not in favour of government ownership it does not mean the government should not support something that can be of tremendous value. It is my guess that we would be able to put more people back to work for every dollar used in the redevelopment of these gold mines than for every dollar invested in any other industry we might consider.

When we were considering the manufacture and sale of gold bullion coins we were told we would have to double the production of gold in Canada to meet the projected demand of coin distributors in New York, London and other international marketplaces. Canada has a great advantage over large foreign coin manufacturers in the world today, and specifically over the largest, South Africa, which produces the Kruger rand. The United States does not want to buy South African coins or gold from South Africa. Many countries are looking for a

hedge against inflation and one of the best obvious hedges can be found in gold bullion, gold coins or gold in any of its purer forms.

I think it is safe to say that in my area there are 30 or 40 mines which could be put into operation within a matter of 12 months. Gold mining is a very highly labour-intensive industry, one that would not require a great deal of money to put into operation. This would require some leadership, and one other thing that is not in existence at the present time. This industry would have to be given some assurance that the tax structure would remain stable for a period of at least four or five years. The industry would have to be assured that the federal and provincial governments involved would be willing to guarantee stability in their tax structures.

One reason it is difficult to raise money or venture capital today is that no one is sure the tax structure will remain the same for even one year. There would also have to be some supervision on the part of the government of the penny or dollar market, whatever might be involved in respect of gold. There would also have to be an assurance that the return for those who invested privately in these sponsored mining operations was more than 10.25 per cent, because that is an interest rate you can get at the bank today.

It is interesting to note that many large corporations are today making more from their investment portfolios than from their operations. I remember suggesting not long ago to an individual in a large corporation of the Weston chain that they should expand operations. He asked me if I knew what the profit was from their plant the previous year. I suggested it was 4.5 per cent on a very large volume, and he said they could make more money than that by putting their money in the bank, and suggested the corporation was not too interested in putting capital into risk ventures.

● (2102)

If the minister would provide more leadership, we could make more money than that by putting it in the bank, but we are not the least bit interested in venture capital. The minister could solve many of the problems that Canada has today. I figured it out roughly. I am no good at arithmetic so I may be out a million or a billion or so—but that does not really make a difference when you are playing around with the national debt—

Mr. Stevens: You are sounding like a Liberal now.

Mr. Peters: The Liberals do not care. They merely print some more money. If I divide $7 billion roughly by 265, I get $26 million, and that means that 26 million ounces of gold would pay for this loan. This would be better than borrowing it in the market where we will pay twice as much in seven years. We could take gold out of the ground and sell it and we would be able to use it for our balance of trade. It would certainly prop up our dollar and we would not need to go on the market to borrow money to stabilize it.

In a very short period of time this country could put into operation a number of gold mines if the government would give the leadership.

An hon. Member: That's hard.

Mr. Peters: One of the members has said that that is hard, and this is certainly true. It is easier to come to parliament and take the flak for two or three days and then borrow another $7 billion. In three years we have doubled our national debt in just four or five easy jumps. The government has said that this time will be the last time.

Why do we not start producing our own wealth, Mr. Speaker? At $265 an ounce for gold, we could produce more new wealth in this country than we do with the wheat and pulp industries and probably the manufacturing industry as well.

An hon. Member: We could sell a lot of tobacco.

Mr. Peters: Yes, you would have to sell a lot of tobacco to cover that kind of production. The gold is there, and we know where it is. Anybody could go to the department of mines and trace every mine that has ever operated within the last 50 years. They have the information as to their location, depth, size of vein, etc. If the minister is at all interested, there are companies I am sure who would go into a consortium, companies such as Lakeshore, Hollinger, Kerr Addison and Noranda. All these companies have operated gold mines and are knowledgeable about the mining industry. Most of them quit operating gold mines when the price was at $35 an ounce. At $265 an ounce, if they were given the assurance that they would not get hosed over the next four or five years through the tax structure of this country, I am sure they would be very willing to become involved in a deal with the government.

I had occasion to speak to some representatives from the mining industry at the last meeting of the gold mining committee, and I asked them if they had any objection to going into partnership with the government. They said they had none. They could see many problems, but I guess the government sees lots of problems in the event they were to go together with some of the gold mining companies as well, because they are certainly no patsies or pushovers. Unlike the postal workers who are on strike against an inefficient government, it would find that these gold miners are not inefficient and that they are the kind of people who know how to bargain. They are certainly capable of looking after their interests on anybody's market, and I know that from personal experience.

I am not the least bit surprised to hear that the Supreme Court has issued injunctions against meetings, or injunctions of any kind, because I personally remember when the riot act was read, and all the rest of it, when the coal mines were involved in a similar situation. So, I consider them no patsies. I am sure that the Minister of Energy, Mines and Resources will give the miners full credit for knowing how to run their operation efficiently. If there is participation on the part of the government it will get as good a break as ever, better than dealing with the shysters, the seven sisters in the oil consortium at Syncrude.

I cannot understand why the minister is not interested in mining gold. I do not understand why he does not ask some of his people about it, such as his deputy minister, who is very familiar with the gold mining industry. I am sure that if he sat down and discussed it with him he would find that what I am saying is true. He would find that mining is a very large employer of labour and that the labour is fairly easily trained. The labour force consists of many young people who are not particularly interested in working underground but are interested in the money they can earn, which is one hell of a lot better than what they would get on welfare or unemployment insurance.

If we would quit playing these games, we could start producing gold again as a hedge against inflation and against our dollar. Indeed, perhaps it would put us in a position to be able to help the United States do something about their huge debt, which may sink them if nothing is done about it. I do not think that the minister is doing his job if he does not give some consideration to how to get the gold mining industry back on its feet.

There are probably 30,000 small mines in Canada, and of those I would guess that 50 per cent could be put into operation with the price of gold being what it is today. Every time the price of gold goes up there is that much more incentive to mine gold in this country. I honestly believe that, and I am not trying to persuade the government to go back to the gold standard, though it might be a good idea. I would like to hear a good discussion as to why we should not. The reason why we cannot is that we do not have any gold reserves and are probably scared of the fact that Russia has a considerable amount of gold which it has not put on the market. It would probably do something for South Africa as well.

We have a former minister of mines from a provincial government sitting here. I am sure he is well aware of the areas of gold deposits like Kirkland Lake, Matachewan, Timmins, Geraldton and that whole area of northwestern Ontario which I am not very familiar with. Other such examples would be Snow Lake and Pickle Crow, areas which have produced gold in some quantity. It is a commodity which is Canadian and which is available. I see no reason for leaving it in the ground for our children or grandchildren. We should take it out and use it. It is a lot better than cutting down our forests, not planting trees to replace those we have cut, and leaving blueberry bushes and raspberry bushes for future generations. This gold could be used to build up our currency.

The reason we are not in a good position in the world today is because we have no manufacturing industry. What we have is the tail end of the American economy. There is no research or development.

Some hon. Members: Oh, oh!

Mr. Peters: Well, we do have a couple of scientists in some of our plants. The hon. member probably knows where there are one or two good ones. I know there are good scientists in the research and development station at Petawawa, but what the hell are we doing with them? It is the government's intention to get rid of them, and that is what the ministers have done with almost every company in Canada. If they get a good patent here, they will take it home and maybe even take the inventor as well or perhaps leave him on the unemployment rolls in Canada. We have a long way to go before we can develop the research and development that will establish a viable manufacturing industry in Canada.

• (2112)

We also have a long way to go to establish a country that others will look at and see that it is financially stable and sound. All we are doing is balancing our trade with our raw resources. We can sell off the last of our timber in British Columbia, in northern Ontario or in Quebec; we can give away our raw materials in our mining industries. Nickel is a valuable commodity, not just to establish currency with, but it is a commodity used in almost all manufacturing throughout the world. We do not sell it as a manufactured commodity, however, but as a raw material. This generation is giving away the last of our birthright in order to try to balance our trade and retain our position in the world.

We will grow more trees if we are lucky and we will grow more wheat if we are lucky, but there comes an end to the amount of land available for trees and cereal grains. We do not even pick peaches, pears and grapes in Canada; we buy them from the United States. I was in the Niagara Peninsula in the last fruit season and you could buy Canadian grapes or Canadian pears and peaches there, but in Toronto I found most of them had come from the United States, not from Niagara. We are destroying whatever heritage we have of natural resources.

The Acting Speaker (Mr. Turner): Order, please. The parliamentary secretary on a point of order.

Mr. Andres: Mr. Speaker, I believe the hon. member should be a little more correct in the statements he makes. I happen to be from the fruit growing area and I am a fruit grower myself. Every pound of fruit that was grown in Canada was sold to Canadians and was supplemented by American imports.

Mr. Peters: Mr. Speaker, that is exactly the point I was making. We used all we had in Canada but we did not have enough even for the Canadian market and had to import fruit from the United States. I said that by the time you got to Toronto, which is 50 or 60 miles from the hon. member's area, you found that commodities in the supermarkets were American. We do not have enough fruit. We make wine out of our grapes. We do not sell grapes here; we import them from California.

We can go into any little confectionery store in Toronto, Ottawa, Winnipeg, or Vancouver and on the shelves there will be commodities from 50 countries. You would have to search very hard to find any Canadian commodity. At Moosonee, a tourist trap in my part of the country, you can pick up a souvenir like a totem pole or a little bear supposed to be carved from soapstone. When you turn it over you find it was

manufactured in Japan. We are not going to compete in that field, Mr. Speaker.

We are giving away our basic resources in order to try to float our economy. It is one hell of an expense. When we borrow money, that is a hell of an expense too when every man, woman and child, and every old age pensioner in Canada, owes over $7,000 and we pay 10 per cent on that debt. There are very few countries with the resources to make that possible.

We have some resources, Mr. Speaker, so why are we not in the market? I am talking about bringing gold to a stage where it is .999 per cent pure—I am not suggesting we fabricate it, and I am not suggesting we ask people to go into the jewellery business. I am suggesting that we treat gold as a natural resource and start producing it to balance our payments. It would not be hard to raise $7 billion if we started to mine.

In my area there are several mills. One in particular is now operating at some capacity and is making considerable money. It is interesting that the miners with that company receive one cent per dollar every time the price of gold goes up. It does not amount to very much because they started at $50 or $60, which was considered to be the top. But now each of those miners gets well over $125 because of that one cent per dollar every time Canadian gold goes up. That mine is doing very well.

Kerr Addison has been closing for years. It is one of the largest mines in North America. Not long ago a newspaper article indicated that the life of the mine had been extended for another two years. I suggest they could have extended it for ten years if they had been sure of any stability in the price of gold. That company could mill 5,000 tons per day but it is now milling less than 700 tons per day. If the minister put some money into a consortium he could pick up the other 4,000 tons at a number of small mines in the area which we would operate. He could lease them and pay the owners a royalty per ton. If he did this on a large enough scale we could then afford to repair and rebuild for an increased milling capacity.

Then there is the mine known as the Upper Canada. God only knows who owns it, but the Minister of Energy, Mines and Resources should be interested in it because he was one of the people who shut it down when he set up the petroleum corporation. He had a couple of partners and one was the main shareholder. When that partner needed money he took the money that was necessary to operate that mine and bought more stock in the petroleum company. He is dead now and I guess it does not make any difference to the petroleum industry, but it made a difference to the 300 or 400 people who were laid off. That mine is still in operating condition and if we had a consortium we could pick up that mine.

Mr. Corriveau: Oh, oh!

Mr. Peters: My friend over there is making a lot of noise. He should not laugh about mining in Quebec because the situation there is identical with the situation in my area. I know his part of Quebec quite well. Throughout the whole shield there is mining potential and possibilities. It is considered that there are ten or 12 mines in the Val d'Or area that could be operated if a consortium was put together with a management team. There are a lot of unemployed people in the hon. member's area who used to work at Noranda and Val d'Or and they would go back there again if they were given the opportunity.

The government can ignore this if they want, and I can tell you why they do. A few years ago they were totally blinded by the United States. The United States said to the International Monetary Fund, "We are no longer going to need gold; gold is not going to be considered a commodity." The United States removed the right to redeem paper for an equal amount of gold, so gold was downgraded and everybody was terrified. I am not suggesting it should not be but I am suggesting that there are very few countries in the world who want that, including those poorer countries that we are now selling gold to out of the International Monetary Fund in order to provide them with the means for development. They do not want United States dollars for that gold, nor do they want the gold to be sold; they want the actual gold to take home and put in their treasury so that money can be issued against it. Even the underdeveloped countries are not stupid. The United States always thought they were but they are not stupid. We are certainly finding that when we deal with them in the manufacturing field. In many cases they are quite right.

I honestly believe that we could have a gold mine industry with 3,000 or 4,000 people working in it within a matter of six months if the government gave the necessary leadership. This will involve the provincial governments because it involves leases and—

• (2122)

The Acting Speaker (Mr. Turner): Order please. I regret to inform the hon. member that his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

An hon. Member: There is consent.

The Acting Speaker (Mr. Turner): Order please. I definitely heard a no on the right hand side.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, first I would like to congratulate the new member for Eglinton (Mr. Parker). Earlier I was pleased to accede to the request of his leader and allow him to make his first speech in the House on the day of his first sitting. I wish him a long and successful career in federal politics and I am convinced that the entire country will derive benefit from his talents.

Having said that, I would like to comment on Bill C-7 even if in the past some members have accused the members of the Social Credit Party of Canada, to which I belong, of often

referring to money in their comments. Heaven knows we have been hearing about it for some time. Heaven knows that this small Bill C-7 which may appear insignificant—it has two pages at most—is deemed by the public as being of very minor importance.

However, Mr. Speaker, Bill C-7 includes a request by the government to the Parliament of Canada to increase its borrowing authority by the fairly large sum of $7 billion for the current fiscal year. This is a small bill but it has serious consequences. The estimates for the current fiscal year already provided for a deficit amounting to something like $11.5 billion; moreover, through Bill C-7, the government is asking parliament to give them an additional borrowing authority of $10 billion for the period beginning March 31, 1979 and ending April 1, 1980.

In both cases, it is stipulated in the bill that such loans will be used for public works and general purposes. However, Mr. Speaker, we are not told what are those general purposes. Is it to extend the Old Age Security Act to cover people who are between 60 and 65 years old? Is it to offer financial aid to the provinces so that in turn they can help municipalities where the property tax is too heavy for homeowners who can hardly finance the construction of roads, water works and sewers? Is it to increase funds for RRAP and the Canada Works program? There is no mention about it in the bill. But, in a question I put last week to the Minister of State for Urban Affairs (Mr. Ouellet), I pointed out that the program was good but that it did not provide enough money for the provinces and the owners of homes in need of repair, so that in the end the program does not give the results we had hoped for. With regard to the Canada Works program whose budget was slashed by 20 per cent to 30 per cent, the situation is really deplorable at a time like this when unemployment stands at an extremely high level.

I know of municipalities in my riding where the rate of unemployment is something like 58 per cent. Those are not my figures but those of people who were hired to make surveys and collect them; the manpower centres supply them to us.

Mr. Speaker, adding the figures in clauses 2 and 3 of the bill, we find that we are dealing with loans totalling $17 billion. That is why I said a moment ago that the bill is indeed very heavy, though it does not cover much paper. The interest on the increase in the national debt is roughly $18 million a day, which represents $6.5 billion for the current fiscal year. With these recent borrowings, we might have to pay even larger sums of money in interests, which will further increase the financial burden of the taxpayers.

● (2132)

Mr. Speaker, when an individual, a family or a corporation makes debts larger than he or it should, he or it goes straight to bankruptcy, and the same can be said of governments. How could it be otherwise? Mr. Speaker, I would like to quote some figures so that the Canadian public, who have a right to know what is going on, can think about it and help parliament change what has to be changed if we are to improve the situation.

Has Canada's debt gone up or down in the last few years? Has the burden of our net national debt increased or decreased? We have to ask these questions and we have to get answers.

If so, would it not be urgent to change the way we finance the public sector? Indeed, Mr. Speaker, I believe it is the duty of this parliament to examine closely the alarming progression of the national debt. At the time the confederation was formed, on July 1, 1867, the national debt stood at about $75 million. Later on there was the cost of Canada's involvement in World War I as well as various other small undertakings that had occurred in the meantime, and also the economic crisis which lasted for ten years and was brought about by the crash at the New York stock exchange on October 24, 1929, exactly 49 years ago today, which is a sad anniversary but still an anniversary. The crisis was not triggered by Providence but by human beings, because the stock exchange is controlled by human beings, it is manipulated for one's own profit, it is operated by human beings, Mr. Speaker, and those who have a memory for facts must recall that during these ten years our country was poverty stricken, a great many Canadians experienced very serious difficulties, and this in an affluent society. I have known farmers in my area who did not have enough income to pay their debts, yet their stables were full of animals, their fields were producing bumper crops, but they were unable to pay, despite all the things they could sell, despite this plentifulness, there was nothing they could do, trade was paralysed, while in the cities, my God, people were dying of hunger because of a lack of distribution.

Afterwards, Mr. Speaker, our country's debt grew. Over 72 years our debt amounted to $3 billion, for 72 years, until 1939. By March 31, 1968, Canada's debt had reached $33 billion, and during that period there was World War II and other smaller conflicts like those in Viet Nam and in Korea where Canada participated, and we had to pay.

As of March 31, 1977, Mr. Speaker, nine years later, the national debt, as published in *Hansard* following a question I asked and which was answered on June 5, 1978, the net debt is estimated at about $67 billion and the way things go, I expect that by March 31, 1979 it will have soared to approximately $80 billion.

Mr. Speaker, we will not be able to continue to finance the public sector by this method without running the risk of leaving the next generation with a legacy of debts whose interest charge will paralyse economic progress and cause division between the various provincial and federal governments. That is not the way to ensure harmony in Canada. I have already said it in this House: it is the difficulties that governments have to find the money they need to meet their

obligations and carry out their responsibilities toward their people that divide Canadians; that is the heart of the problem.

Mr. Speaker, it is written in Bill C-7 that the borrowed Funds will be used for public works. I am in favour of that because public works are likely to boost the economy, provided they are financed the right way—that is not the way it is done now as we have to pay five times the value of the work done to get it done once. I happened to have in hand a letter from the Central Mortgage and Housing Corporation about a housing construction program in my constituency.

We, as members of parliament, are the ones who approve the funds needed by the CMHC to administer a housing program. And from time to time the CMHC enters into agreements with the Quebec Housing Corporation and as late as January 1977, the CMHC loaned $960,000 to the Quebec Housing Corporation for the construction of 40 housing units. But what is wrong with the system is that the Quebec Housing Corporation, through the provincial government, will have to tax Quebeckers at a rate of $4.93 for every dollar paid, which means that those people, who are Quebeckers, will have to pay for 200 housing units whereas only 40 units will be made available to the public.

Mr. Speaker, this is only an example of what is going on, and the same thing happens when the federal government builds, let us say, the Bank of Canada building across the street, the bank of all Canadians. Let us say the government will get the $50 million from chartered banks, either in bonds or otherwise, in order to put up that building, and will agree to reimburse $50 million over a 50-year period, and this at 10 per cent or 12 per cent interest rates. In other words, we would pay the cost of five of those buildings in order to get only one.

No doubt, Mr. Speaker, that I will be asked: What then is the solution you would suggest? The solution is this: to provide financing for the public sector, the federal government should use the services of the Bank of Canada. Some will say: But you will create inflation! You will put a lot of money into circulation regardless of the reality.

But, Mr. Speaker, what difference is there between putting $50 million into circulation after having borrowed it from financial institutions and putting that same amount into circulation after having borrowed it from the Bank of Canada? What difference does it make in terms of inflation? None whatsoever. But there would be a difference, for instance, in the public debt for, instead of paying 10 per cent or even 12 per cent interest the government would pay administration charges and that would not deprive the banks of their privilege to serve the private sector; on the contrary, they could better serve it and make the advance payments it needs to continue operating.

Mr. Speaker, that financing method must absolutely be changed, otherwise we are heading towards ruination. Public works! But they are necessary, and at the same time they would distribute money to the consumers; they will not buy out the Bank of Canada, but will have the money to buy consumer goods.

The Minister of Finance sitting on my right knows full well what I mean: He is the one who introduced a bill last spring inviting the provinces to cut their sales tax and give consumers more purchasing power. He did recognize at the time that Canadian consumers needed were purchasing power to buy more goods produced in Canada, to stimulate the economy of our country.

Mr. Speaker, there are also many things to be done all along the St. Lawrence, on both shores of the river. There are wharves going to ruin, others that must be preserved and others that cannot be maintained, depending on their future usefulness. When the municipalities come with their requests, the government says: We do not have any money for that. Retaining walls have also been built along the river. There are wharves like that in my riding everywhere. They are left to go to ruin. Private lands are in danger of being swamped over by the waves and when you ask the federal government to repair those works which cost Canadians a lot of money, there again they find all sorts of excuses to say that it is not the responsibilities of the federal government, go and see the provincial government. And when you do just that you are told to go and see the municipal government. Away you go to see the municipal government. They say: Well, we would like to but we do not have any money to finance that project. So everything goes to ruin because of a shortage of funds. Mr. Speaker, are we short of materials to provide those public services? Are we short of machinery? Are we short of workers to put the necessary materials together for those public utilities people could use? No. We have all that. What is missing? The dollar sign. The authorization to be able to carry out the work.

The Government of Canada just made a loan of $35 million to Cameroun for the extension of a wharf in the port of Douala. That is quite recent. That is a news published in today's *Le Devoir*. I have nothing against lending money to countries to improve their situation. The government made a 50-year interest-free loan with ten years of grace. About that, I once heard the right hon. Prime Minister (Mr. Trudeau) answer a question put by my colleague and say: It is not interest-free, Canadians are paying the interest. That takes the cake, not only do we pay interest on our own borrowings but we have to pay interest on the handouts we make to foreign countries. That is nonsense! The government's classical answer is that those countries to which we are lending money will be buying Canadian products. Well, that is the least they can do.

I remember that during World War II I was a candidate in some by-elections and one general election. I heard such statements as: Canada lends money interest-free to England. Then, the ministers told us: Yes, but they buy our eggs, they buy our agricultural products. If a salesman were rich enough to advance enough money to his customers to empty his shop they would come and empty it, of course. But once the war was

over, when we stopped lending money to England, they stopped buying our products. I hope that the countries which take advantage of our generosity will not play the same trick on us so that one day we will be stuck with the debt without having the market.

Mr. Speaker, I have here a long list of the loans made to different countries which was issued on June 28, 1978. If you look up *Hansard* for June 28, on page 6830, you will see that with the exception of a single country, all these loans were granted interest free and provide for repayment in 50 years and seven or ten years of grace. For all practical purposes, this is nothing else but a gift.

● (2142)

You will say, Mr. Speaker, that we have to be human and understand that others have urgent needs. I agree, but I would like to emphasize the fact that money is considered as the true source of wealth and that it is given more rewards than the work of man. The construction worker employed on the site of the bank of Canada will be paid only once for having installed a tile and the necessary fittings and for having put some parts together. On the other hand, the capital borrowed to build this project will be rewarded five times. Dollar capital is rewarded five times and human capital or work capital is rewarded only once.

Mr. Speaker, this reminds me that one day not too long ago I had a discussion in a public service with a colleague who is familiar with financial matters and who argued that money is the true source of wealth. For my part, I argued that true wealth is in possessions. I gave him the following example: Two men go on a hunting expedition; one of them is an expert in financial matters, his wife loves him and believes that he is right; the other is a worker, perhaps a farmer or an industrial worker. The wife of the financial expert does not forget to go to the vault and to take two $100 bills to put in his wallet, while the wife of the worker takes two loaves of bread, a pound of butter and a few fruits and put them in a packsack. The two men leave for their hunting expedition in great humour. They do not have a very good sense of orientation. They do not have a compass. Night falls and they have to sleep in the forest. The next day is cloudy and foggy, and as they do not have the sun to guide them, they spend that day and the next one in the forest. I therefore asked my friend which one of the two was the wealthier? Was it the one who had two $100 bills in his pocket or the one who had bread and butter in his bag? He admitted that it was the one who had bread. I told him: "Sir, you are intelligent. Why is it that when you are in the woods, you can reason sensibly, and that as soon as you leave, you are unable to reason and lose all sense of proportion?

Mr. Speaker, in our country we have organized our society like this: the constitution provides for three levels of power, the legislative power which we represent in this House, the executive power which is the cabinet, the Minister of Finance, all his colleagues and the Prime Minister, and the judiciary or the judges who examine our acts when taxpayers are not satisfied, who scrutinize our legislation and decide who is right and who is wrong. Above all this, Mr. Speaker, there is another level of power, about which the public knows generally nothing, least of all how it operates. It is the monetary power, the power to mint the credit of the nation, the power to influence the circulation of money and credit, the power to establish the duration of the circulation of financial credit, the power to require the repayment on terms fixed in advance failing which the product of your work will be seized. It is also the power to submit governments themselves by spelling out repayment and demanding as a guarantee the power that all governments have, that of taxing the citizens.

And, Mr. Speaker, this situation does not prevail only in Canada but every hon. member should have the time to read about this. I find it very interesting.

It was published in France, and I quote:

In France, money is where it is not needed and not where it is needed.

We could say that conditions are exactly the same in Canada. In the review dealing with monetary power, the following comment appears, and I quote:

The government and the banker of course are old pals. The government needs the banker who can provide his own credit. The banker needs the government because he must be under the cover of law and order.

Mr. Speaker, it is exactly like that in Canada. There is no difference. Things happen exactly like that and the article is entitled The real counterfeiters. Let us speak of the loan that the government would like to obtain. Bonds will be issued. Some of them will be bought by our chartered banks and under the law, it is legal. The bankers who will purchase those bonds will merely create the necessary money. Why is the government unable to do such an operation through the Bank of Canada? We should have good accountants in that institution! This is why the government is in a quandary and finds it difficult to do precisely what it wants to ensure the proper development of our society. Mr. Speaker, that situation is not news. In 1931, His Holiness Pope Pius XI denounced the power in the hands of private institutions. He said that this power is particularly noticeable among those who are the absolute masters and keepers of the money and mint the nation's credit as they see fit. He added that they control the economic blood of the nation to the extent that, without their permission, no one can even breathe. Nothing has changed since then because governments and parliaments, including ours, do not take the necessary steps to put some order in this field of activity.

Mr. Speaker, I want to catch the attention of the Minister of Finance (Mr. Chrétien). When we were considering Bill C-56, I promised him I would give him a copy of a bill which was studied by the American Congress and which gave the American government full power to control the money supply. I kept my word. I gave the bill to the President of Privy Council and

asked him to pass it on to the Minister of Finance. The Minister of Finance promised me he would consider it very seriously. I know he is a busy man, I know he is an overburdened man, but I still hope he will at least have enough time to take a look at it and that he will draw his inspiration from it when he will prepare his budget speech which he is supposed to table in the House in the near future.

Mr. Speaker, these are proposals which I consider serious and useful. I would just like to give the House an idea of what is the very substance of that bill of which I already gave a copy to the Minister of Finance. Here is what its introduction says:

> To give Congress the constitutional power to issue money and control its value; to guarantee a minimum income to every American based on a stable and equitable assessment of the dollar whose value should always be high enough to allow the public to buy at will the goods and services that American industries and businesses can make available to them; put an end to the practice by which certain groups of individuals use and create bank deposits with fractional reserves.

This is exactly what is happening in Canada under the Bank Act, and specifically section 72. That is the basis of our system. I would like to reassure bankers, who may be watching us on television, that I am not personally attacking them. I respect them, they are human beings. They inevitably do great service to society, but it is the very system which the act of parliament grants them that I am attacking, because it gives bad results. We know what those results are, I just enumerated them: doubling our debt in nine years and increasing it from $33 billion to $67 billion. That is not a normal system. That a government be forced to go down on its hands and knees before financial institutions in order to obtain the funds necessary to administer the country, that is not normal. An individual or a company may be forced to accept such conditions because that is the private sector, it is the pressures of supply and demand, the pressure of competition. Mr. Speaker, I see that it is getting late, but I would like to quote the comments of a taxpayer published in the Wednesday, October 11, 1978, issue of the *Journal de Montréal.* Sometimes we think that people do not observe us, that they are indifferent to what leaders do, but here is what this man says in an article entitled "The world is heading toward disaster," and I quote:

> Yes, you, our leaders, open your eyes, look around you and what do you see? Only depravation. The world is literally heading toward disaster. Animals and plants are disappearing, and you only think of wars and elections. For Heaven's sake, wake up! I think Canada, and indeed the whole world, should invest to save animals and trees. Look at the baby seals, the geese, the whales, make an assessment of the situation and you will see it is disastrous. Wake up and save the world! Be proud of being human beings, but show it. I hope that I have opened your eyes and that you are going to take the steps which are necessary.

It is signed by Christian Beauclair of Montreal.

Mr. Speaker, of course we have in our society leftists and rightists, and we have people who claim to belong to the centre right, and so on. But those who claim to belong to the centre right should examine their conscience.

• (2152)

[*English*]

Mr. Gillespie: Mr. Speaker, I wish to rise on a point of order.

Mr. Hnatyshyn: Mr. Speaker, I rise on a question of privilege.

Mr. Gillespie: Pursuant to Standing Order 75C, I wish to ask the House—

Some hon. Members: Order.

Mr. Hnatyshyn: On a question of privilege—

The Acting Speaker (Mr. Ethier): Order, please.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. I recognized the minister who seeks the floor on a point of order.

Some hon. Members: No, we have privilege here.

Some hon. Members: Order.

Mr. Gillespie: Pursuant to Standing Order 75C I wish to advise the House—

Some hon. Members: Question of privilege.

Mr. Dick: The question of privilege is on this side.

Some hon. Members: Order.

Mr. Gillespie: I have the floor, Mr. Speaker.

The Acting Speaker (Mr. Ethier): I understood the minister to have sought the floor on a question of privilege. I am informed now that he rose on a point of order. Since questions of privilege take precedence over points of order, I recognize the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn).

Mr. Gillespie: Mr. Speaker, I am quite prepared to rise on a question of privilege.

Some hon. Members: Order.

An hon. Member: You don't have a question of privilege.

The Acting Speaker (Mr. Ethier): Each hon. member will be recognized in turn. I recognize the hon. member for Saskatoon-Biggar first.

PRIVILEGE

MR. HNATYSHYN—CHANGE MADE TO OFFICIAL REPORT

Mr. Ray Hnatyshyn (Saskatoon-Biggar): The question of privilege on which I rose at the earliest possible opportunity before ten o'clock—I see the clock is moving now to that point in time—relates to what I understand to be some question about the "blues" which have been changed with respect to the comments made by the Prime Minister (Mr. Trudeau) this afternoon, a statement he made in the House.

Some hon. Members: Order.

Mr. Hnatyshyn: Mr. Speaker, we in this House should observe the integrity of our record, *Hansard*.

Some hon. Members: Order.

Mr. Knowles (Winnipeg North Centre): Ten o'clock.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Saskatoon-Biggar might have a very valid point of argument, but I think it should be presented at the proper time. Perhaps he could give notice now that he will raise a question of privilege at the proper time later.

[*Translation*]

Is the hon. member for Bellechasse (Mr. Lambert) rising on a question of privilege?

Mr. Lambert (Bellechasse): Mr. Speaker, most respectfully on a point of order. I was still entitled to—

The Acting Speaker (Mr. Ethier): Order. Is the hon. member rising on a point of order or on a question of privilege?

Mr. Lambert (Bellechasse): First I would like to raise a question of privilege.

The Acting Speaker (Mr. Ethier): The hon. member for Bellechasse on a question of privilege.

Mr. Lambert (Bellechasse): I had the privilege to continue my remarks, Mr. Speaker, because the time allotted to me had not expired yet. I had only a few minutes left and I hoped to conclude by ten o'clock but given the circumstances, I must call it ten o'clock and I will continue tomorrow.

The Acting Speaker (Mr. Ethier): Order. I said before I recognized the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) and the hon. member for Bellechasse who wanted to rise on a question of privilege that I would also recognize the three hon. members who asked for the floor. The Minister of Energy, Mines and Resources (Mr. Gillespie) on a question of privilege.

[*English*]

Mr. Gillespie: Thank you, Mr. Speaker.

Some hon. Members: Ten o'clock.

[The Acting Speaker (Mr. Ethier).]

Mr. Gillespie: Pursuant to Standing Order 75C—

Some hon. Members: Ten o'clock.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Hnatyshyn: Question of privilege.

The Acting Speaker (Mr. Ethier): Order, please. I will recognize the hon. member for Winnipeg North Centre (Mr. Knowles) on a question of privilege.

MR. KNOWLES (WINNIPEG NORTH CENTRE)—IMPROPER USE OF STANDING ORDERS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege related to the rights of members of the House. The Minister of Energy, Mines and Resources (Mr. Gillespie) was trying to get the floor while a member of the House still had the floor. He had no right to do that. It is against the privileges of the members of this House. Now he is trying to give notice of a motion after ten o'clock, notice of which can be given only during the regular sittings of the House. It is now after ten o'clock, and it is Your Honour's duty to call for the debate on the adjournment motion.

● (2202)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Yes, Mr. Speaker, I rise on the same question of privilege as the hon. member for Winnipeg North Centre (Mr. Knowles). I call your attention to Standing Order 40(4) from which we can infer that even after ten o'clock business of the House may be dealt with, even before the "late show" has started.

Mr. Speaker, when the minister asked to be recognized on a point of order, he was perfectly entitled to do so, since he did not mean to present a motion but to make an announcement. There is nothing in the rules, on the contrary, which prevents a minister from rising from his seat before ten o'clock on a point of order to make an announcement. That is exactly what the minister was trying to do. It was not yet ten o'clock then, and even if it is now past ten o'clock, this is due to delaying tactics by some opposition members, Mr. Speaker. Under, I repeat, Standing Order 40(4), business of the House may be discussed at this stage, and what the minister wants to do is make an announcement which happens to deal with that very subject. In view of the circumstances, Mr. Speaker, I ask that he be heard in keeping with the rules and his own right.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I point out that I had something to do with Standing Order 40. The hon. Parliamentary Secretary to President of Privy Council (Mr. Pinard) quoted Standing Order 40(4). It does not give authority to present a notice of motion. All that Standing Order 40(4) permits is that after ten o'clock, during the late

show period, there can be questions and answers concerning the future business of the House.

Mr. Pinard: That is the hon. member's interpretation.

Mr. Knowles (Winnipeg North Centre): If the minister wants to announce that tomorrow he will give notice of a motion to be put the next day, he can do so. But to stand up and try to give notice after ten o'clock, and thereby assume that he has the right to present that motion tomorrow, is a complete and utter violation of the rules.

Mr. Stevens: Hear, hear!

Mr. Knowles (Winnipeg North Centre): If the government wanted to do this, it should have done it on motions earlier today. It could have been done any time today when it had the right to get the floor. But the minister cannot do this after ten o'clock. The argument that he was on the floor at ten o'clock is completely invalid because the hon. member for Bellechasse (Mr. Lambert) had the floor, and his time was not exhausted. The minister rose on a point of order. What point of order? What has my friend done wrong? Nothing at all. This is a complete violation not only of the spirit but of the letter of the rule under Standing Order 75C. I think Your Honour should now call it ten o'clock.

[*Translation*]

Hon. Jean Chrétien (Ministre of Finance): I rise on a question of privilege, Mr. Speaker.

The Acting Speaker (Mr. Ethier): The hon. Minister of Finance.

Mr. Chrétien: Mr. Speaker, I believe the minister was quite right. He had obtained the agreement of the Chair who had given the floor to the Minister of Energy, Mines and Resources. The opposition uses tactics not to recognize this. The Chair had decided to give him the floor before ten o'clock, and ever since that ruling opposition members have been trying to prevent the minister from exercising his right to speak on a point of order and to give a notice as provided under Standing Order 75C. I believe, Mr. Speaker, that he had the floor, that he has the right to put his question, because it is assumed it is not yet ten o'clock. His right to speak was taken away from him in a way not provided for in the Standing Orders.

[*English*]

Mr. Hnatyshyn: Mr. Speaker, I rise on this same point of order simply to reinforce and support the position put forward by the hon. member for Winnipeg North Centre (Mr. Knowles). Anyone in this House who rose under the guise of a point of order in order to move a new item of business or present a motion in the House, would provide Your Honour with all sorts of problems in the future.

• (2207)

I have personally at various times attempted to move a motion which I felt was legitimate and might receive the unanimous consent of the House, and the Chair has ruled that I could not obtain the floor for that purpose under the guise of a point of order. The fact of the matter is that the minister cannot do this unless he gains the floor in the normal course of the debate. I think that is the essential ingredient. If the minister has the floor in the normal course of a debate, he is then entitled to say what he wants and may move a motion that is appropriate. However, it is my understanding that it is completely contrary to the rules for a minister to attempt to pirate in a motion under the guise of a point of order.

An hon. Member: Trickery.

Mr. Hnatyshyn: I agree that the word "trickery" covers what the minister has attempted to do. He is attempting to pirate a motion in to terminate this debate, and I think that is unacceptable under our rules.

The Acting Speaker (Mr. Ethier): Order, please. I have received some guidance from my advisers in respect of the rules. Just before ten o'clock the hon. member for Bellechasse (Mr. Lambert) was interrupted. Had the minister waited until that hon. member had completed his remarks he might have been recognized. However, the minister rose on a point of order and the hon. member for Bellechasse was interrupted. I returned to the hon. member who had the floor and he then requested that we call it ten o'clock. As a result, I have no alternative but to now proceed to the adjournment motion.

In accordance with Standing Order 40, a motion to adjourn the House is now deemed to have been moved. Therefore, the question is that this House do now adjourn.

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

The Acting Speaker (Mr. Ethier): Order, please. After the motion to adjourn is taken the Chair cannot recognize another member on a question of privilege or a point of order. I recognize the hon. member for Ottawa-Vanier (Mr. Gauthier).

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

PUBLIC SERVICE—REDUCTION OF PERSONNEL—EFFECT ON SERVICE TO PUBLIC

● (2212)

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, on February 7, 1978, the Leader of the Official Opposition in a speech to the Junior Chamber of Commerce in Toronto proudly announced a startling policy concerning the personnel of the Public Service of Canada. It will be remembered that Mr. Clark announced that a Progressive Conservative government would enforce an absolute freeze on the hiring of civil servants and that his objective would be to reduce the Public Service of Canada by at least 60,000 jobs in the next three years by not replacing employees leaving their jobs for the many reasons we know, namely retirement, death, departures, and so on.

That freeze coupled with a major cutback are certainly drastic measures, Mr. Speaker, designed to boost the popularity of the Progressive Conservative party by rejecting the odious nature of their economic measures on the public sector and more particularly civil servants. So in the few minutes I have I will be trying to show the danger of such a proposal and caution those who for partisan purposes would like to have Canadian taxpayers believe that if they were in power they would know how to show leadership and come down hard on the backs of federal civil servants by arbitrarily reducing their numbers.

Mr. Speaker, we cannot accept that concept of political machiavelism that the end justifies the means. They are not telling the whole truth when they are spreading this dangerous myth that by reducing the number of government employees through an absolute freeze and not replacing those who resign they will come up with savings big enough to finance a major reduction leading to substantial cuts in taxes. That is just not true.

Among the many questions which will need to be asked and which we are entitled to have answered, the leader of the Progressive Conservative party will have to say which government services will be cut. Does he have in mind the inspectors of the Department of Labour, or perhaps the scientists at the Department of Environment, or even worse, the professional analysts of the Department of Regional Economic Expansion? He will have to tell us which services will be discontinued or reduced. If he is suggesting he is thinking in terms of better manpower utilization, I would remind him that since 1975 there has been a significant decrease in the number of employees, and government managers are now working with a reduced staff that must meet the challenge and go on serving the Canadian people despite their reduced numbers. Moreover, it should be remembered that there is a competitive private sector, and if the workload of federal civil servants keeps growing without pay increases, they may prefer to find better jobs in the private sector. The impact would create problems at the hiring end, with the danger eventually of depriving the public service of competent and hardworking personnel.

Finally, Mr. Speaker, if the Progressive Conservative leader came to power, does he want us to believe he can govern this country without government programs? Will such a potential government be a janitorial government leaving to the private sector the leadership in ideas and services in the eighties, or will they simply be the foreman of the status quo? That government will certainly wish to leave their mark and that of important ministers, put forward government programs, perhaps improve and even better explain, research, expand with the help of civil servants the whole range of existing services, and indeed create new ones.

It is intriguing at this point, at this time of serious disputes between labour and employers, to hear the opposition leader suggest he would replace the right to strike in the public service by a tribunal empowered to deal with disputes bearing on the public interest, his so-called Public Interest Disputes Tribunal which he would charge with solving disputes between labour and management. Is he proposing an agency without civil servants, one administered by computers?

When Mr. Clark talks about increasing employment counselling services to make it easier for the unemployed to find a job, is he trying to suggest that he will not hire qualified counselling personnel to provide this essential service? And finally, when he speaks about taking away the right to strike of federal public servants, is Mr. Clark suggesting that in his relations with federal employee unions, these workers will remain silent and not take part in the debate? This is obviously a proposal that can only incite to illegality, Mr. Speaker, because taking away the right to strike of federal public servants will not solve normal conflicts between employees and employer.

I understand, Mr. Speaker, that as serious and fraught with consequences as these issues may be, they can be considered hypothetical because, in my opinion, even if the Progressive Conservatives came to power they could not implement such a disastrous policy. An analysis of both proposals, that is the freeze and the non-replacement of public servants, shows the ambiguity and the cynicism of the Progressive Conservative leader since he did not explain to the Canadian people how he would implement such a policy. Mr. Clark speaks about the federal bureaucracy. We should know if this definition includes all government services and if it covers not only the employees under the jurisdiction of the Treasury Board, but also all others under federal jurisdiction, that is those employed by Crown corporations such as Air Canada which are responsible to the federal government.

Finally, Mr. Speaker, I submit—and I asked the minister about this in the House last week—that it is impossible to administer Canada and provide Canadians with the services to which they are entitled under the laws passed by this House if there is a complete freeze of hiring in the public service and an

[The Acting Speaker (Mr. Ethier).]

arbitrary decision to reduce the staff of the public service by 60,000. This proposal is dangerous for the public interest, Mr. Speaker.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I must congratulate the hon. member for Ottawa-Vanier (Mr. Gauthier), who has shown once again his continuing concern for his electors, especially those who belong to the Public Service of Canada.

I cannot understand how anyone could pretend to serve the public interest by freezing hiring and simply letting the number of public servants go down haphazardly. The public service must implement the policy and the programs deemed necessary to provide for certain needs of the Canadian people. The number, the qualifications and the competence of the civil servants meet the criteria required to implement this policy and these programs. By allowing random cutbacks in the civil service, we would undoubtedly sacrifice essential tasks which are now being carried out. Since all such activities are linked to certain programs and certain services, these could no longer be maintained and the population would thereby be deprived of program or service which did meet their needs until then.

For instance must Canadian taxpayers accept cutbacks in medical services, in meat inspections, in food and drugs control or air traffic control? Should we let prison guards leave one by one or even all at the same time without ever thinking of replacing them? So the decisions related to the method and the speed with which to carry these cutbacks in programs and services would depend on the unpredictable decisions of civil servants to take their retirement or quit the public service.

In my opinion, Mr. Speaker, this would be like putting the plough before the oxen. Those who leave the public service are not always those which it should be desirable to let go and those who stay are not necessarily the most indispensable elements. It is far better first to take the decision regarding the programs in a more rational matter and then readjust the size and the composition of the public service.

The Acting Speaker (Mr. Ethier): Order, please.

● (2217)

[*English*]

CANADIAN NATIONAL RAILWAYS—PROPOSED STRIKE BY NORDAIR PILOTS—AIR CANADA CONTROL OF NORDAIR

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise tonight to follow up a question that I asked in the House yesterday. I put to the Minister of Transport (Mr. Lang) the question whether the government has reconsidered its position with regard to Air Canada acquiring control of Nordair, or does the government intend to take the position that Air Canada should pursue that application? The minister replied in his usual studied and tortuous style, which consists not only of saying two hundred words when one of the words "yes" or "no" would satisfy, but which also conceals any hope for a reasonable answer.

In view of the answer given, which seemed to imply that the cabinet had not yet reached a decision on a matter which has been before it since June 29, 1978, I would like to ask the following question: Why has the government not taken a decision on this matter as yet? Even for this ridiculously inert and tardy government a decision should have been taken. Unfortunately, Mr. Speaker, I think this government acts as slowly as it thinks, which is below the speed limit in most provinces. It has often been said, Mr. Speaker, that silence is golden and patience is a virtue, but since the members opposite are hardly a gaggle of mutes, I suggest strongly that they finally act like a government and show some leadership. Since it is the government, it surely must face the inevitable task, no doubt unpleasant for them, of taking a decision.

In the proposed Air Canada takeover the facts are quite simple and a decision should have been reached by now. Air Canada proposes to buy Nordair for $25 million. The agreement in principle was the culmination of a number of conversations between the two companies in which Air Canada agreed to buy shares at $11.50 each. It is reported that Air Canada regarded the acquisition of Nordair as a sound business investment.

● (2222)

To argue that the deal would not be good for Air Canada would be senseless since Nordair is a very profitable company with a consistent record of profits and a sound financial position. However, while the acquisition of Nordair by Air Canada may be good for that Crown corporation, it is certainly not good for the Canadian consumer.

My party is against the acquisition of Nordair for many reasons. Firstly, this acquisition would harm air transport competition in Canada. As it stands today, Air Canada controls something like 60 per cent of air travel in Canada mainly due to restrictions placed on other airlines by the Canadian Transport Commission. Since 1970, for example, Canadian Pacific Airlines has been limited to 25 per cent of all transcontinental seats in this country. Its dominant market position and strong financial position of something like $20 million in profit last year enables Air Canada to ignore the consequences of competition. Last year, for example, the airline was able to ground itself for ten days at the mere rumour of a strike without even having to glance a nervous eye at the balance sheet. They knew that people in Saskatchewan—and I have a particular interest there—people in the maritimes—and people in the northern Ontario had no other alternative but Air Canada. Thus, neither strikes nor lockouts or whatever can drive passengers away from Air Canada, and the management knows it. The Conservative party does not intend to further strengthen this dominant position but to open the airways to more competition.

A second argument against the proposed acquisition is that it goes against stated government policy of preserving the essentially regional airlines to service local routes. Air Cana-

da's takeover would introduce it to regional routes when its purpose should be national and international. Our party has stated that it would ensure that regional routes of less than 500 miles would be left to the regional carriers.

Thirdly, as the former minister of consumer and corporate affairs has noted, the proposed acquisition might violate provisions of the Combines Investigation Act and those of the National Transportation Act. Of course, Mr. Speaker, I do not think that this government will be overly impressed with this argument as its previous attitude toward the participation of other Crown corporations in unsavoury affairs, such as the uranium cartel situation and the sale of nuclear reactors, has already demonstrated.

A fourth reason for our opposition to the proposed acquisition lies in a suspicion of the motives of Air Canada. Air Canada has stated that its "acquisition of Nordair's highly successful charter organization would be of particular interest to Air Canada, because of the national airline's determination to become more active in the significant and growing area of operations and marketing". It must be remembered, however, that it was Air Canada that opposed the introduction of advance booking charters.

Finally, in times of supposed government spending restraints, and remembering the government's often repeated assertion, more often than not straight from the horse's mouth of the Minister of Industry, Trade and Commerce (Mr. Horner), that it wants to encourage the private sector, it does appear ridiculous to permit this government body to purchase a profitable public firm.

Our party has not been afraid to give leadership. I have outlined our position on the Nordair takeover this evening. In view of the continuing procrastination and monumental indecision on the other side as evidenced by the answers which I received the other day, I would strongly suggest to this House that it is not for the Prime Minister (Mr. Trudeau) to come as he did into the House today and suggest that he is going to kick anyone in the slats, as he so eloquently put it, but for us to do exactly that to awaken this slumbering government.

● (2227)

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): In reply to the hon. member who raised this question, it might be valuable to put on record once again the main reasons why the Canadian Transport Commission did not turn down the application by Air Canada to buy out Nordair. They are as follows:

1. Pacific Western Airlines acquisition of controlling interest in Transair gave western Canada strong regional carriers under common management and with common objectives. This created a need for strong regional carriers in eastern Canada operating from Montreal to Winnipeg. Nordair is profitable but the level of cash available has limited its dividends. The controlling shareholders wish to dispose of their interest in Nordair.

2. Air Canada intends to operate Nordair as a separate entity and as a regional carrier under the regional air carrier policy, the Aeronautics Act and the air carrier regulations. The act and the regulations would require the commission to approve any future merger of Air Canada and Nordair.

3. It is not in the public interest that Nordair fail or not be able to replace equipment. Nordair's cash flow had not been acceptable to its shareholders and the only alternative acceptable to the shareholders is the sale of Nordair. If sale of Nordair to Air Canada is not approved, then the result would be a period of insecurity and instability with respect to Nordair operations.

4. The acquisition of Nordair would not unduly restrict competition because there is little scheduled competition between regionals and there is limited competition between trunk carriers and regionals because of the regional air carrier policy. Financial results have not been satisfactory in spite of the limits on competition.

Points have been raised by nine petitioners, some of them very serious points. The government is giving close and careful consideration to all these matters. I can assure the hon. member there is no dragging of feet on this subject. The government is, as usual, taking a matter of such importance very seriously.

POST OFFICE—ALLEGED LOCK-OUT OF RETURNING STRIKERS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, the reason I am rising tonight to take part in this adjournment debate is that Canada is in the midst of a postal strike which is causing serious disruption to our people. Delivery of family allowance cheques, social security cheques and accounts due to small businessmen and farmers is being withheld or delayed, and the over-all consequences for Canadians who are not involved in the strike in any way except as innocent third parties are tremendous.

The government used this situation as justification for asking parliament to legislate an end to this strike. Members of my party supported the government in this action. The post office provides an essential service; its activities are as important as those of any other single service throughout the economy and there is no way we can allow our people to continue to be victimized by these interruptions and stoppages. I urge the government to do its utmost to get the CUPW workers back on the job.

I hope the government will take full advantage of the provisions of the law which are available to ensure that members of the union who are on strike illegally return to work. If these measures fail, I believe that some of the 900,000 Canadians who are without jobs today should be given an opportunity to provide this essential service.

● (2232)

The reason I rise tonight to participate in this debate is that the government has spoken out of both sides of its mouth in this instance. In introducing legislation to legislate workers back to work last week, it indicated that the post office was an essential service and that Canadians could not afford to have

this essential service disrupted. That is a position with which I agreed, and the people at the post offices at Fergus and Orangeville in my area of Canada agreed with that very directly. Indeed, in the case of Orangeville during the last great postal disruption the workers stayed on the job, kept the post office open and provided service to some 12,000 homes which were served by the Orangeville post office and by the various subpost offices which are fed through the Orangeville post office. For their efforts they found themselves blacklisted by the union, and it was only recently that the local in Orangeville was restored to full union participation.

Leading up to this strike the members of the local at Orangeville took a look at the situation. They decided that in the national interest it was essential that this public service be kept in operation. They felt they had an obligation to the communities they served to stay on the job and to keep the mail flowing, and they voted in a very responsible way. They decided to stay on the job. In addition to that, they decided to write to some 94 different locals across the country to urge their workers to stay on the job. They signed the letter "from proud Canadians" and gave their names. In response to those 94 letters they received some 19 replies, of which only four were not favourable. It was clear from the responses that there was a strong sentiment in favour of keeping the post office open and working for Canadians.

Post office workers in Orangeville and Fergus reported for work on Monday and Tuesday of last week, and they kept service going for members of the communities served by those post offices. However, what was their reward for doing so? Their reward was to be told on Tuesday afternoon that they were not to report for work on Wednesday.

The Post Office Department denies that those workers were locked out, but there is only one word which applies when postal management, as a result of a labour dispute, decides not to allow people who want to work to report for work. Management locks them out. Management locked the doors of the post office and told its workers that they could not come in and that they could not keep the service going. Having crawled out on a limb to provide an essential service to Canadians, these dedicated and patriotic Canadians found that post office management decided to saw that limb off. I referred to that in the House of Commons last week as a disgraceful betrayal by post office management of those dedicated workers. If anything, those words are too generous to postal management, who decided to lock its workers out.

What were the results? The first was that, having jeopardized their relationship with their union, having run the risk of retaliation from people who were unhappy with the stand they took, and having decided to keep service going for the many thousands of homes in the communities they served, they found that the doors were locked by Post Office management, that they were refused work and that they were told to go home without pay.

Surely these workers deserve better. Surely Canadians deserve better. If there is one lesson to be learned from this, it is that if postal management and the government decide in the future that they want to ask dedicated public servants to put themselves on the line, to make sacrifices in the national interest and to set an example for the rest of Canadians—the type of behaviour necessary if we are to deal with our pressing economic and social problems—then it is incumbent upon the post office and the government to ensure that these people are not left alone out in the cold. These workers and Canadians as a whole deserve much better.

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): Mr. Speaker, I would like to take this opportunity to point out that on October 19 last the hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) misled the House. Knowing the hon. member, I am sure he would not do so intentionally. He said then and he said tonight that postal employees in Orangeville, Ontario were locked out and sent home without pay. Similar allegations were made by his colleagues, the hon. member from Oakville and the hon. member for Dartmouth-Halifax East (Mr. Forrestall).

Mr. Beatty: He will not be the hon. member for Oakville until after the election.

Mr. Collenette: In misleading the House I think the hon. member is demonstrating a trait of Conservative members in recent weeks. They have been taking extreme licence with the facts and contributing to the climate of apprehension throughout the country regarding this urgent matter.

With some patience the minister explained in the House that there had been no lock-out as this term is understood in labour relations circles. Perhaps the hon. member for Wellington-Grey-Dufferin-Waterloo does not fully understand the term "lock-out" as it pertains to management-labour relations. The minister said that employees were sent home for lack of work. Such action is known universally as a "lay-off", not a "lock-out".

• (2237)

I hasten to explain that lay-offs are general practice when there is no work for employees to perform. The post office has laid off employees when there have been legal strikes, but it is not the practice of the department to lay its employees off when some members are on an illegal strike. Before the passage of Bill C-8, the strike of CUPW workers was legal. After the passage of Bill C-8 it was no longer legal and employees who wished to work were encouraged to do so. Even though, I am sure, the distinction is quite clear to the hon. member for Wellington-Grey-Dufferin-Waterloo, he persisted in referring to what he called the disgraceful policy of lock-out, and he reiterated that comment tonight.

Later, in response to a question from the hon. member for Brome-Missisquoi (Mr. Grafftey), the minister further clarified the situation. Having consulted with his deputy minister and been assured that no cases of lock-out had occurred, the minister said:

There have been no "lock-outs" anywhere in the country, and therefore any employee who comes to work will be received and paid.

The minister went on to say that all post offices had been instructed to inform employees that they are welcome to come back to work and they would be paid. This statement has been repeated by the minister and by the department many times since. It has appeared in newspapers across the country and has had nationwide radio coverage.

Lest there be any doubt left in the minds of any members of the House, lest there be any doubt left in the minds of any postal workers, let me state again: the post offices are open to receive their employees. Employees who wish to return will be welcomed and they will be paid.

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.35 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, October 25, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

NEW MEMBERS

Mr. Speaker: Order, please. As was the case yesterday, today there are five successful candidates from the recent by-elections to be introduced, and I will follow the same practice as yesterday regarding the time for motions pursuant to Standing Order 43, and questions.

I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Howard Crosby, Esq., member for the electoral district of Halifax-East Hants.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Jack Hare, Esq., member for the electoral district of St. Boniface.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Richard Janelle, Esq., member for the electoral district of Lotbinière.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Bob Rae, Esq., member for the electoral district of Broadview.

I also have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Tom Siddon, Esq., member for the electoral district of Burnaby-Richmond-Delta.

* * *

NEW MEMBERS INTRODUCED

Howard Crosby, Esq., member for the electoral district of Halifax-East Hants, introduced by Mr. Joe Clark and Mr. Robert C. Coates.

Jack Hare, Esq., member for the electoral district of St. Boniface, introduced by Mr. Joe Clark and the hon. W. G. Dinsdale.

Richard Janelle, Esq., member for the electoral district of Lotbinière, introduced by Mr. C. A. Gauthier and Mr. Adrien Lambert.

• (1412)

Bob Rae, Esq., member for the electoral district of Broadview, introduced by Mr. Edward Broadbent and Mr. Andrew Brewin.

Tom Siddon, Esq., member for the electoral district of Burnaby-Richmond-Delta, introduced by Mr. Joe Clark and Mr. John A. Fraser.

* * *

• (1417)

EXTERNAL AFFAIRS

REQUEST FOR POLICY STATEMENT ON DISARMAMENT—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under Standing Order 43, arising out of the fact that this week has been declared by the United Nations to be a week devoted to fostering the objectives of disarmament.

I move, seconded by the hon. member for Broadview (Mr. Rae):

That the Secretary of State for External Affairs be asked to make a statement in the House on the government's plans on the area of disarmament and, particularly, on the transfer of expenditures from the production and purchase of weapons of destruction to development so as to meet basic and human needs within Canada as well as throughout the world.

Mr. Speaker: Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRADE

REQUEST THAT TRADE CONFERENCES BE HELD IN EACH PROVINCE—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I rise to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. As it is essential that this country start immediately to overcome our yearly trade deficit in fully manufactured products, the ones that produce the jobs, which is at present running at a record annual rate of

more than $12 billion a year, and as one of the first important steps that must be taken is to have small and medium-sized producers become familiar with the assistance which the Department of Industry, Trade and Commerce can give them to get into the export market and expand their sales of these very important products, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That the Minister of Industry, Trade and Commerce be directed to organize large trade conferences in each of the provinces, the purpose of which would be to advise Canadian producers how they can expand their present operations by getting into the export market and, in this way, make available the additional jobs our people need.

Mr. Speaker: Such a motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

CRITICISM OF SENTENCE IMPOSED ON KEITH RICHARDS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43 to propose the following motion:

In view of the fact that the drug problem is increasing, particularly in this nation, the appropriate ministers of the government should give immediate consideration to appealing the preposterous and more than lenient suspended sentence imposed yesterday in Toronto on Keith Richards, of the Rolling Stones, on the charge to which he pleaded guilty, the possession of drugs, which sentence, among other things, provides that he and his associates should undertake to give a musical concert, a sentence which will be an encouragement to potential wrongdoers all over this nation.

I make no apology for proposing this motion, but I must say, as a member of four provincial Bar associations in this country, that I regard this as a very serious encouragement to drug users.

Mr. Speaker: Such a motion, pursuant to Standing Order 43, can be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

PROTESTED SALE OF ELEVATORS—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter that is urgent and pressing. In view of the fact that the federal government wishes to sell five grain terminals in western Canada and lease two other terminals in central Canada, even though these elevators are making money, since the sale of the western elevators could result in foreign multinational corporations using the facilities to undermine the Canadian Wheat Board and the farmer-owned country elevator system, and since Mr. Justice Emmett Hall termed their planned sale "a very retrograde step", I move, seconded by the hon. member for Yorkton- Melville (Mr. Nystrom):

That this House direct the Minister of Agriculture and the Minister of Transport to reconsider their decision to turn the federal elevators over to private interests, and in no case shall lease or sale of federal elevators be made to foreign multinational corporations.

Mr. Speaker: The presentation of such a motion for discussion at this time, pursuant to the Standing Order, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

FINANCE

REQUEST FOR REMOVAL OF TAX ON MANUFACTURED PRODUCTS—MOTION UNDER S.O. 43

Mr. Richard Janelle (Lotbinière): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an urgent matter of national interest.

In view of difficult conditions in the furniture and textile industries during the past few years, conditions which have somewhat improved especially in the furniture industry through the abolishment of the Quebec sales tax, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House remove the 12 per cent tax on Canadian manufactured products to reduce inflation, provide an economic stimulus and allow competitive prices which would boost employment in our country.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1422)

[*English*]

INDUSTRY

CALL FOR RESTRICTION ON FOREIGN OWNERSHIP IN CANADA—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I have a motion under Standing Order 43. In view of the statement the

Minister of State for Science and Technology (Mr. Buchanan) made in a speech yesterday, that Canada lags far behind other industrialized countries in research and development, causing Canada to lose out on employment and trade opportunities, and that the minister puts much of the blame on the private sector, which provides only one-third of Canada's R and D effort, and points out that our branch plant system causes us to import 80 per cent of our technology, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House instruct the minister to convince his colleague, the Minister of Industry, Trade and Commerce, to stop using the Foreign Investment Review Agency as a "welcome wagon" and begin to restrict foreign ownership and its growth in Canada.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Order, please. The oral question period will continue until ten minutes past three.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

INDEMNIFICATION OF COURT COSTS OF MEMBERS OF FORCE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is addressed to the Solicitor General. Is it the policy of the government that RCMP officers acting with the expressed or tacit approval of their superiors be protected or indemnified in the event that in the course of their duties they transgress the criminal law, civil law or common law, such indemnification to take the form of such things as payment of fines, legal fees, assurances of continued employment, and so on? Is that the policy of the government?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. gentleman undoubtedly is referring to matters that came out of the McDonald inquiry yesterday. The matters which he is addressing have been dealt with in that context. I can assure the hon. gentleman that this government has indicated in the past, and will continue to indicate, that it will not condone or tolerate any illegal act on the part of the RCMP, and it follows from that policy that indemnification is not forthcoming.

Mr. Jarvis: Mr. Speaker, in view of his answer that that is not the policy of his government, would the minister indicate to the House the date upon which that policy ceased to be effective, and which of the minister's predecessors was responsible; or did it cease since the hon. member became Solicitor General? Also, would the minister undertake to table in the House the directive by the Solicitor General ordering the cessation of that particular policy?

Mr. Blais: Mr. Speaker, to the best of my knowledge, that has never been the policy of this government.

Mr. Jarvis: Mr. Speaker, the Solicitor General has referred to the events of the past 24 hours or more. Is the minister saying that he has not consulted with one or more of his predecessors, particularly in the last 24 hours, to determine the nature of that policy, who was aware of it, who approved it and who approved its continuance as government policy since 1970? Is the Solicitor General saying that he has had no consultation with either the Prime Minister or his predecessors to determine when that policy ceased to exist?

● (1427)

Mr. Blais: Mr. Speaker, I find it most unfair for the hon. gentleman to imply by his questions that any policy of this nature has been one of this government. I indicated to him, and my predecessor indicated previously, that there was not to be any carrying on of any illegal activity by the RCMP or any of its branches. That has been clearly defined, Mr. Speaker.

When there was any indication of questionable conduct on the part of the RCMP, those matters were raised and referred to an inquiry which is studying those matters at the present time. That is quite categorical, and we hold by what has been advanced in this House previously.

TESTIMONY BEFORE McDONALD COMMISSION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is directed to the Prime Minister. I am sure that all members of the House were under the misapprehension when I asked a question yesterday about documentation relating to ex-Commissioner Higgitt's testimony yesterday—all of us, including the Prime Minister, were under the misapprehension that no such documentation had been forthcoming. In actual fact, a memorandum was filed yesterday which reads in part:

You will be aware that certain tasks performed by SIB or CIB personnel require that the law be transgressed, whether it be federal, provincial or municipal law, in order that the purpose of the undertaking may be fulfilled.

There is no question there that members of the force would have to transgress the law. My question to the Prime Minister is simply this: because of ex-Commissioner Higgitt's very definite declaration that the principles and policies emanating from that memorandum were discussed by him with one minister, Mr. George McIlraith, with one Mr. John Turner who was then a minister, with the Minister of Supply and Services and the present Minister of Consumer and Corporate Affairs, would he reiterate, or state again for us that each of these ministers has denied to him that they had knowledge of or any discussion relating to the need for this policy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did not know yesterday, and I did not know today until this moment, that such a document was tabled by the commission

yesterday. If such a document was tabled by the former commissioner of the RCMP, it just proves the wisdom of my suggestion yesterday that we should not embark on a running commentary on what is happening before the commission, that being unfair to a lot of people including those just named by the hon. member. No doubt if Messrs. McIlraith, Turner and the others had been informed that their names would be produced in this way and would be repeated in the media and by the opposition, they would have wanted to instruct counsel and have their point of view exposed and presented to the commission as I am sure they will now.

Therefore, I think the conclusion is quite evident that we are doing great unfairness to a lot of Canadians by just listening to one version of a particular set of facts and not hearing the other side. The commission itself must be aware, of course, of this unfairness which results not from its procedures but from the way in which they are constantly being interpreted in this House and repeated by the media.

Mr. Lawrence: Mr. Speaker, of course, I hope the Prime Minister was aware that I was not talking about a defence which I am sure will be forthcoming by these particular individuals. I was asking the Prime Minister if he would indicate that, to the best of his knowledge, each of these ministers has indicated to him or has denied to him that this topic was discussed. But because this memorandum reached right into the Prime Minister's own committee on security matters and, as a matter of fact, was endorsed and sent along by the secretary of the Prime Minister's own committee, and because I have seen no indication yet that the Prime Minister is going to appear before the McDonald commission, may I ask the Prime Minister if he denies that he had any knowledge of the principles, or discussion or need for the policy enunciated and reiterated by people who are on his cabinet committee?

● (1432)

Mr. Trudeau: Mr. Speaker, I said I did not know until a moment ago that this document existed and had been produced. Therefore, how could the hon. gentleman ask me if I had discussed this testimony with any of the people mentioned by the hon. member? I did not know it existed. Therefore, surely I could not phone them and say, "Were you aware of this? Did you know about this?" I just said I did not know it had been deposited in testimony. I have no recollection of the existence of such a document.

Mr. Lawrence: Mr. Speaker, I am sorry, I do not intentionally mean to mislead the Prime Minister or the House. I am not talking about the document; I am talking about the principles and the policies which were enunciated and which obviously flowed from the document, and the document talks about the need for illegal acts. I am talking about the policy, the principles and the discussion relating to that, not necessarily the document.

I ask the Prime Minister again: is he denying to the country at large that there was any discussion of the need within the government for such a policy? I am not talking about the document.

Mr. Trudeau: Mr. Speaker, the hon. gentleman is not talking about the document, but he is talking about principles and policies which flow from a document of which I have no knowledge and which I have no recollection of ever having seen.

Some hon. Members: Oh, oh!

Mr. Trudeau: I suggest that the hon. member is indeed mischievous in his questions.

TESTIMONY OF FORMER RCMP COMMISSIONER BEFORE McDONALD COMMISSION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, agreeing with the Prime Minister's expressed concern about fairness to all the people whose names have been mentioned particularly in the last 24 hours before the McDonald inquiry, I would like to ask him in a most serious way concerning the fact that the former commissioner has said that the acts of illegality were, and I quote, "discussed with the ministers from time to time, orally and in written form".

Given the gravity of this accusation about ministers of the Crown which has been made by a former commissioner of the RCMP, in order for the public to see that fairness is being done will the Prime Minister now give the House unequivocal assurance that when the minister so named gives testimony before the inquiry, the government lawyer will not be instructed to urge the discussion related specifically to these illegal matters be held in an in-camera session?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the New Democratic Party talks about the gravity of the accusations made by former Commissioner Higgitt. I do not believe former Commissioner Higgitt made accusations about anything yesterday. He was stating to the best of his recollection what he thinks took place. I indicated that the best of his recollections may have been contradicted by himself on some other occasion. But in a sense that is secondary. I think the important point is that he is not making any accusations. I could not say as much for people on the other side of this House; they are obviously making accusations and entertaining suspicions about a set of testimonies which have shown one very partial aspect of the whole question.

The government has set up this commission and has said repeatedly that ministers would testify as called upon, that we would produce and have produced every document asked for. I just continue to make the plea, let's hear every side of the question before making any decision on this and casting any aspersions.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the Prime Minister took a minute and a half not to answer the question. The question

was an attempt to get fairness for the ministers involved, fairness that would be perceived by the public. The Prime Minister may not consider the statements made by Mr. Higgitt to be grave, but I can assure him that all Canadians interested in the principle of the rule of law do indeed consider them to be grave, if accurate. So I would like to ask him a question, and I hope he will give a straightforward answer. When these accusations or statements made by Mr. Higgitt, namely, that ministers were informed both orally and in writing about the illegal activities that were undertaken or about to be undertaken by the RCMP, are discussed before the McDonald inquiry, will the Prime Minister assure the House that counsel for the government will not request that those hearings be held in camera but, in fact, will do the opposite: request that they be held openly so the people of Canada can hear all that ought to be heard?

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, the hon. member corrects me and says that the matter is grave. Of course it is grave, and it is because it is grave that I have urged members on the other side and members of the media to report this in a way that does not suggest that there is any guilty person involved. We will see. That is the job of the commission to find if indeed—and they, I believe, are the first two items of the terms of reference—there has been any breaking of the law by police officers, by ministers of the Crown or by anybody in between.

We believe that if the commission made such a report, we would not hesitate to refer the subject matter to the attorneys general of the provinces where the alleged misdeed would have been committed. The Minister of Justice said this a few days ago. I said it a couple of weeks ago in this House. We even went on to say that in matters where confidentiality and secrecy were involved, we would bend over backwards to make sure that no privilege or secrecy was invoked if it were a matter of attempting to hide some guilty person. But this being said, I leave it to the commission to decide if a hearing of any minister or of any commissioner or former RCMP officer of whatever rank be in camera or in public. I think that when the hon. gentleman is suggesting that if something happens in camera, the people of the country, Canadians, and members of the House can have no confidence, I am suggesting they are casting very serious aspersions on the commission itself.

Some hon. Members: Oh, oh!

Mr. Trudeau: It is not the credibility of the commission which should be attacked here. I understand the credibility of the government is attacked. We have said to the commission "okay, you hear the matter". But surely we have to trust somebody. If we are taking as a definite position that the commission cannot be trusted when it operates in camera, then let's abolish the commission.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I am tempted to suggest that the Prime Minister needs a little lift in the lower part of his anatomy.

Some hon. Members: Oh, oh!

Mr. Broadbent: He took almost two minutes, again, Mr. Speaker, not to answer the question, which is very serious.

This morning before the commission, Mr. Nuss, acting on behalf of the government, once again intervened, once again requested a certain matter not be discussed, and in fact he was following the general request made earlier by the government, acting under the old cabinet secrecy provision that could undermine the credibility of this whole commission. I ask the Prime Minister: will he give a clear answer this time? When the matter of whether or not the ministers were informed, orally or in writing, is discussed before the commission by the ministers themselves, will he make sure that counsel does not request an in-camera session at that point but urges that the session be in public?

Mr. Trudeau: Mr. Speaker, we are, again, discussing some testimony before the commission of which I have no knowledge. I do not know under what circumstances—

An hon. Member: Check with your staff which was there this morning.

Mr. Trudeau: Mr. Speaker, if the opposition would shut up a little bit, I could—

Some hon. Members: Hear, hear!

Mr. Trudeau: I do not know under what circumstances the lawyers of the commission made that representation. It may have had to do with some Privy Council secrets; I do not know. That is why I say it is unwise to ask me or any minister, day by day, to comment on the ongoings before the commission, whether it be testimony by a witness or whether it be actions by a lawyer. I do not instruct them daily and I do not follow daily what is happening, nor should I. I trust the commission.

• (1442)

When the hon. member is suggesting that the course pursued by this lawyer undermines the credibility of the commission—I think his words were—he is precisely showing that I had answered his question. I had even anticipated his very feeling that somehow when the commission goes in camera, its credibility is being undermined. That is what the Leader of the New Democratic Party says. I say that is not the view of the commission: we trust the commission whether it operates in camera or publicly.

[*Translation*]

FINANCE

REQUEST FOR REMOVAL OF TAX ON MANUFACTURED PRODUCTS

Mr. Richard Janelle (Lotbinière): Mr. Speaker, my question is for the Minister of Finance who, by the way, had a rough time when he came to my riding. I wish him more luck with his next budget.

Given the fact that the abolition of the sales tax on clothing and furniture in the province of Quebec has proven profitable, does the minister intend to follow the example set by the government of Quebec and abolish the 12 per cent sales tax on manufactured goods, which is a federal tax?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to point out to the hon. member that he has made a good start, but also that he shows some partisan spirit. I would also like to remind him, about the sales tax in Quebec, that in January of last year, the Quebec finance minister, who had received representations from the footwear industry, said the abolition of the sales tax was totally out of the question. He changed his mind only after the federal government and myself had taken that initiative in our budget. It goes without saying that I consider all proposals in that field and I will provide in my budget what is in the best interests of all Canadians since I represent all Canadians and not only a part of Canada.

INQUIRY WHETHER GOVERNMENT PROPOSES BUDGETARY CUTS—MINISTER'S POSITION

Mr. Richard Janelle (Lotbinière): Mr. Speaker, since the Minister of Finance seems more inclined to reduce provincial sales taxes rather than his own under the guise of economic recovery, would he tell the House why he is making budgetary cuts, supposedly to sustain such a recovery, and lets the Bank of Canada increase its prime rate to 9.25 per cent, a policy which goes against his decisions?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member is going to learn that monetary matters go far beyond the Creditiste theory and that there are national and international realities which have to be accounted for. As to what I am going to do with my budget, I will be glad to announce it to all members in the House when I introduce it in a few weeks.

[Mr. Trudeau.]

[*English*]

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Prime Minister. It would appear from a reading of the transcript of the proceedings yesterday before the McDonald commission that there was a practice to have weekly meetings, sometimes twice a week, with the Commissioner of the RCMP and the Director of Security and Intelligence in attendance with whoever might have been the minister at that time responsible for the Department of the Solicitor General, that the RCMP were very meticulous about informing the Solicitor General about such matters and actually required that he signed the documents relating thereto.

Was the Prime Minister aware of this practice of regular meetings with the Solicitor General? If so, was he aware as to whether policy matters were discussed at those meetings relative to those matters under inquiry by the McDonald commission?

Right Hon. P. E. Trudeau (Prime Minister): On the first part of the question, Mr. Speaker, the general answer is yes, of course. When I appointed ministers, one of the first pieces of advice I gave them was to meet very regularly with their staff and the various heads of agencies which came under their general authority. Therefore, I would have been surprised if the contrary had happened, that there had not been regular meetings between the Commissioner of the RCMP and the head of Security and Intelligence and either the minister or deputy minister according to the necessities of the day.

As to whether they discussed the matters which are before the McDonald commission—and I believe that is the question—I suppose they did. It was their job to discuss matters which are handled by the police on a day to day basis and as a policy basis. However, I do not know the details. I do not know if they signed documents on that occasion. How could I be expected to know?

Mr. Nielsen: Mr. Speaker, that raises an interesting apparent contradiction between the government's stance, that the Prime Minister and his respective solicitors general knew nothing of the policy referred to by the hon. member for Perth-Wilmot and by the previous questioner on this side.

There were nine exhibits entered into the proceedings yesterday, all of them shot through with policy statements. In view of his answer that the government had no knowledge of the policy upon which he was questioned, is the Prime Minister saying that the RCMP made this policy and did not inform the solicitors general? If that is the case, it seems that the solicitors general were, respectively, very negligent in their duties by not requiring the disclosure of that kind of policy.

Mr. Trudeau: If that were the case, Mr. Speaker, not only the ministers would have been negligent; obviously, the police would have been usurping powers if they were determining policy. I have made it quite clear to this House on many

occasions that the policy was determined by the government. It was enunciated in various ways. It had been enunciated in this House by the former solicitor general, the hon. member for Argenteuil-Deux-Montagnes. He gave a very lengthy statement of policy when the whole subject matter became available to the government. Various committees, including the committee on security and intelligence, were set up by myself precisely to give policy guidance to the RCMP.

In policy matters it is, of course, obvious that the government should give the direction and the police should obey. I have said on other occasions that on the day to day operations, the detail of operative so-and-so at the end of the line, and the way he was collecting information or conducting an investigation, was not a matter of discussion in the committee which I chaired. I suppose, except in exceptional circumstances, when the police ask for guidance it probably would not be the business of the respective minister to every day find out all the day to day actions of the police in the ten provinces across the country.

Mr. Nielsen: A final supplementary, Mr. Speaker. In view of the exhibits that were introduced in evidence yesterday, and the fact that they dealt with the policy of indemnifying RCMP officers as described by the hon. member for Perth-Wilmot, how then can the government now deny that they were aware of that kind of activity and policy? How can they deny it at this stage?

Mr. Trudeau: Mr. Speaker, the hon. member says, in view of the exhibits deposited yesterday. I said three times today—and I say it a fourth time—I have not seen those exhibits; I do not know what is in them.

If there is a general accusation, as I understand from one of the questions, that the government had decided to indemnify police who broke the law, the answer has been given by the present Solicitor General. There is no such policy. I know of no such policy. If there is such a policy, it will be up to the royal commission to find out where this policy originated, whether from the minister or the police, and what was its justification. However, that is the job of the commission, not of the hon. member nor myself.

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POST OFFICE

RETURN TO WORK OF CUPW MEMBERS—JOB SECURITY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct a question to the Postmaster General. We all know that the Postmaster General has, by notice under date of October 24 from the desk of Postmaster General, advised the membership of CUPW that if they do not return to work by 12.01 a.m. tomorrow, they will be out of a job. Section 27 of this act reads as follows:

> An employee . . . may by an appropriate instrument in writing to the commission be declared by the deputy head to have abandoned the position he occupied and thereupon the employee ceases to be an employee.

● (1452)

Has the Postmaster General made up his mind as to whether he will instruct the deputy minister to follow the strict provisions of section 27? Has he made up his mind about whether the deputy minister should write to the Public Service Commission indicating that certain employees have abandoned their jobs and are no longer employees?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, section 27 of the act is very clear. I think we will have to act on that legislation the way it is written. However, I do not think it has ever been the intention of this government to penalize good, honest and law-abiding workers. Obviously, every case will be considered. All evidence regarding each worker will be considered and each case will be judged on its merits. The 14 district directors will review the facts presented to them, because some workers might have reasons for not coming back to work. I will give examples of those reasons in a few moments. Those 14 district directors will then report to the deputy minister, who will notify the Public Service Commission and then a decision will be taken.

I think it was very wise to allow our workers to be on notice that this section is in existence. Most of our workers did not know it was, so I think it was wise to make them aware of the position into which their leaders were putting them and the risk they were taking by listening to the counsel of their leaders not to abide by the law and to refuse to go back to work. I can inform the House that at one o'clock this afternoon, 34 per cent of CUPW membership was back to work and about 89 per cent of the membership of the LCUC.

Some hon. Members: Hear, hear!

Mr. Alexander: Mr. Speaker, I am sure the Canadian people will be interested in the answer just given, but if my memory serves me correctly I do not think the Postmaster General actually answered my question. I asked the Postmaster General if he has made up his mind to instruct the deputy minister to follow the provisions of section 27 of the act. Has the minister instructed the deputy minister to follow those provisions or is this matter being held in abeyance?

Mr. Trudeau: What would you like, Linc?

Mr. Alexander: I would just like an answer, and I thank the Prime Minister for helping me. Would the minister kindly answer that question?

Mr. Trudeau: Whose side are you on?

Mr. Alexander: I am not on your side.

Mr. Lamontagne: Mr. Speaker, I think the answer is very simple: the section is there and it will be applied wisely and in fairness to the workers. It will be applied, but as I said before—and I do not want to repeat everything—I have many communications. I spoke to Vancouver this morning, and I have heard from many parts of the country about good, honest and law-abiding workers who want to go to work but because

of intimidation, fear of picket lines and some of the acts of their leaders, they do not want to go back to work. I am not going to penalize all these people. This section will be applied, but in fairness to all workers. It will be applied justly.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

FISHERIES

INQUIRY AS TO NUMBER OF HERRING DRAW-NET FISHING LICENCES TO BE ISSUED IN QUEBEC

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, in the last few days hon. members of the opposition have been fishing around about the McDonald commission; I should therefore like to do the same with regard to the Gulf of St. Lawrence and Chaleur Bay. My question is directed to the Minister of Fisheries and the Environment. I should like to advise him that the people of Gaspé are happy to participate in the national program for the promotion of fish products. However, it is impossible to promote a product such as herring since the minister has yet to issue the licences to both the fishermen and the fishing boats in the province of Quebec. Does the minister feel that the riches of the Gulf of St. Lawrence belong as much to Quebeckers as to maritimers, and does he expect to announce soon the number of licences that will be issued in Quebec for herring draw-net fishing since Quebec fishermen would like to have their share of the Canadian quotas?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the representations of the hon. member and some of his colleagues in the last few weeks in this regard have led me to reassess completely herring fishing in the Gulf of St. Lawrence for the coming season. I trust we shall be able to make changes which, up to a point, will go against the proposed objectives. On the other hand, I must say to the hon. member that quotas are not at all allotted on the basis of geography, and provincial boundaries. On the contrary, it happens that some fisheries develop well in certain areas, for instance, tuna in Prince Edward Island, and very little in other parts of the maritimes. In the case of herring, we find considerable development in New Brunswick but rather little in the immediate vicinity. In the case of shrimps, there is much development in the Matane area but less elsewhere. We shall try to be fair with everyone but I must say to the hon. member that I shall resist allotting quotas on a strictly provincial basis.

* * *

[*English*]

FINANCE

TAX RECOMMENDATIONS OF ECONOMIC COUNCIL OF CANADA

Mr. Bob Rae (Broadview): Mr. Speaker—

[Mr. Lamontagne.]

Some hon. Members: Hear, hear!

Mr. Rae: —I have a question for the Minister of Finance. In its annual report released this morning the Economic Council recommended a selective reduction in personal income taxes, a cut in the federal sales tax and a major federal-provincial capital works program, all of which this party has been recommending that the government bring in to deal with the serious problems of slow growth and high unemployment in the country. Does the minister agree with the recommendations of the Economic Council of Canada?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am glad to have a new adviser in the House today.

Mr. Gillies: You can use all the advice you can get.

Mr. Chrétien: I have read the recommendations of the Economic Council. I met with the Conference Board but the hon. member for Ottawa Centre was not there.

Mr. Alexander: He is here now.

Mr. Chrétien: I met with the C. D. Howe Institute, and I will meet with other advisers. That will help me to make up my mind for the budget next month, and I will also take note of the views of the hon. member.

Mr. Rae: Mr. Speaker, I may be a new boy in town, but I think I can recognize when a question has not been answered.

Some hon. Members: Hear, hear!

Mr. Rae: Since I have been appointed an adviser to the minister, I should like to draw his attention to the fact that the Economic Council has also stated that the federal government's austerity and cutback program would require a sustained increase in private spending which would be unprecedented in the last 50 years in Canada. If the minister does agree with the council's analysis, and if he does agree with my advice, will he reconsider and suspend the government's present policy of restraint and cutback which is only increasing unemployment insurance payments and welfare expenditures?

Mr. Chrétien: Mr. Speaker, one piece of advice I will not take from that corner of the House is that we should impose exchange controls in Canada at this time. I am glad that the hon. member now says he does not recommend that, but that is exactly what the hon. member for Waterloo-Cambridge is recommending all the time on television.

However, I will consider the advice of the Economic Council. I will make up my mind, and I am sure that whatever I do, the hon. member will be very quick to disagree on the night of the budget.

TRANSPORT

STRIKE OF NORDAIR PILOTS—PROPOSED ACQUISITION OF NORDAIR BY AIR CANADA

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I would like to direct a question to the Minister of Transport in connection with the strike of Nordair pilots, which is complicated to quite an extent by the pending acquisition of Nordair by Air Canada.

Since this proposed acquisition has already been partially responsible for two strikes involving pilots and will probably be a contributing factor in a third strike involving Nordair machinists, and since the delay by the cabinet in rendering a decision with respect to the appeal regarding the takeover is causing much confusion and uncertainty in the transportation industry in Canada, I wonder if the minister can explain to the House why the decision is taking so long, and will he tell the House when a decision will be reached and when it will be announced in this House?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, first I should say that it is surprising to me that the issue of Air Canada's acquisition of Nordair keeps being linked with various labour disputes, because the CTC has made it very clear that in its view the operations should be kept quite separate and independent.

● (1502)

Certainly, anything this government has said has indicated that we support that view at the very least. In addition, of course, the fact that in the case of Nordair an agreement might have been signed for one year, which would have avoided the problem, and negotiations could have included any such issue in the future, seems to be another reason why it should not have complicated the issue, notwithstanding that the government is very close to concluding its consideration of the issue, and I am optimistic that we will be able to make our views known on the various appeals of the CTC decision quite soon.

Mr. Mazankowski: The matter is indeed clouded by the fact that it is part of the negotiating parcel that the pilots are considering, and the fact that it is now being considered by the cabinet certainly adds to the confusion.

May I ask the minister whether the government is considering any other options or alternatives vis-à-vis the takeover, and may I also ask him, when the decision will be rendered, whether it will be accompanied by a statement on the domestic air policy in this country which would cover the operations of third-level regional and trunkline carriers so that we could get some stability and sanity and some degree of continuity in the application of an air carrier policy upon which such acquisitions could be based, with some clear understanding?

Mr. Lang: Mr. Speaker, the possibility of resolving a good number of the questions to which the hon. member refers is among the reasons for the longer time that cabinet is taking in considering this matter. I cannot say, in advance of the final decision of the cabinet, how much of that we will be able to do at the time of the decision in relation to the Air Canada acquisition of Nordair shares.

* * *

PUBLIC WORKS

GOVERNMENT LEASING OF OFFICE SPACE

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I should like to ask a question of the Minister of Public Works regarding the $750,000 that was wasted last year in paying for empty office space under a lease agreement, and also another $3.5 million which will be wasted in the next six years if this nonsense keeps up. I want to ask the minister what action he or the government will take to stop this waste of money.

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, the hon. member is referring to the building in Montreal which was leased about 15 years ago for ICAO, the United Nations' agency, which Canadians were most anxious to have established in this country in the period following the Second World War. It was a 20-year lease. Approximately 15 years into that lease, ICAO indicated they were not happy with those quarters, and they were relocated in other quarters. Unfortunately, we had to comply and assist them in finding alternate space.

What we are doing now is endeavouring to negotiate with the landlord a quit lease, and we expect to do so for substantially less than the $3.6 million to which the hon. member referred. In addition, we would save the operation costs which would normally be paid over the coming years, as well as the taxes.

Mr. McKinley: Why has the minister's department continued to build lavish new office space for the government, while the space I mentioned was available? I can think of many small post offices throughout different parts of the country, the building of which has been delayed because of the minister's program and because all this other waste of money has been going on.

Mr. Buchanan: Mr. Speaker, we were in the position of having a binding lease. Frankly, we looked at the option of revamping or bringing the building up to standard, which would cost approximately $11 million. Since we were a tenant, as opposed to being the owner, we felt that it would be a bad investment. We have been endeavouring, for the last year and a half, through calls for public tenders, through negotiations with developers and also through working with local realtors, to find tenants. Unfortunately, we were close to having one in the latter part of 1976 but this particular developer backed off after the election of the Parti Québécois government in the province of Quebec, and since that time we have not been successful in finding an alternate tenant.

[*Translation*]

OFFICIAL LANGUAGES

INQUIRY WHETHER BUDGETARY CUTS WILL AFFECT FUNDS FOR TEACHING OFFICIAL LANGUAGES

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I would like to direct a question to the Secretary of State concerning the budgetary cuts and their potential effects on payments under federal-provincial agreements regarding official language teaching which end in March 1979.

My question concerns the use the provinces make of these federal funds and the lack of public information regarding the manner in which this money is allocated by the provinces.

Given the interest expressed by several members of the House and the concerns voiced by spokesmen for non-government organizations over the renewal of these programs for another five years, can the minister tell the House if a total freeze or a cutback will apply to these payments, and if the new agreements provide for an accountability procedure to make public the breakdown of federal funds spent by the provinces to help and encourage the learning and use of the country's two official languages?

Hon. John Roberts (Secretary of State): Mr. Speaker, there is indeed a freeze on funds available for these payments, which means that another agreement is to be signed for 1979 to 1984. Such an agreement is being negotiated and if we are successful there will be a freeze of about $140 million on these payments.

The funds may be available if another agreement is signed. The issue raised by the hon. member that concerns the lack of accountability, specific objectives, evaluation of criteria, is precisely one of the aspects which greatly interests us. It must be discussed during the negotiations with the provinces for a new agreement.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY OF FORMER RCMP COMMISSIONER BEFORE McDONALD INQUIRY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I want to ask the Prime Minister a question. The reason and purpose of the question is the following. It is not in reference to what has been the evidence at the McDonald commission, and I agree with the Prime Minister that the commission must weigh the evidence, the pros and cons, and the credibility of witnesses.

My question arises because of the fact that the solicitors general have made statements in the House, in answer to questions asked in the House, which are diametrically opposed to the evidence contained in the depositions yesterday of Mr. Higgitt found at pages 13,757, 13,758 and 13,780. Has the Prime Minister read the evidence of Mr. Higgitt and, if he has, has he taken his responsibility as Prime Minister and discussed that evidence with the solicitors general to determine whether the credibility of those ministers in answering questions in this chamber is in question?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did answer that question yesterday when it was asked of me and I indicated that although I had not read the testimony of Commissioner Higgitt, nor do I intend to read the testimony of the various witnesses before the commission, I had been informed of the particular allegation that he made.

In the short space of time after I learned this at lunch time and the opening of the question period, I asked one former solicitor general who happened to be around whether there was a contradiction. I indicated the answer to that yesterday. But I think it is important to add, because the hon. member used the words that ministers in the House have made statements which are diametrically opposed, and so on, that indeed they have made statements in the House, sometimes prepared statements, sometimes in answer to questions, and I suggest that, unless I am mistaken, it is the rule of the House that we must take a minister at his word—or, in fact, any member of the House at his word—when he makes a firm and clear statement. If members on the other side are claiming to do the contrary, let them stand up and say so and challenge the minister with having in some way made a misstatement or a false allegation. Then the due process of debate will follow. No doubt there will be a reference to the Standing Committee on Privileges and Elections or the committe on orders and regulations. Until that happens, I suggest that the hon. member for Calgary North and others should take members at their word.

● (1512)

Mr. Woolliams: Mr. Speaker, I appreciate the Prime Minister has set out the rule that we must accept the statements of ministers. Also, I appreciate his other statement that if we take the opposite view, that credibility is in question, we can challenge that question. But we have to get at the facts.

Some hon. Members: Oh, oh!

Mr. Woolliams: I am asking the Prime Minister, now, if he will read the depositions, then discuss it with the ministers and give us the facts so that we on this side, and parliament, can decide whether those ministers have told us the truth or not.

Mr. Trudeau: I suggest, Mr. Speaker—and perhaps we could appeal to Your Honour's ruling—that the member has no choice but to take the member's word.

Mr. Woolliams: That is not the question.

Mr. Trudeau: If he states clearly a matter on which he has personal knowledge, and states a certain thing to be the fact, we in this House have to accept his word. If we do not, it is not to cross-examine on further questions to challenge his word and then the regulation takes effect.

Mr. Clark: A supplementary question, Mr. Speaker.

Mr. Speaker: The hon. member for Yukon on a question of privilege.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I do not take lightly any application by the hon. Leader of the Opposition to put a question. However, my hands are tied. The question period was to adjourn at three-ten o'clock. If I were to recognize the hon. Leader of the Opposition for a supplementary question now, I think I would be extending the question period too long. I am afraid my hands are tied.

* * *

PRIVILEGE

MR. NIELSEN—OMISSION IN OFFICIAL REPORT

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a very serious question of privilege to raise. It involves the Minister of Transport and Minister of Justice (Mr. Lang), so I hope he stays with us. My question of privilege has to do with a deletion in *Hansard* of a most gross nature. Throughout my comments, I want the minister involved to understand that I am not making any allegations that he made the deletion, because there is a possible second explanation.

To present the problem to Your Honour, I might refer to page 402 of *Hansard* of yesterday's date. At the top of the page, the Minister of Transport and Minister of Justice was answering questions put to him by the hon. member for Perth-Wilmot (Mr. Jarvis). The first full paragraph at the top of the page reads as follows:

> I shall not engage in theoretical discussion about whether or not at some point we might get into some kind of confrontation. I do not foresee it. I foresee our making statements to the commission when the commission wants advice on issues of confidentiality.

It is at that point that the deletion has occurred. *Hansard* goes on to read:

> As I see it, that approach has worked well up to this point.

Then it continues. I have examined the blues. I am not aware at this point whether the minister examined the blues personally yesterday. As we all know, the personal aides to ministers sometimes exercise that responsibility. At page K-2 of the blues, toward the bottom of the page—

Mr. Speaker: Order, please. I wonder whether the hon. member would want to consider putting his point in a different form. We are into a rather serious departure here by making reference to what are essentially galley proofs before the final print is made. Obviously there is no difficulty at all in any member indicating, having been in the House yesterday, or having in some way brought to his attention, that he recollects remarks by a minister which do not appear in *Hansard*. I think that is a perfectly proper way to put it. I am not sure that we ought to depart from our past practice and introduce into the record of the House what are essentially galley proofs for the purpose of the final edition of *Hansard*. I can understand, if a dispute were to arise, that they might be referred to, but I do not think that we ought to introduce them at this stage.

I have no objection to the hon. member saying, as I think he is developing, that it is his recollection that words were used by the minister which do not appear in *Hansard*. That may have been an editorial fault on the part of *Hansard*, or someone may have moved to delete them. But I am not sure, at this stage, that reference ought to be made to what are essentially preparatory copies to the final edition of *Hansard*.

Mr. Nielsen: I will certainly abide by your directions, sir. If you will tolerate my development of the circumstances, I think you may well come to the conclusion that the integrity of the electronic system in this place may be an explanation for the deletion. So I am afraid I must make such reference because of that fact.

At the foot of page K-2, the last word is "confidentiality". That is the last word in the printed *Hansard*. At page K-3, it goes on as follows:

> As I see it, that approach has worked well up to this point.

So much for the blues. But there was a whole phrase which was said by the minister yesterday that has been omitted. The Chief of *Hansard* has explained that it was a recording error, very unusual for this to happen, but nonetheless it happened. This is what the minister said. If he or you, Mr. Speaker, wish to listen to a tape of it, I have it on tape. I did not make the tape; it was provided to me. As you know well, sir, members of the press gallery are privileged to make tapes of our proceedings. What was actually said, taking it up with the word "theoretical"—the minister also said "hypothetical", but that was deleted and I take no quarrel with that—was:

> —about whether or not at some point we might get into some kind of confrontation. I do not foresee it.

So far, so good. The quote continues:

> I foresee us making submissions to the commission when the commission needs advice or wants advice on issues as to confidentiality.

Here is the deleted part:

> The decision will then be taken by the commission, and as far as I am concerned, what has worked well up to this—

And then the minister goes on. Those were the precise words which were said by the minister. I suggest to you, Sir, that the omission of those words very emphatically changes the whole sense of the minister's answer as recorded in *Hansard*, and indeed eliminates entirely one of the most important elements of that answer.

The words I speak of as being so important and which have been omitted are: "The decision will then be taken by the commission". There is no doubt that the minister uttered those words. He may even recollect them. It may well be that the minister or his aides had nothing to do with eliminating this from *Hansard*. That seems to me to be the probable, logical conclusion. But obviously there has been either a failure of the recording equipment in this age of electronic miracles in this place, or there may be other explanations. I prefer to believe the latter.

You dealt with this question, Mr. Speaker, when I raised it some time ago. In 1973 You reviewed the procedure with respect to alterations in *Hansard*, and said that suggested changes by members are normally confined to corrections of errors and essential minor alterations. Then, sir, you went on to explain the procedure which should be adopted with respect to revision of *Hansard*, at the suggestion of members. Your ruling will be found at page 613 of the *Journals* of this House, No. 162, November 1, 1973.

I do not want to make this a substantive question of privilege because of the possibility of several explanations for the omission, but certainly I leave the matter, for the moment, in your hands, sir. As I have said, if you or the minister wishes to listen to the tape, you are perfectly welcome to do so. Because of the grossness of the omission, certainly there should be a revision of *Hansard* with those words re-entered as part of our record, since there seems to be absolutely no doubt that they were uttered by the minister.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I think it is obvious even from the words used by the hon. member for the Yukon (Mr. Nielsen) that he has explained the way in which *Hansard* has come to be as it is. I have no hesitation in saying that had he brought this matter to my attention I would have joined with him in trying to be sure that the record was as correct and as complete as possible. After a day or two one never is exactly sure what words one used, and I am glad now that we have both the electronic and *Hansard* records.

● (1522)

I may say though, to help the hon. member, that whether or not the words are shown on the record I have no trouble in telling him that I would be glad, in effect, to repeat the answer I gave with those words in it, because obviously if the commission is considering an issue before it, a decision of the commission will follow after that consideration. I think that is so obvious that the words are not as important as the hon. member seems to think.

Having said that, I now say the words; so I give it to him both ways. I do not necessarily look at all of these words myself, as the hon. member has suspected, but in this case I am quite sure from what he has said that it was not an error or a change on my part or of any of my staff in any case. I would say, Mr. Speaker, that I would leave the matter in your hands as to whether there is sufficient in the record or available to *Hansard* to make the correction.

I would appreciate if the correction which the hon. member brought to my attention in respect of the omission of the word "hypothetical" were to be made. My use of the words "theoretical" and "hypothetical" was intentional, and I do not consider them to be substitutes, one for the other, but very important additions. I would like to see that word restored, if that can be done, and if the record shows that I did, indeed, say both words.

[Mr. Nielsen.]

Mr. Nielsen: Mr. Speaker, for your own consideration, sir, it somewhat alarms me, and I am sure all members, that *Hansard* would fail, with our recording system in the House here, to have recorded those words, yet they were picked up by the recording equipment above your chair, sir. Those words may be on the electronic recording equipment in this House. But if they are not, then a very serious question arises as to the integrity of that system.

Mr. Speaker: Order, please. I feel quite confident that the language which has been referred to and has now been ascribed to by the minister on both occasions, both the word "hypothetical" in conjunction with the word "theoretical" as described by the minister, and the words that were referred to by the hon. member for Yukon (Mr. Nielsen), were in fact spoken by the minister, as he has said today, or probably were, and that in any case the electronic recording devices will have them as part of yesterday's proceedings. Certainly the minister was giving an answer during the course of the question period, and we have the additional advantage of being able to examine the television tape of that question period yesterday, which I am sure will be a full and complete reproduction of the minister's words yesterday.

That being so, it leaves us with the problem of examining the breakdown in reporting or the editing of *Hansard*. Certainly that falls within my area of jurisdiction, and I will look into it at once and report to the House.

ROUTINE PROCEEDINGS

[*English*]

FEDERAL-PROVINCIAL CONFERENCES

TABLING OF AGENDA FOR CONFERENCE OF FIRST MINISTERS

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I should like to table, pursuant to Standing Order 41(2), following the Prime Minister's undertaking on Monday to the hon. member for Kingston and the Islands (Miss MacDonald), copies in both official languages of the proposed agenda for the first ministers' conference which is being held from next Monday, October 30, to Wednesday, November 1.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

ALLOTMENT OF TIME FOR CONSIDERATION OF SECOND READING OF BILL C-7

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to Standing Order 75C, I wish to advise the House that the representatives of the parties have been unable to reach agreement under Standing Order 75A or 75B on the

allotment of time on second reading of Bill C-7, an act to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act. Therefore I want to give notice that a minister will move, at the next sitting of the House, that another sitting day be allotted for consideration of the bill at second reading.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, questions Nos. 3 and 243 will be answered today.

[*Text*]

CAR ALLOWANCE FOR MINISTERS

Question No. 3—**Mr. Cossitt:**

1. For the past two years, what are the names of all Cabinet Ministers who have been paid an automobile allowance and, in each case (a) what was the amount (b) was it paid in one sum annually and, if not, on what basis was it paid?

2. Did all ministers accept payment and, if not, what are the names of those who did not accept or who returned the money to the Treasury after receipt, and on what date was the return made?

3. What are the names of all ministers who have made use of government owned vehicles at public expense from any government department, at any time, during the past two years?

4. Are there any ministers who have permanent government cars and chauffeurs at their disposal and, if so, what are their names?

5. What are the reasons justifying the continuance of such an allowance to Ministers who do not drive their personal cars on government business any more than other Members of Parliament?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. (a) See reply to question No. 4,126 answered June 11, 1976. Names of ministers available elsewhere (see Beauchesne's Parliamentary Rules and Forms, citation 171 (ff)). (b) $166.66 monthly.

2. Yes.

3, 4 and 5. Ministers make use of official cars in connection with their portfolio duties; ministers use their statutory motor car allowances for transportation in connection with their general role as ministers of the Crown.

MR. ROBERT REMPEL

Question No. 243—**Mr. Epp:**

1. Was Mr. Robert Rempel appointed to the Canadian Consultative Council on Multiculturalism and, if so (a) on what date and for how long (b) what are the terms of reference of the position (c) what are his qualifications for the position?

2. Is Mr. Rempel receiving any remuneration for serving on the Council and, if so, how much annually?

3. Does Mr. Rempel receive an expense allotment annually and, if so, in what amount?

Motion for Papers

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Yes. (a) On May 25, 1978, until December 1979. (b) The council shall provide a source of consultation to the government directly through the Minister of State (Multiculturalism) on matters pertaining to the development of the multicultural policy and on such additional matters affecting multiculturalism as the minister may from time to time refer and may bring before the public matters of interest and concern on multiculturalism. The council will examine and keep under review the policies, programs, and services of government, and recommend improvements or new activities to accomplish its objectives. (c) Members shall be chosen on the basis of their ethnocultural heritage and for their expertise and knowledge of Canada's ethnocultural communities.

2. Members of the council do not receive an annual allotment but receive a $75 per diem allowance when participating in official council meetings.

3. Members of the council do not receive an annual expense allotment but are entitled to expenses encountered on council business as per Treasury Board travel directives.

[*Translation*]

*CHIEF ELECTORAL OFFICER'S STAFF

Question No. 205—**Mr. Towers:**

1. As of March 31, 1978, what was the total number on staff in the Chief Electoral Office, Ottawa?

2. Does the Chief Electoral Officer have personnel under his jurisdiction, other than at his Ottawa office and, if so, what is the number of persons and the location in each case?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See answer to question 1,480, House of Commons Debates, No. 151, third session, Tuesday, October 10, 1978, page 7051.

* * *

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Shall the notices of motions for the production of papers be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Tuesday, October 24, consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, a moment ago, during the oral question period and while answering a question put by the newly elected member for Lotbinière (Mr. Janelle), the Minister of Finance (Mr. Chrétien) seemed to be annoyed by the hon. member's remarks which had to do with the Social Credit monetary theory. However, the hon. member for Lotbinière can consider himself lucky because, to use a phrase that is becoming common in this House, the minister could very well have offered him to put his foot somewhere or to kick his ass.

Very seriously, Mr. Speaker, to come back to our subject when the incident occurred last night I was saying that it is not normal that a sovereign state not be courageous enough to draw credit corresponding to the real economic capacity of the nation, through its own bank, at least to finance the public sector. Again I repeat that when the government borrows money through the sale of bonds, the banks hold a special privilege when buying these bonds, as compared to individuals. Mr. Speaker, Canadian citizens who buy Canada Savings Bonds must use their own savings, their own income, whereas banks have the power to create money to buy such bonds. In support of my assertion, I will quote from pages 322-323 of the report of the inquiry on banking. It says:

The member of parliament, Mr. Spencer, is asking questions, and Mr. Wilsons, General Manager of the Royal Bank is answering.

and I quote:

MR. SPENCER: Bankers have the power to expand the money supply by creating circulating credit?

MR. WILSON: Yes.

MR. SPENCER: By granting loans?

MR. WILSON: Certainly, this is what is going on.

MR. SPENCER: By purchasing bonds?

MR. WILSON: This puts money in circulation.

MR. SPENCER: There are therefore the two means that I have suggested to create money?

MR. WILSON: Yes.

Mr. Speaker, there were only $286 million in currency minted under sovereign authority, but the ten Canadian banks had granted loans on long-term bonds totaling $1,426 million and $1,200 million on notes for a total of $2,626 million. In view of these revelations, the member of Parliament, Mr. Coote, asked Mr. Wilson:

MR. COOTE: How could the banks ever pay everyone in cash?

MR. WILSON: The whole banking theory is based on the assumption that everyone will not lose his head at the same time.

This answer is found on page 316 of the report on the banking inquiry.

This means, Mr. Speaker, that the banking system is supported only by public ignorance as concerns its operation and by public confidence, therefore by the credit of a society. By granting loans and purchasing Canadian bonds, banks issue credit money which the government uses to finance public works, which increases the amount of money in circulation and on which Canadians must pay interests, and this increases at the same time the amount of the national debt, which, in my opinion, is ridiculous.

Mr. Speaker, this process is now recognized by the banks. Experience has shown it, statistics prove it, legislation authorizes it, and this is the cancer grawing at our so-called sovereign governments. I say to the members of the majority party in this House, who claim to follow a right of center philosophy and who accept this monetary dictatorship, that they attack everything except the financial powers, that they act as though money were a God beyond the influence of men, as though the regulations established on the basis of money could not be changed for regulations established on the basis of the normal needs of man and existing possibilities. They come empty-handed to face all sorts of disasters in all areas, they are rightists, because they refuse to do anything about the major disorder which exists in the monetary system.

Mr. Speaker, when will the government which claims supremacy have the courage to call on parliament to check that dictatorship of monetary powers and force soulless money to serve human capital. Mr. Speaker, if you want to embarrass a big banker, all you have to do is ask him this question: What will you be doing in ten years? And to embarrass the young people in which I put all my hopes, again I ask: What will you be doing in ten years if the system of public financing which is currently burying you under debts to the tune of $50 million a day is allowed to continue? Young people of my country, I urge you to consider and get interested in the administration of this country and to challenge a financial system which allows the people to be exploited to the benefit of those who control the monetary levers and hence the economic blood of the nation.

● (1532)

[*English*]

Mr. Joe Clark (Leader of the Opposition): I intend to take part in this debate, Mr. Speaker, only very briefly, and I do so because of the most recent and desperate act by the government of imposing closure on this bill. They have indicated in their behaviour last night and today that they cannot even impose closure efficiently in this House of Commons. I think

that there has probably been rarely seen in this House a farce to equal the farce last night when the Minister of Energy, Mines and Resources (Mr. Gillespie) attempted, against the rules and practice of this House, to interrupt the Speech of my hon. friend, the member for Bellechasse (Mr. Lambert), and impose closure in a way which broke the rules of the House. He was prevented from doing that.

Today, however, the Minister of Finance (Mr. Chrétien) has come forward to give an indication that he intends to impose closure on a bill which only a few days ago the members of this government itself were actively filibustering. On Friday of last week the debate in this House saw five government members in a row, including three members of the Privy Council, three of their senior members, standing up and seeking to filibuster.

[*Translation*]

The Acting Speaker (Mr. Ethier): The hon. Parliamentary Secretary to President of Privy Council on a point of order.

Mr. Pinard: Mr. Speaker, I am reluctant to interrupt the hon. Leader of the Official Opposition but he who wants to give us lectures on procedure is precisely making a speech that would belong much more in tomorrow's debate on the motion under Standing Order 75C. I ask you, Mr. Speaker, to call him to order and urge him if he wants to participate in the debate on the motion for second reading, to deal with Bill C-7.

Mr. Clark: Mr. Speaker, it is impossible to talk about any aspect of the policy of the Liberal government without referring to their general incompetence because their general incompetence underlies their whole policy, and we just had another indication of that incompetence in the parliamentary secretary's intervention. I am now telling you, Mr. Speaker, why we in this House think the government is taking an extraordinary action. It is trying to break the established rules and practices to force parliament into accepting a proposed borrowing by the federal government without giving any details as to the expenditures being contemplated. That is unacceptable to the members of the opposition.

[*English*]

As I was saying, not only have they been incompetent in trying to impose closure, but they are here imposing closure on a bill the debate on which they themselves have extended by the very incredible performance of last Friday when five government members got up and filibustered a bill which was not urgent on Friday but is now so urgent that they have to impose closure to get it through.

What has been suggested by various ministers and spokesmen on the government side is that all we are dealing with here is a routine financial bill. This, sir, is not at all a routine financial bill. This is a very extraordinary activity. It is an attempt by the Government of Canada to seek an unprecedented borrowing authority in an unprecedented way.

The government is seeking here the authority to borrow $17 billion, much of that to cover spending regarding estimates which the House of Commons has never seen. To my knowledge, there is no precedent for that at all in the long history of the House of Commons of Canada. This is the first time that a government has come in here and asked for a blank cheque, a $10 billion blank cheque, without giving parliament any indication at all of the purposes to which they intend to put this money.

What makes this even more offensive and unusual is that this is the third time this year that this government has come back to this parliament to seek an increase in borrowing authority. Already since March, 1977, they have sought and received the authority to borrow $21 billion, and here they are back again asking for the authority to borrow $17 billion, $10 billion of that for expenditures that they will tell parliament and the people of Canada nothing at all about. It is unbelievable, it is unprecedented, and it is unacceptable to this House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: There is the question why this measure is so urgent that we need it now. I have been trying to get from the Minister of Finance for a long time an indication of revenue forecast for this fiscal year of the Government of Canada. We know that the revenue forecasts that the minister gave some months ago are wrong. The only question is, we do not know how wrong they are, and he will not tell us. The Minister of Finance, with his absolute faith in keeping secret from the people of Canada information which they have a right to know, even though his officials are probably telling him, refuses to tell this House of Commons what revenues the Government of Canada expects in this fiscal year and, consequently, we do not know how deep the deficit will be. We do not know how much deeper into debt this country is going to be plunged by the incompetence of this government. All we know is that today they are seeking the authority to borrow an additional $17 billion. We do not know about the revenue projections, we do not know why it is so urgent, and we do not know why the government has rushed this bill in and interrupted the throne speech debate. Now, even though it filibustered its own debate, it is trying to force this matter through by closure. What is so urgent? Why is there such an urgent need on the part of the Government of Canada to gather unto itself an additional $17 billion in borrowing authority? What is going on? What is being kept secret? What is the urgency that leads them to introduce this bill in this form at this time?

● (1542)

We are told there is going to be a budget. They will not give us a date—they rarely give us dates—but some time in the middle of November there is going to be a new budget. Why is the Government of Canada rushing through this demand to increase its borrowing authority before it gives us a budget? A budget should contain a projection of spending estimates, it should contain a statement of the revenues, expected by the Government of Canada, and it should contain an indication of the priorities the government is going to follow. That is coming in three weeks, so why do we have this extraordinary request for an additional $17 billion borrowing authority right now?

Why not wait three weeks? What is so urgent? What is being hidden? Why can they not come forward now and give us the information that would be part of a budget or, if they are not prepared to do that, why do they not let this matter wait until after the budget is before the House of Commons?

A very real question for the people of Canada to ask is: Why is the first piece of legislation that this government introduces a borrowing bill? Why is it the first priority of the Government of Canada to borrow $17 billion? What does that say about the state of our economy? What does that say about the state of our future? The most urgent action they turn their attention to when they come back here is a determination and an attempt to borrow an additional $17 billion, in many cases without giving us any reason for seeking that extra amount of money.

[*Translation*]

Mr. Speaker, there are two factors in the bill now under consideration. First, a proposal or a request for the authority to borrow $7 billion for this fiscal year. This is perhaps normal but what is not at all normal is that the government is now trying to borrow another $10 billion for the next fiscal year without indicating what are the anticipated expenditures or for what purposes the borrowed money will be used.

[*English*]

We have these two distinct elements, Mr. Speaker. We have $7 billion for this fiscal year ending March 31, 1979; then we have this mysterious $10 billion for the next fiscal year ending March 31, 1980. We are particularly concerned about that because this government is asking to borrow $10 billion without giving us any estimates, without giving us any forecasts, without giving us any indication of its spending plans and, indeed, without in any sensible, concrete way giving us any indication at all of its restraint plans. As I said earlier, they are asking for a $10 billion blank cheque, and that is something that this House and the people of Canada should not be prepared to let slip by easily.

There are some implications here that are quite important and one of them relates to the public debt. The total borrowing authorities requested for the fiscal years 1978, 1979 and 1980 are $38 billion. If these authorities are fully utilized, the unmatured debt of Canada will be 90 per cent higher in 1980 than it was in 1977—90 per cent higher in three years, Mr. Speaker. That rate of public debt expansion is unprecedented in Canadian peacetime history. The interest costs of serving the public debt are skyrocketing. Debt charges will be 80 per cent higher in 1979 than they were the year before. These new borrowing authorities will guarantee that the debt interest spiral in which Canada is caught will continue at great cost to the country, and as so many of my colleagues have said in this debate, at great cost to the future of the country.

The other element of particular concern to us here is that this attempt by the government is particularly dangerous because it is coming from a government that has demonstrated time and time again its incapacity to deal effectively with the economic requirements and realities of this country. It is bad enough that a government is so incapable that it has to come back for increased borrowing authority three times in a single fiscal year, but it is totally unacceptable for it to seek a blank cheque for spending before the estimates have even been considered by this House of Commons. That is an abuse of parliament—not the first, and so long as this government stays in power for the brief eight months it has left, not the last, I am sure. It is clearly an abuse of parliament; it is an attempt, as we have seen so often, to operate in secrecy and keep from the people of Canada the facts about the public accounts and the future of Canada. It is a disastrous, deepening debt placed on Canada, a disastrous imposition upon future generations of the heavy, heavy burden of the improvidence and incapacity of this government.

The government is incompetent if it has to come back so often to borrow. This is the point I rise to make: it is absolutely improper, and I use the word deliberately, to seek authority for this kind of spending, $10 billion of spending, with no indication how that money will be spent.

There has been a long, long practice by this government of trying to use omnibus bills to push through objectionable matters. They tack on to something that might be accepted something that is absolutely unacceptable. That is what they have done here. It might have been justifiable for them to come and ask for borrowing authority of $7 billion to cover this fiscal year, particularly if they could show a projection or if they had told us the truth about the revenue projections of the Government of Canada this year. What is absolutely unacceptable is to tack on to that $7 billion borrowing request the demand for a $10 billion blank cheque.

We are operating under closure. The government has the power to limit debate. They use it with a regularity that is almost a reflex. That, too, is dangerous in terms of its impact upon the right of free debate, the right of full discussion, the right of knowledge of the facts on the part of Canadians. But they have done it, and we are faced with that demand as it relates to this stage of debate.

There are some very real technical devices that could be used to try to split this bill and we have looked at them. It is not impossible but it is going to be difficult. I see the Parliamentary Secretary to the Minister of Finance (Mr. Martin) in the House as well as some members of the Privy Council. Perhaps if there is need for a filibuster they will join in. That seems to be the role of Privy Councillors in this government these days.

Mr. Knowles (Winnipeg North Centre): There are only two.

Mr. Clark: There are only two, but then I am only the Leader of the Opposition speaking.

An hon. Member: You said it.

Mr. Clark: I should say I am only the Leader of the Opposition for another six, seven or eight months, and then one of the several candidates for leadership of the Liberal party that we have seen asking questions these days to embar-

rass their own government will have the opportunity to aspire to the chair I now occupy in this House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: The point I rise to make is that the House leader of the official opposition will initiate discussions today or tomorrow—as quickly as we can get a meeting with the government House leader or the Minister of Finance and his representatives—to get agreement from the government to split this bill. This is necessary so that we can deal with a measure that might be a proper attempt to increase the borrowing authority by $7 billion, and so that we will not be forced to deal at the same time with a proposal that is obviously improper—a proposal to try to tack on, to piggyback, a demand for a $10 billion blank cheque for which the government has not specified their reasons.

● (1552)

We think that this is a way out of a dilemma which the government has imposed. It is at least within the practices of parliament, within our customs and traditions, that government can come forward and ask for increases in spending authority in relation to expenditures whose nature is known. But what is new and being tried here, and what has to be resisted, is an attempt to obtain a $10 billion blank cheque. The House leader of this party will seek to enter into discussions with representatives of the other side to try to achieve a splitting of this bill so we can deal with what might be proper and parliament will not be forced to digest, or have forced through it by closure, a proposal which is deeply improper and quite dangerous to the country.

We are dealing here with a government that in recent months has tried to change basic Canadian institutions, and change them unilaterally in the first constitutional proposal that came through. We are dealing with a government that delayed a national election after its regular four-year term because it wanted to deal with the problems of the economy. And how does it deal with the problems of the economy? It starts by seeking authority to borrow $17 billion more. We are dealing with a government that is deliberately attacking former commissioners of the Royal Canadian Mounted Police and calling into question the accuracy of testimony that they make before the McDonald royal commission. It is led by a Prime Minister who not long ago, speaking at Glebe collegiate, uttered a clear menace, a clear threat, to the royal commission relative to its power as set out in its terms of reference to establish its own rules as to the revelation of material that is brought before it.

We are dealing with a government that has consistently refused to state its tax revenues, the revenues expected this fiscal year, and consequently has kept Canadians in the dark about the degree of our deficit, that is, about how much in debt this country is. We are now dealing with a government that seeks a $10 billion blank cheque and asks parliament to approve that $10 billion blank cheque without any knowledge of the spending plans of the government. That, sir, is absolutely unacceptable.

I hope that some reason will prevail on the other side and that they will cease this attempt to violate the traditions of parliament and break trust with the Canadian people. I hope they will entertain very seriously the proposal that we will be putting forward informally to split this bill so that we may deal with the part of it that might be proper and in order that parliament will not be forced to have smuggled through it a most improper proposal to give this government, this government of all governments, a $10 billion blank cheque.

Some hon. Members: Hear, hear!

Mr. Bob Rae (Broadview): Mr. Speaker, this is my first speech in the House of Commons and in my opening remarks I would like to convey a tribute to my predecessor who is now a county court judge for the judicial district of York. I am fully aware, as I am sure all hon. members are aware on both sides of the House, that I have very large shoes to fill. I will do my best to do so. However, I have to follow a difficult act, that of the Leader of the Opposition (Mr. Clark).

I would like to agree with him in one respect concerning one of the issues raised by this bill, that of the question of the accountability of the government to this parliament. If I went to a bank and asked for a loan, that bank would want to know what I was going to do with the money. As a member of parliament I think I am entitled to that kind of knowledge, as would be any banker in the city of Toronto, the city of New York or for that matter anywhere else.

Mr. Hnatyshyn: Or Saskatoon.

Mr. Rae: Or Saskatoon, yes. It is a source of concern to me as a member of this House that the government is seeking the authorization to borrow such an amazing amount of money for such a long period in advance without specifying precisely what its program or its intentions are. As members of parliament I think we are entitled to a much better system of accounting than the one being provided in this two page bill.

An hon. Member: A two-bit bill.

Mr. Rae: A two-bit bill, but two pages which authorize the borrowing of some $17 billion. However, it is not with the details of the legislation that I want to deal in this speech because the bill is so short. It seems to me the question of why the government has borrowed the money that it has and the fact that it intends to borrow more is of far greater importance than a line by line reading of a request for a blank cheque. Why is it that the government is in the position of having to return to this House time and time again to borrow money? Why is it that the deficit which the government has built up over the years has not resulted in what we could call productive spending, but rather spending which will have no long term economic benefits?

I think that members of the Progressive Conservative party to my right—and I might add that in Broadview they were so

far to the right they fell into the Don Valley, which was to my benefit—

Some hon. Members: Hear, hear!

Mr. Rae: —have been attacking and criticizing the government because of the size of the deficit. They have been saying that the days of deficit spending have to end. In a speech given by the hon. member for York-Simcoe (Mr. Stevens) which I read this morning, he brought forward countless examples of misspending and mismanagement by the government. But, Mr. Speaker, we have to say to the members of the party to our right that they cannot have it both ways. They cannot criticize the government for deficit spending and at the same time make a proposal with respect to income tax benefits to be given on mortgage payments. This would result in a fiscal deficit far larger than the one which is currently being undertaken by the government of this country.

Some hon. Members: Hear, hear!

Mr. Rae: So I say that the criticism coming from the hon. member for York-Simcoe and indeed from the Leader of the Opposition is hypocritical.

Some hon. Members: Hear, hear!

Mr. Rae: And if it is not hypocritical, and if the members of the Conservative party to my right are serious about reducing government spending in the way they are talking about, let them go to the people of Canada and tell them what social programs will be cut, because Canadians will be interested in knowing what those cuts are. When the hon. member for York-Simcoe speaks about reducing spending and changing the whole philosophy and strategy of government spending, as a citizen of this country I want to know what they will cut next, because I think that is of concern to Canadians.

Some hon. Members: Hear, hear!

Mr. Paproski: Now start on the Liberals.

Mr. Rae: Do not worry, everyone will get their turn.

Some hon. Members: Oh, oh!

Mr. Rae: The fact of the matter is that it is pre-Keynesian economics coming from the Liberal party opposite and it is pre-Cambrian economics coming from the Conservative party to my right.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Rae: This is no longer possible at a time when there are one million Canadians out of work, it is no longer possible at a time when our economy is working at far less than its capacity, and it is no longer time for a party to talk about balancing a budget within a year or two. That is fiscally ridiculous and economically irresponsible. It is talking out of both sides of one's mouth at once, and it will not work. The Canadian public wants to know. We have a right to ask the government, and we have a right to ask the opposition, about their income maintenance programs. Will they be cut? If so, which ones will be cut? Is it going to be unemployment insurance, the pension plan or old age security? These are the sources of expenditure that provide for the maintenance of income of a great many Canadians. If they are going to be cut, please let us know before the next election which ones it is intended to do away with.

• (1602)

We have to accept the fact that we have an economy where deficit spending will be with us for some time because of the fact that we have one million unemployed. We have to stimulate the economy. Therefore, we must look very carefully at what kinds of strategies and proposals a government or a potential government is putting forward.

The Canadian people are entitled to know that there has been no commitment from either of the larger parties to the concept of public spending. There has been no defence of the concept of public spending from any cabinet minister or any Conservative member to my right. It is time that someone had the courage to say that, unless we have a decently high level of public spending, we will have no pensions or unemployment insurance, and no government intervention in the economy to protect us from the malefactors of great wealth.

An hon. Member: No medicare.

Mr. Rae: As my friend points out, we will have no medicare. Canadians are entitled to know that. I would like to see one minister of the Crown with the courage to say to this House and the people of Canada that this is what they have done and they are proud of having done it, instead of having put it forward and then run away from it.

Mr. Paproski: Wait until your father hears this speech.

Mr. Rae: My father has heard this speech many times. It raises serious questions about the state of our economy and what strategy a government is going to put forward to deal with the economic problems faced by this country.

Cabinet ministers accuse the New Democratic Party of running down the country and having no confidence in the future of Canada. That is the opposite of the truth. We no longer have confidence, and we never did have confidence, in the Liberal party. However, we do not make the mistake of members opposite by identifying the future of Canada with the future of the Liberal party. If I could use technical language, we see there being a negative correlation between the two.

Some hon. Members: Hear, hear!

Mr. Rae: It is because we as social democrats are optimistic about this country and its potential that we are so concerned with the tragedy of unemployment and the difficulties being faced by many Canadians.

I have had the opportunity of becoming closely acquainted with my constituency over the past year. Anyone who has been through an election campaign knows how well you get to know your area. We said to the people, as did many members elected in the recent by-elections, "Send a message to Ottawa". I do not know what message came from the Conservative party. I do not know their intentions.

Speaking for the people of Broadview, the message that comes from the working people in that part of Toronto is that they do not want to see a reduction in government spending. They do not want cutbacks in public and social services. They want a government that is compassionate, one that is prepared to be generous to its people, willing to plan for the future of this country rather than leave the economy to foreign investors and large private interests in this country.

There are three options for the future of our economy. One is to continue on the present path of the Liberal government. Of all the options, that is the least comprehensible. It is very difficult to know precisely on what they are running, what are their intentions and what is their program. The lack of information in this bill is one more example of that. They are leaderless in their economic policies. They are rudderless. They have no sense of direction. They are incapable of listening to the people when they speak.

Nothing has made this more clear than the fact that there were 15 by-elections held, not one. It was not people in one or two constituencies in this country that voted; it was over one million Canadians voicing their dissatisfaction with the economic and social policies of this government. However, there has not been one iota of an indication that this government intends to change its course in any way. That kind of arrogance has become the hallmark of this Liberal government, and it is certain to be the cause of its inevitable downfall.

The second option is the one proposed by my Conservative friends to the right. It is a very familiar option, that of private gain and public squalor. It is an option of reducing the role of government, the level of services and the standard of living for the people of this country.

Yesterday I obtained from Statistics Canada the figures on income distribution for the year 1977. Those who talk about Canada being an affluent society are entitled to know these figures. These figures indicate that in terms of purchasing power, the average income of the Canadian family decreased by about 5 per cent in 1977. An additional 66,000 families fell below the poverty line in 1977 over 1976.

That is the record of this government. That is the implication of cutbacks in unemployment insurance. It directly affects the level of income of tens of thousands of Canadians. When you reduce the level of spending for joint programs with the provinces by $220 million, it is the working people whose incomes and standard of living are affected. It does not affect those who are able to get what they want on the market, those who are able to provide for themselves. When you cut back on education, it does not affect those who attend private schools and intend to continue doing so. It affects those who rely on public spending for their benefits and future.

We say to the Conservative party that their program, with all of its implications, including this most recent mortgage scheme, will clearly mean that those who are able to provide and indeed make gain for themselves will be able to do so, but those who are not will not. That is the message. It is a message of meanness and of self-enrichment. It is not a message worthy of being taken to the Canadian people.

In the bad old days, the British Tories said to the people that they needed to have property before they could vote. There has now been a change. The Canadian Tories are saying to the people, that they need to have property before they can have an income tax benefit. This is just as unfair and discriminatory as the disenfranchisement of people in the eighteenth and nineteenth centuries. It is an economic equivalent of that disenfranchisement and the Canadian people are entitled to know that.

A speech made by the Leader of the Opposition a couple of months ago was reported in the Canadian press. He is quoted to have said that we should take the American tax system as our model in Canada. Does the Leader of the Opposition want us to have the same municipal services as they have in Cleveland, the same system of urban transportation as they have in Houston or the same system of medical care as they have in New York? Is this the model being put forward to the Canadian people? You cannot have lower taxes—and whether they are lower or not in the United States is debatable—and more services. If you have lower taxes, you have less services. If we are going to be giving less services, let us have the shopping list before the election.

● (1612)

I have spoken this afternoon about the programs of the Liberal party, which are pretty difficult to discern at the moment, and the programs of the Conservative party, which are becoming clearer and clearer as time goes on. I want to close my remarks by putting forward a third option which, I am proud to say, my party and my leader have been putting forward in this House and in the country for the past year. Some of the philosophical background to this option was provided in the very interesting remarks of my colleague, the hon. member for Waterloo-Cambridge (Mr. Saltsman), who spoke earlier in this debate.

Society is changing far more rapidly than we are prepared or willing to recognize. We can no longer talk seriously about government withdrawal from certain critical sectors of the economy because that would be politically and socially inequitable. If the government wants to withdraw from particular sectors of the economy, and if the government wants to sell off Petro-Canada and give all of the oil business back to those who are making tremendous profits at the expense of the people of Canada, the government can go ahead; but let us have no doubts as to what effect that would have on ordinary Canadians. Let us have no doubts about the political effect that would have on the sovereignty of this country.

We must recognize that in many ways Canada is an underdeveloped economy, yet we are not developing economic, social

or political strategies to deal with this fact. We are not alone in the industrial world in having a difficult time dealing with multinational corporations and the effects huge private interests have on the public. Many other countries are in the same position, but no modern industrial country has done as little as Canada has done to deal with those effects. It is precisely because I am proud to be a Canadian and do not need to take lessons in patriotism from members of the Liberal party that I am ashamed of the performance of this government.

I see some Conservative hon. members to my right nodding. All I can say is that their policies would make matters even worse. If we increase reliance on foreign investment in this country, we will simply be digging a deeper hole. We are in a hole because we have a resource economy which is completely reliant on foreign investment for its survival, and unless we build up a secondary manufacturing sector which would allow Canada to take its place in the industrial world, we will simply go from pillar to post as other countries carry on their protectionist policies.

Canada is the only country in the world which is talking naively about free trade, as if this was the nineteenth century. This is not the nineteenth century. If we indiscriminately lower tariff barriers, the effect will be to destroy Canadian industry. Hon. members will be surprised to know that one of the first appeals to come to me as a member of parliament was from a company which has a factory in my riding. That company was concerned about the policies of the government with respect to fiscal and foreign investment problems and the effect those policies would have on it. That company was not talking about a free market. The president of that company, for all I know, might go home and talk privately about the fact that people on welfare are getting too much money, that some people are not working and that the government should not get involved in the economy, but I want to point out that when his company is in trouble, he knows where to turn because he knows the kind of economy he is living in and the problems with which he has to deal.

The government opposite has no industrial strategy. Hon. members to my right would make it even more difficult for the government to initiate such a strategy, and over the weeks and months ahead I look forward to the possibility of speaking in debates in which we will be able to make our proposals and options even clearer. We would be left with Hobson's choice, a choice between even more policies which would do nothing to solve the economic problems we have and the continued maladministration, incompetence and indifference of the government opposite, except that I am proud to say that I am doing everything I can as a member of the New Democratic Party to see that the Canadian people are not stuck with that choice.

There is a third possibility which provides for a recognition of the fact that we need to provide decent incomes for our people, that we need to redistribute income in favour of the poor and not in favour of those who have property, that we need to provide full employment in our economy, that we need to provide industrial jobs for our people, that we should not be solely dependent on a resource economy for the future and that 3,000 miners in Sudbury should not be told by an energy minister that they can always pack up and move 500 or 1,000 miles to another job. That may be very well for the present Minister of Energy, Mines and Resources (Mr. Gillespie) to say, but I suspect that in six or eight months he will be packing up and moving 600 or 800 miles to another job.

The Minister of Energy, Mines and Resources has no right to give that message to people who have families, homes and commitments in the city in which they have made their homes. The Liberals and Conservatives would treat people as commodities, move them around as the market dictates, and would have towns and resources in certain areas of the country dry up and die because some large industrial firm somewhere decides to make a greater profit in Guatemala, Gabon or some other place.

The New Democratic Party is saying that that is not the only option for the Canadian people. It is possible for working people, through their institutions, parties and governments, to express the confidence they have in themselves by saying that they come first, that they come before profits and that they come before the interests of private enterprise. That is the message we will be taking to the Canadian people, and there is no doubt in my mind that when that message is sent clearly and cogently, the Canadian people will listen.

Some hon. Members: Hear, hear!

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, it is a privilege for me to speak today about what is probably one of the most ill-conceived pieces of government legislation brought before this House in the last decade.

I listened to an excellent speech last evening given by the hon. member for Eglinton (Mr. Parker), a reasonable proposal put forward by the Leader of the Opposition (Mr. Clark) today, and, of course, the speech given by the hon. member for Broadview (Mr. Rae), who put forward the socialist message, much as if the campaign had not stopped on October 16.

Mr. Broadbent: It is just starting, brother.

Mr. Dick: Indeed the campaign may not have stopped for the hon. member for Broadview because he squeaked in by only about 400 votes. When he was castigating the Liberals for talking out of both sides of their mouths, I suppose he had some difficulty because he does not know whether to set his sights on the Liberals or the Conservatives. I can only presume he spent so much time on the Conservatives because he fears them most.

Bill C-7 epitomizes what has been going on over the last number of years. Through stealth, deception, falsehood and other fraudulent means the government has been trying to mislead Canadians into believing that it really does care about Canada. This government does not care about the people of Canada; it is concerned only about preserving the power it has.

I would like to put these comments into a certain perspective. We remember when the Liberal party changed the date

of its annual convention from November of 1977 to February of 1978. It did so in order to have more television time prior to a spring election which never took place. The Prime Minister (Mr. Trudeau) appeared on television on a number of occasions in January, February and March. We find out now that he even requested television time on certain occasions.

● (1622)

We also found out how they tried to build a set of steps up to the podium, up to that level where they could launch an election campaign. But when they took a poll, they found the Canadian people had not bought it and the Liberals were in trouble. So what did they do on May 10? The Prime Minister came out and said: "We will not have an election either this spring or this summer. We will do what the Canadian people want us to do; we will get down to business in the House of Commons and we will get this economy going again". Then he promptly went on with the same legislation for the next six weeks, following which he adjourned the House for the longest recess in a decade.

Is that getting on with the work that Canadians want the government to get on with? We had no new initiatives or ideas from the government. So what happens now? The government, after the longest recess in a decade, has come up with a little bit of pap wrapped up and called it a throne speech. It covered the same ground which they tilled in August and early September when they did a slow striptease of a new economic era, which I suggest will not bring anything to Canada. For the first time since I have been a member, which is some six years, the government has interrupted the throne speech debate, as indeed they were requested to do by both this party and by the NDP if they were going to bring in some new economic measures or bring in a budget. However, they have not done that, but they have interrupted the debate anyhow.

What do they have listed on the order paper? Two of the bills deal with transfer payments; one is an amendment to the Income Tax Act, which will not be of any economic assistance to the country as a whole; and seven other bills deal with such important matters as an act to amend the Corporations and Labour Unions Returns Act and an act to appeal the Canada-France Trade Agreement Act. They have the usual fillers or housekeeping measures, but they do not have one legislative proposal before the House at this time to improve the econoic climate so that all Canadians can have a slightly higher standard of living.

The first bill they want passed, without indicating their intentions, is this bill to give them more money. They ask us to empower them, through Bill C-7 which we are debating here today, to borrow $17 billion, and they tell us, "We will not tell you what we will spend it on. It is not matched on the other side by revenues, and we cannot even raise it in Canada".

We are asked specifically to empower them to go overseas to raise the money. What will this do to our 85 cent dollar? Down we go again. I suppose that with some of the money he has borrowed, the Minister of Finance (Mr. Chrétien) will rush out to try to prop up the Canadian dollar and maybe he will spend another few hundreds of millions of dollars, as he had to do in the last few months, propping up a dollar which he had inflated by going overseas to borrow money. This act will drive up inflation in this country, and because it will put downward pressure on the dollar, it will increase interest rates in this country and will make it tougher for the average person to maintain what he or she thinks is an adequate standard of living.

They want $7 billion out of the $17 billion just to finish this fiscal year until the end of March, 1978. If we go back to March 16, only about six months ago, we find that the Minister of Finance stated the following as reported at page 3859 of *Hansard*, when he was speaking on another borrowing bill:

> The authority in this bill to borrow a further $5 billion, together with the unused portion of the $16 billion authority granted in March and December of 1977, should provide the government with sufficient borrowing powers to meet all cash requirements for the fiscal year 1978-79, and provide a margin as usual for contingencies.

Six months ago the minister said he had all the money he needed. Now we find he made a $7 billion error, but he will not tell us where the error is. He will not tell us if his revenues are down, he will not tell us if he needs the money because he spent many extra billions of dollars defending the Canadian dollar, and he will not say if he will bring in supplementary estimates which will shoot up our estimates by another $2 billion or $3 billion. He has made a $7 billion error. He said he had all the money he needed six months ago, and now he needs $7 billion more. What a wasteful government this is, a government which does not have the slightest clue as to management. You are a family man, Mr. Speaker; just try and run your family that way and you will find out how long you will stay away from bankruptcy.

I want to point out also another part of the bill which was never been heard of before in Canadian history. My leader made reference to it earlier this afternoon. Not only do the government want to borrow $7 billion until the end of this year, although they said only six months ago they had enough money to finish this year, but they do not even wish to wait until next year. They want to borrow $10 billion for next year. They have not even tabled their estimates for next year. Estimates for next year will not be tabled until February or March of 1979. When we see what they are tabling and what their proposals are, and when they have the courtesy to come to parliament and say: "We are a little short on cash requirements, may we borrow a little money to try to do the things we think are important?" Parliament might then give them that authority.

But they are presenting us, as that former Liberal minister of finance used to say, with a pig in a poke. They want us to buy a gamble; they want us to give them a blank cheque. The sad thing is that it is the following generation who will have to pay that debt, and that debt is rolling over at the interest rate of 9.25 per cent, which is the rate this year, and every seven or eight years the amount doubles. It is the generations of the future which will have to pay this debt, and I do not have to repeat what my leader has already stated this afternoon and

what has been said by speakers before about how we have tripled the debt since this Prime Minister took office.

● (1632)

The government wants to attempt to spend its way out of debt. Previously I had not heard of such an economic theory, yet it is being unravelled before my eyes. As I indicated, at one point the government thought it had enough money for this year, and now it is requesting $7 billion. It has made a $7 billion error, and now it needs a little more money. I am not too sure if we should accept that fact, but even if we did and gave the government $7 billion for this year, why should the government be given $10 billion starting on April 1, 1979, through to March 31, 1980, at which time this government will not be the government; government members will be sitting in opposition. The government is requesting a complete blank cheque, and I do not know how the money will be spent. Perhaps the entire $7 billion will be spent between April 1, 1979, and election day.

I must emphasize that never before in Canadian history has a government ever had the audacity to come before a legislative assembly requesting borrowing authority for a year in the future for which estimates have not been tabled. I beg the House to consider realistically the intelligent proposal of splitting this bill. We could deal with the money they require for this year, even though that is dubious, but definitely we should not give the government a blank cheque for a year, before the estimates are received. I do not care if it is the Liberals under the present Prime Minister, the New Democratic Party, the Progressive Conservative party, the Social Credit party, or any other party in any other legislature; no legislation should request a blank cheque before the estimates are tabled for a particular fiscal year. It has never been done in the past. No parliament should sanction this.

This situation demonstrates the arrogance of the government. It epitomizes how parliament is losing control over the purse, over how much money is spent. At the present time the estimates go through because of a rule which was rammed through by the Liberal majority in approximately 1968. The estimates are deemed to have passed committee stage when perhaps a vote on the estimates has not been held or perhaps the estimates have not been discussed. If the estimates are not discussed by a certain date, automatically they are passed, even though the committee has not looked at them in detail. In many cases that has been the situation. They are deemed to have been passed, so there is no control over government spending. The government is requesting a blank cheque for a coming fiscal year, even though the estimates have not come in. It is apparent that a deficit is anticipated.

What would happen to a person who went to his bank manager wanting to borrow $10,000 and giving no reason for such a loan? I will use the example of $10,000, because I am sure a bank manager would not understand $10 billion. We all know what the bank manager would tell such a person. Perhaps Parliament should tell the government the same thing, since it does not want to tell us what the $10 billion will be spent on.

The reason for some of the deficits and problems at the present time is the complete mismanagement and waste of the government in the spending of Canadian funds. I should like to refer to one small example in an attempt to explain the situation. In late May 1978, the Progressive Conservative government of Ontario and the Parti Québécois of Quebec made a joint request for proposals on a new lottery computer, a technological gaming device. The greedy old Liberals opposite on June 19, after that joint proposal had been made, granted a $24 million contract to an American firm without tenders.

I have had occasion to speak with the legal advisers of that firm in New York. Also I have spoken with its directors and officers who live in Maryland. These gentlemen are officers of the Canadian subsidiary. They told me that every screw, rivet, piece of metal and wire will be manufactured and assembled in their plant in Maryland. The government said that no Canadian company could perform this task; apparently no Canadian company could bring up these little computing machines in order to assemble the $1 gaming device for the new lottery. I did not buy that for a minute. I made inquiries and found out that the government was wrong.

On approximately July 15, the Ontario government awarded the very same contract to two Canadian firms. One of those Canadian firms is owned 66 per cent by the federal government, yet the federal government would not go to that company. The name of the company is Consolidated Computing Devices, and it is located in the east end of Ottawa. That firm will be doing the majority of the work under contract. The other firm is called Digital, and it is located approximately 14 miles outside of Ottawa. Digital will be doing the computer part of the work, and Consolidated Computing Devices will be doing the terminal work. The Ontario government has given the entire contract to two companies within a 15-mile radius of Parliament Hill at a cost which is less than that quoted by the American firms. The greedy old government said that no Canadian company could do the work, yet it did not even look around.

As part of that contract, the Quebec and Ontario governments held two meetings, one in Toronto and one in Montreal. Approximately 125 people from the computer industry of Ontario and Quebec attended the meeting in Toronto, and over 90 attended the one in Montreal in order to exchange ideas, make further inquiries and discuss computer technology, manufacturing and what was needed. We had been deceived. These things could be built in Canada.

Then the government came forward with a second line of attack. Apparently it was necessary for us to get into the field first and not have to worry about competition. It has been said that by November we will be into that field. We are looking forward to that. At the present time there has been a run on the Ontario government computing devices. They could have been in the field a week or ten days ago. They beat the federal government to the punch. I understand that General Instru-

ments is 48 days late in delivery. That is the American firm, the only one capable of building this equipment. Yet Canadians are already there.

Realizing that it was beaten to the punch, the federal government ended up negotiating and agreeing with the provinces to get out of all lottery games of $9 and under if the provinces would in turn leave lottery games of $10 and over to the federal government. The point I want to make is that the federal government entered into a $23 million contract, and it has thrown away $5 million already spent. It has thrown away $300,000 on consultants' fees; it let a $2 million contract in early July in telecommunications services to effect the $23 million contract; and it had already incurred the cost for marketing in respect of the new game. It had already incurred costs in leasehold improvements on buildings for outlets it had leased or arranged for in order to instal the machinery. This amounts to some $5 million over and above the $23 million which has been thrown away or lost down the drain. The federal taxpayers will never see anything of that again. That is only $5 million and the Liberals are dealing in bigger figures than that, so it is just a small amount.

In addition, the government made such a rotten contract with General Instruments that it cannot get out of it, and if it does get out for less than the $23 million it will probably cost in excess of $10 million in penalty, simply because it negotiated a contract in which it had no rights. The government was just leasing and therefore cannot now even purchase the equipment and sell it to those running the western or Atlantic lotteries. The government cannot transfer the technology because it was all left with General Instruments.

This is a contract which is entirely different in principal than the contracts I understand were negotiated by the provinces in respect of their games. Those provinces have been more shrewd with their taxpayers' dollars. This government will perhaps incur a penalty, therefore, of $10 million, $12 million or, $15 million. The two provinces involved in order to get the federal government out of this mess, have said they will contribute 25 per cent each in respect of any penalty up to a maximum of $10 million. Even with that, if there is a $10 million penalty the federal government will have to pay at least $5 million, and anything over the $10 million will be paid by the federal government.

This government will have lost probably $10 million unless it gets hardnosed and asks General Instruments to deliver the goods. If that company cannot deliver the goods, or is 48 days late, for example, the government could then say it does not want the goods because they were not delivered on time. I am afraid that this bunch of softies over there are not capable of that kind of hardnosed bargaining. That is one small example of mismanagement, as a result of which the government will lose at least $10 million.

The frustrating and maddening thing is that the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo), the hon. member who comes from the riding of Skeena—I am sure her constituents will be embarrassed to hear of this but they should know the truth—held a meeting in Toronto following which she said to the reporters that the government did not really want to get into the game, and was just using this as a bargaining tool in order to gain access to a certain segment of the lottery business.

There is $23 million for the contract and an additional $5 million in taxpayers' money the government is using as a bargaining tool, all of which has been lost. Some $28 million of taxpayers' money has been used as a bargaining tool, even though the minister has said the government is not interested in this dollar game. That is one hell of a way to bargain.

I wanted to point out that one small example because I have followed this process from the beginning of the problem back in early June, through the summer and the fall. I was very interested in it, perhaps because one of the Canadian computer firms capable of handling this work is in my riding, but also, over and above that consideration, because of Canadian jobs and Canadian content. In spite of this situation this government is worrying about our trade deficit in manufactured goods. I suggest ministers over there do not know what is going on.

This is small example of how, within four months, this federal government, through one small ministry in a very small area, has thrown away millions of Canadian taxpayers' funds. this illustrates the mismanagement, the inability to govern, the inability to administer and the general inability of this government to take care of these funds.

In the first bill presented to this new session the government is asking us to give it $17 billion with no strings attached. They have to be lunatics, but I suppose with the majority over there they will vote this through. The taxpayers of today and the taxpayers for generations down the road will be the losers because of the greed of this government.

I hope this government will accept the very reasonable proposition put forward this afternoon by my leader. That is an intelligent and courteous proposition for any legislative body, whether it be a town council, a county council, a city council, a provincial legislature or whatever. My leader has suggested that the government does not ask for the $10 billion which it does not need until the next fiscal year until it has at least tabled the estimates showing how it intends to spend the money. Up until now this government has been getting away with what might be called theft, and certainly with the squandering of Canadian taxpayers' money and the future of Canadians as a whole. We must pay in the future for what we borrow now. That is the case according to my banker, at least, and probably according to your banker, Mr. Speaker, and everybody else's banker except the banker for those spendthrifts who presently occupy the government benches.

It is my hope that the people of Canada wisen up and send a message even stronger than the message which lies in the loss of 13 by-elections out of 15 about ten days ago. I hope before this bill is passed Canadians will write to their members suggesting that perhaps the government deserves the $7 billion, but not the $10 billion for the next fiscal year.

I hope this government will accept my leader's proposition and sever this bill.

● (1652)

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, recently without further ado, the Minister of Finance (Mr. Chrétien) introduced a very short bill, not all that thick, which will have such serious effects that Canadians are entitled to know the state of our national affairs. In the bill, the gouvernment is requesting a small amount of $7 billion to complete the current fiscal year and, as a cushion for the beginning of next year, a small additional amount of $10 billion. This is considered as an urgent and important measure by the government. Mr. Speaker, an emergency session has been going on since October 11, 1978, the opening date of this parliament. Since the beginning of our proceedings in the House, we have held emergency sittings on the postal service, we have considered an emergency bill about shipping on the Great Lakes and today we have before us an emergency legislation on the unquenchable thirst of a government that wants to borrow, a careless and inefficient government.

Mr. Speaker, this emergency bill comes as confirmation of the fact that our economy is in very bad shape and the government in totally incapable of a sound administration. The government announces last minute measures and tries to ram them through as quick as possible. We do not have any economic policy nor any economic incentive program; we only have last minute measures, which all in all means a policy of improvisation. We have before us a government which is exhausted and which proposes to contract an unprecedented debt, a perpetual debt, for what is left of the fiscal year. The government requires an additional borrowing authority for $7 billion. This is a fantastic sum, given the time period for which it is allocated. In other words, if all Canadians are to share this amount each family will end up with an additional debt of $1,000, and that is over a six-month period only. And these billions will not be transformed into special programs or improvements which the population has a right to expect. They will be used only to pay back old borrowings and the interests on them.

Mr. Speaker, the discount rate has been raised to 10.25 per cent, an unprecedented rate for the Bank of Canada, apparently to strengthen a dollar which nothing seems to stabilize. As a result, the prime rate for Canadian chartered banks went up to 11 per cent and we are led to believe that it will probably reach 11.25 per cent and even 11.5 per cent between now and next December.

This horrendous increase in the interest rate is really concerning. Has the government not been taken by surprise by its own policy? Has it not been forced to readjust its interest rate on new saving bonds issues? The day before yesterday newspapers referred to a third drop in one week at the Toronto Stock Exchange, the most important in Canada. And what is the reason for this drop according to analysts? Mostly the rising interest rate. The situation is therefore uncertain. When even our own financiers have no confidence in our economy, how can we expect foreign investors to regain confidence in our money? That staggering increase in interest rates will surely have a disastrous impact. We already see some examples of that. The impact is already obvious in the residential construction area.

During the last session, we have increased the Export Development Corporation's capital to allow them to make loans to many countries which are not always, as one would believe, poor countries. Those loans are made at very advantageous rates, much more advantageous than the rates we can get from various government loan programs within the country with the rates we have now. For the economic development of our great and beautiful country, for the development of our resources, we must call for huge capital investments.

Those funds will, of course, be supplied by the financial institutions and chartered banks which control that market. What will happen to those huge projects as a result of those consecutive increases in the rates of interest? Possible investors, especially small ones, will prefer to wait till the situation has again become normal before going ahead and investing their capital. Canadian businesses, already weak, will grow even weaker and will soon give under the weight of that new burden grown too heavy, while attemps are being made to help them, through all sorts of measures like those the minister responsible for small and medium businesses announced last spring.

That situation points out the fact that the monetary and fiscal policies of the government do not agree. They give to businesses with one hand and remove with the other. As our economy is in danger, this is no time to announce measures that smell of electoral promises. Nor is it the time to go deeper into debt. The burden of our national debt is already heavy enough to carry.

In short, that borrowing power adds substantially to our debt and, anyway, was not expected at the start of the year; it will mortgage us for years to come. How then can we remain financially solvent? When we think of the interest of $18 million we pay on our debt every day, and of our debt that increases visibly, we must of necessity think of future generations, of our childen and our children's children who will have to face tremendous difficulties. How can anyone explain this bill otherwise, Mr. Speaker, a few weeks before a budget is brought down? For we all know here that the Minister of Finance (Mr. Chrétien) will shortly be bringing down a budget for the current year.

How can we not be reticent when faced with the amount of interest the government will have to pay if parliament passes the bill which is before us? Just when will the Minister of Finance finally announce tax measures which will speed up our

economic recovery instead of always increasing the burden of the national debt? Mr. Speaker, I will save you from all the statistics and economic indicators which only serve to prove how far our economy has slumped. They are too depressing. Let us remember that the last times the government borrowed it was from the United States and West Germany. Foreign countries are getting richer and profiting from our poverty. Our policy in that area is clear cut.

We, of the Social Credit party, believe that we have in this country all the monetary and fiscal means necessary to develop our resources on our own. First of all we have the Bank of Canada, which is not far, which is nearby in fact, this bank belongs to all Canadians, it is the government's bank. It should finance the public and parapublic sectors by issuing new funds. The means is there, why not use it? Why must we always count on others to get us out of trouble? This economic slump is certainly welcome by our lenders who profit, as I just said, from our distress, our poverty, our inability to turn the wealth of our country into money and provide all Canadians with a decent and fair income, a credit rather than a debt system, like the one we have now and which the government seems bent on perpetuating.

● (1702)

[*English*]

Mr. Arnold Malone (Battle River): Mr. Speaker, nine days ago when we came back to the fourth session of the thirtieth parliament I little realized that the first opportunity I would have to speak in this House would be for the government to seek to borrow some $17 billion. It is with a very deep sense of sadness that I find myself in the position of having to debate a bill with the throne speech uncompleted, two acts passed to put labour unions back to work, and an emergency measure before as for the government to borrow another $17 billion, after three times already this year having come to parliament for power to borrow.

Ten years ago when the Prime Minister (Mr. Trudeau) came to office he had a vision and a dream. When he came here he wanted for Canada a United States economy, a form of British government and a style of French culture. He has been here for ten years and what we have ended up with is United States culture, French government and a British economy. I submit that what we have in fact is literally the "Artful Dodger", pickpocketing from the Canadian people in the sense that he has overtaxed, overspent, overborrowed and overgoverned, and has done all of that under the sheets in the dark of the night, shrouded in secrecy.

It is audacious of this government to request authority for the borrowing of funds without submitting to parliament the reasons for such borrowing. This puts all economic sense aside, puts all sense of the judicial system aside and means that the government assumes that, by its election to power, it is given dictatorial authority over the nation. I think it is shameful that today the government should be placing before the citizens of this country a request to borrow money without exposing the purpose for which they need it.

Nothing more or less can be said about this government than that they have a crass disrespect for the Canadian people. They believe they can belligerently ask for money without telling how it is going to be spent. Like kings of the old days, they think that citizens are now subjects and that there is no longer a sense of democracy in the country.

I find it abhorrent that members on the other side could even think of sitting in this House at this moment believing they can support a government that has come to this parliament on three previous occasions asking to borrow money, and now comes a fourth time with its hands out but never indicating how the money is to be spent. No private person, no private institution and no business firm could function using such irresponsible ploys.

There are no words expressive enough to show how disappointed I am with this kind of tactic, Mr. Speaker. If you took all the ministers of finance that have served under the Prime Minister and laid them end to end, a simple conclusion would be, "So what?" What we have had in this country is a long succession of economic virgins, none having any common business sense. This government has earned the disrespect that the people of Canada hold for it now and which is so obvious from the Atlantic to the Pacific, from the north pole to the United States border. They have earned that disrespect because they themselves have had disrespect for citizens—

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister of State (Small Business) (Mr. Abbott) rises on a point of order.

Mr. Abbott: A point of order, Mr. Speaker. Would the hon. member permit a question?

Mr. Malone: I would not permit a question from the Minister of State (Small Business), Mr. Speaker. If they cannot run a country, how can they possibly ask a question?

Some hon. Members: No, no.

An hon. Member: Chicken.

Mr. Malone: Chicken? If the hon. member wants to call people chicken, let him call an election. We will see who is chicken. I am sure—

Mr. Abbott: A point of order, Mr. Speaker. I understand from one of my colleagues in the House that the hon. member made a scurrilous reflection on the French speaking members of this government and this House. I was going to ask him—because I did not hear it—whether he could say that again.

Mr. Malone: Mr. Speaker, I did make a scurrilous reflection on the whole government, not an ethnic, not a religious reflection, but a reflection on that government. They earned that reflection and they are stuck with it. If they want to call people chicken, let them call the election. We know where the chickens will be roosting.

An hon. Member: What was the mention of the French government?

Mr. Malone: The hon. member is probably the one who thought it was scurrilous. Read the record.

To get back to Bill C-7, Mr. Speaker, the purpose of which is for the government to borrow $10 billion and not account for it, let us examine some of the hypotheses of how they might use that $10 billion. One of the things they might very well do is build a swimming pool at Stornoway. The Prime Minister could easily look forward to living in a home with a swimming pool and $10 billion could well build that. Hon. members on the other side might warm up to the fact that they are only about six months away from having a leader without a swimming pool. In their arrogance they refuse to let this parliament and therefore the country know why they want a blank cheque to spend any way they please.

The other more reasonable possibility is that they are borrowing this $10 billion without indicating how it is to be spent because they want to use it as an election ploy—to give money away through government programs. I submit that is the dangerous, crass, dictatorial kind of administration we have had for ten years and which this government is again trying to impose upon the people of this country. They have taken away the concept of citizenship; there is no respect for the people and, therefore, the people have no respect for the government.

In ten years there have been ten speeches from the throne and in every single one the government has underscored that the major issue will be the economy. Today, everything is in a worse situation than it was ten years ago, however. Our balance of payments situation is worse, our debt is worse, national unity is fragmented. The fact of the matter is that on every dimension this country is worse off than it was a decade ago.

The Prime Minister has underscored the economy as the most important issue facing the nation in every throne speech for the last decade. In 1969 he said we would be on the road to financial disaster if nothing was done to bring spending under control. Little did he know at the time that he was roaring down the road at one hundred kilometres per hour headed for disaster. Our spending has increased some 230 per cent in the period he has been Prime Minister. He has literally robbed the people of this nation and unfortunately the debt will fall upon our children and grandchildren. It is generations ahead who will have to pay off this enormous debt.

The only people working productively today are those at the Canadian Mint. The government likes to point to the increase in the gross national product, but it must be related to what we are borrowing. The only reason the gross national product has increased is that the Mint is working double or triple shifts printing money in order to keep this government from falling into complete disorder. But the economy of this nation is already in disorder. Our balance of payments would be even worse today but for the fact that we are selling off our raw and primary resources.

• (1712)

There is a tremendous shortfall in end product production in this country. We manufacture goods which create jobs and this puts money in Canadian bank accounts. This is a sector of industry which is very unproductive. If this government were running a 4-H club it would not know the difference between Herefords and heifers. If it was running a Boy Scout club it would give merit badges to the boy who could borrow and spend the most money. The truth of the matter is this government could not run either of those clubs, nor do they have the right or the prerogative to run this country.

This government over the past ten years has indicated three times that it would make significant cuts in its budget. While the government tells us about the cuts, each time a cut has been indicated without exception we have had an enormous increase. Frankly, I am scared when the government talks about cutting. When the government cuts, the increases are massive.

I have used words today which I used in all sincerity when talking about a dictatorial government. For example, during this past summer the Prime Minister went to Bonn where somehow he formulated an idea. He then travelled to Morocco where he consoled himself on the sands, finally to return to Canada. But within a few hours of his return he notified the national television networks of his intention to speak on the air in order to announce a $2 billion cut in government spending. He did this without consulting the people of Canada, without consulting business, without consulting labour, but, most important of all, without consulting parliament and his cabinet. That is one-man rule. Here is a decision made to slice $2 billion from government spending.

In my opinion this government never once intended to make cuts, because the Prime Minister has already attacked our party for suggesting some of the cuts should not have taken place. He is now saying: "Look, I have tried to make cuts and the opposition simply says we should not have made them there."

I believe that the cuts which the government made were made unilaterally by the Prime Minister, and he made them in the most popular sections of each of the departments of this government. It appears to me that the Prime Minister did this deliberately and for the precise reason of getting the opposition members and the country mad so that he could shrug his shoulders and say: "Look, I have tried to make cuts but it is the reverse they want". I say look where the cuts have been made. The Prime Minister did not do away with Petro-Can, as our party is advocating. We do not need an oil company run by the same mentality as the post office. Instead the Prime Minister cut CanFarm and research to the fisheries and forestry. The Prime Minister cut weather stations located off the Atlantic coast which are vital to the fishing industry.

Those cuts were made deliberately in order to anger the population, so that when that anger reared its head the Prime Minister could shrug his shoulders and say: "I tried to make cuts, the public are angry. Obviously they want more government spending." That was the most dictatorial act this country

has ever seen, carried out by one man after his sojourn on the beaches of Morocco. He returned to Canada and announced on national television that there would be a cut of $2 billion. From what we hear the Minister of Agriculture (Mr. Whelan) did not even know that CanFarm was to be cut until after he returned to Ottawa.

This government should be locked up. The Senate is not even good enough for them. It is high time that we recognized the country has been run by people of crass determination to stay in power rather than to govern, whose mentality it is to treat the people of the nation as subjects and not as citizens, a government that assumes that once it is in power it has total authority. Programs have been cut intentionally to make people angry. Programs have been cut without feeling and without feedback regardless of the need for some of those research programs which have been taken away.

This government claims to be cutting some $500 million from this year's budget. However, the fact of the matter is that the federal government has increased its spending by some $4 billion over last year. That is no cut at all, Mr. Speaker. That is growth like the growth of mushrooms in the dark fed by the kind of fodder this government gives. We all know what this is. That is the largest dollar increase since the restraint program was implemented in 1975. On the one hand we have a situation where the government is claiming to make cuts, while on the other hand it has the largest dollar increase and that in its restraint period.

The government is projecting another spending increase of $4.3 billion between now and 1980. I cannot think of anything more hypocritical than to suggest to the Canadian people that the government is holding back while it is in fact galloping forward with glee. The government and its members ought to be ashamed and embarrassed to sit on that side of the House. If they had any courage or integrity at all they would rise, leave their seats and sit as independents. Surely this nation deserves the right to have its citizens heard without the crass disregard we are exposed to from day to day here.

An increase spending rate of 8.7 per cent was promised for 1979. In the first three months of this year the spending rate was more than double that, at 17.3 per cent. Yet the government somehow leads people to believe that it will be in the ballpark of 6 per cent to 8 per cent by the end of the year. The government dishes out one set of facts knowing full well that it is simply not the case. It makes one wonder if there is an ounce of integrity left when one piece of information is given and they know that they have no hope of ever reaching the objectives set forward.

The government claims $71 million in savings and cuts in the CBC budget. It should be noted, however, that during the past three years the budget of the CBC has increased 48 per cent. By cutting $71 million the government is simply holding the CBC to the same level of spending as last year. Over the last three years the budget of the CBC has increased 48 per cent to something in excess of $500 million. Here again the government is trying to pull the wool over people's eyes in order to create some sort of an illusion that it is cutting back. That is what this government is, government by illusion, by disguise, men and women of many masks, people who simply do not have the courage to speak with straightforward honesty to the Canadian public. It is high time that the frustrations the Canadian electorate took out on this government on October 16 are allowed to express themselves nationally.

For the past two decades federal government spending has increased from $6.2 billion to $47 billion. Then there is a whimper on the other side that we are now going to cut back when we know that the rate will increase again by more than 8 per cent. That is government by disguise. As I mentioned earlier, the Trudeau years have been a period of increases in spending of some 230 per cent. Yet they choose to shroud their information, place themselves in darkness and fail to be open.

● (1722)

This government believes in secret courts. It will not be open to its commissioners and hides information from members of parliament and the House of Commons. In every way they have lost the right to govern. In every way that message will be told when the time comes and they dare call the next election.

Ten years ago the Post Office deficit was $67 million. Through the mismanagement of this government it has increased to $567 million. In ten years the Post Office deficit has increased $500 million.

Somehow this government still believes that because you can buy a five cent stamp for a nickel, inflation has not taken place. As we all know, the 14-cent stamp is no different than what it was in the Diefenbaker years. You can still mail a letter for five cents. The other nine cents is for storage.

The government is at fault. It has labour, business and the citizens of this country against them. Everyone is against this government except itself and its will to hang on. It is high time for that will to be tested.

In ten years the number of postal employees has increased from 26,000 to 72,000, an increase of 172 per cent. Even those with the dutiful job of analysing this government have made crass statements about it. The former Auditor General, Maxwell Henderson, when he addressed the Palliser Wheat Growers Association in Saskatoon on January 4, 1978, gave a litany of examples of gross government mismanagement. Maxwell Henderson spoke very plainly about the extreme dangers facing this country. In a fairly lengthy speech, he documented how this government is out of control. While I have that speech before me, I will not quote it at length. The bottom line states that this is a government which has lost control over spending in Canada.

If this were to happen in the United States, the government would be impeached. Because it has happened in Canada, they are afraid to call an election. The least we can say about this group of people is that silence may not be golden, just plain yellow. If they had any courage, they would ask their Prime Minister to test himself with a vote of confidence from the people of this country.

If the government have any love for Canada, they will not continue to sit in their seats, crassly letting the economy erode, watching national unity in our nation become more divided rather than united, watching our productivity decrease day by day. There is among Canadians a spirit of ill feeling about the country in which they live.

This is one of the saddest starts to any parliament that we could have. We hardly got started when the throne speech debate was interrupted in order to put two labour unions back to work. It was again interrupted so that the government, for the fourth time in one fiscal year, could come to parliament to ask to borrow more money which it does not know how it is going to spend. It has given no estimates to parliament and, therefore, to the people of Canada.

This has to be a sad day in Canadian history. It is a day of precedents. Never in the history of this country have legislators been asked to issue any government in any legislature any amount of money without some notion as to how it would be spent.

This government, with all the audacity it can muster, is asking for $10 billion. For what? We do not know. Perhaps it will be used to build a swimming pool at Stornoway for the Prime Minister's retirement. Perhaps it will be used for gifts to give away at the time of the next election.

Some hon. Members: Oh, oh!

Mr. Malone: I hear the noise on the other side. As long as we are not told how it will be used, we have the right to guess. If the government will not expose how the $10 billion will be spent, we have the right to go before the media in this country and make wild guesses with no more responsibility than a government which asks for $10 billion without wanting the people to know why.

Some hon. Members: Shame!

Mr. Malone: I hear them on the other side. Perhaps this is a good note on which to end. The shame is on those who think they have the right to ask the Canadian people for $10 billion without telling them how the government are going to spend it. The shame is a clear indication of the credibility of the source. I will resume my seat. We will let the Canadian people judge after the government have the courage to call the next election.

Mr. Duclos: Mr. Speaker, I rise on a question of privilege. Will the hon. member who just spoke be courageous enough to indicate to the House what he meant in his preliminary remarks when he referred to this country as having a British economy and a French government?

Mr. Malone: Mr. Speaker, I suggest the hon. member read *Hansard* tomorrow. It is well explained in there. If he wants to draw conclusions that are erroneous, that is typical of this government. I never did and never would slur against my brother who is French. I hold him in great respect, as I do all ethnic groups.

There are those on the other side who may cause more division than unity in this country by doing as they have done. Whenever the words "French" or "English" come up in this House of Commons, they somehow try to reflect that it means something of a division. Surely the hon. member is of an age and has an education whereby he can interpret what he reads. If he wants to be suspicious, let him. However, if he has no facts, he should get some.

The Acting Speaker (Mr. Turner): Order, please. I suggest to both hon. members that is not a question of privilege.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, the purpose of Bill C-7 is to permit the government to increase Canada's indebtedness by a further $7 billion in the current fiscal year ending March 31, 1979 from the debt level outstanding at March 31, 1979. It also permits the government to increase its indebtedness by an additional $10 billion in the fiscal year ending March 31, 1980. It confirms the authority of government to borrow funds in any currency. Also, it amends the Financial Administration Act to confirm that borrowing authorities are cumulative and do not lapse with the maturity of debt issues.

Before this bill was introduced, the government had obtained borrowing authorities totalling $2 billion in the current and previous fiscal years, 1979 and 1978. The $7 billion borrowing authority requested by Bill C-7 will raise the total to $28 billion. With this authority the government may increase the unmatured debt of Canada by 66 per cent in two years. What a disgraceful record! It clearly indicates that there is no control and no proper management. This government can be termed a blank cheque government headed by a lot of blanks.

● (1732)

This is the third time the government has requested an increase in the borrowing limit for the current fiscal year. That is hardly indicative of sound financial management. When the previous borrowing authority was requested in March of 1978, the Minister of Finance (Mr. Chrétien) claimed that it would be sufficient to cover all cash requirements for the current year. The minister has now proved his own claim to be false. He has not offered a proper explanation of what happened. The government seeks borrowing authority amounting to $10 billion for 1980 without telling parliament or the Canadian people of its spending or revenue estimates and without specifying anything about the expected economic situation or the federal fiscal stance. The request for 1980 amounts to a request for the approval of a $10 billion cheque which specifies neither the payee nor the financial status of the payor.

We have objected in principle to Bill C-7 and attempted, through a second reading amendment, to have the legislation defeated and withdrawn, which it should be. It is an absolute disgrace. Instead of trying to eliminate waste and provide proper management in the country, the first thing this government does is borrow more money. One would think the least it could have done would have been to give the new Comptroller-

General a chance to clean up the unholy mess which has been created in this country over the last 15 years. This uncontrolled spending and this Liberal madness actually started in January 1963 under the Pearson government. It has accelerated since 1968, when the Prime Minister (Mr. Trudeau) took over.

Mr. Rogers, the new Comptroller-General, pointed recently in Edmonton to the appointment of the Lambert royal commission to study the quality of financial management and accountability in the government and the recently completed reviews of Crown corporations by the Privy Council. He said that the challenge now is to maintain and extend these good management practices across the whole range of government operations. Why not give that a chance?

Why not try it out for a couple of years? Let us see if we can find this money internally, as is being done in the province of Manitoba. The Manitoba government has told all provincial institutions and government departments that they will not get a blank cheque or a big handout every year. They have been told that they will have to manage their affairs better and cut out waste, and that is what government departments in Manitoba are doing. I refer to one hospital alone which has reduced its operating costs by $3.7 million because the government asked it to clean up its act. That is just one example. Administrative costs in that hospital were reduced by $400,000. Why will this government not try a plan like that? We have an expert in Mr. Rogers. Let us give him a chance to work. Then perhaps later on we might consider authorizing more borrowing. But this government is not interested in cutting out waste and improving management. As far as this government is concerned the only solution to all our problems is to borrow more money, print more money and spend more money.

Mr. Rogers went on to say that there are three key changes which must occur: a reduction in communication delays between government departments and managerial sectors of government, better medium-term planning, and better evaluation and control of government programs. Mr. Rogers also said:

> What my office and the departments need is a comprehensive status report, across the whole spectrum of financial management and control, on where we are now, what plans are in place and what further we need to do, department by department.

That makes sense and it should have been done a long time ago. Let us find the money internally instead of borrowing, borrowing, borrowing. Mismanagement is highlighted almost daily, and a glaring example was revealed this week. We learned that the government is paying $750,000 for empty office space and that the Department of Public Works will shell out an additional $3.6 million for a vacant ten-storey structure through 1984 unless Treasury Board approves a leasebreaking plan which would carry a $2 million penalty. On and on it goes in the Department of Public Works as well as every other department.

I would like to cite another example which shows that this government is not really sincere when it talks about restraint and cutting back. This week I received in my office the document I have in my hand. I am sure it cost a lot of money to print. I placed questions on the order paper yesterday in an attempt to find out the cost of printing this document, how many are being distributed and so forth. It is entitled "Ojibway Language Course Outline", and the introduction says the following:

> This Ojibway Language Course Outline was prepared to assist teachers in instructing beginners, young and old, to speak the Ojibway language. Hopefully, it will fill a need and serve as a guide.

No one could object to that, but I have absolutely no use for this document. There is no need to distribute it to every member of parliament and to everybody else across the country. Our Indian affairs critic should probably receive a copy as well as perhaps PC research and the Leader of the Opposition (Mr. Clark), but it is of absolutely no interest or concern to me. It is just a waste of taxpayers' money.

I referred to one hospital in Winnipeg and the new Manitoba government program of eliminating waste and mismanagement in government departments and all institutions. The president of the hospital to which I referred released an excellent report on how expenditures were reduced by $3.7 million. It was done by creating committees comprising nurses, medical staff and laboratory people. Teams were set up to review all operations of the hospital, and in one year costs were reduced by $3.7 million. It is unfortunate that the government is not giving Mr. Rogers and the Auditor General a chance to implement their plans to eliminate waste and mismanagement and to save hundreds of millions of dollars within the government. The government does not want to do that. That is not the way it wants to operate. It wants to borrow more money.

It is interesting to hear some Liberal backbenchers talk. The other day the hon. member for Vancouver East (Mr. Lee) defended the government and its record and told us of the wonderful job it is doing. He criticized us, saying that it is just terrible that we have the audacity to criticize this government's uncontrolled spending. The hon. member says one thing in the House of Commons and another thing when he is in his riding. I would like to quote from an article which reported what the hon. member said in Vancouver. This news report states:

> Federal Liberal backbencher Art Lee criticized his government Saturday for failing to restrain spending and inflation.
>
> Lee, MP from Vancouver East, told the party's B.C. convention that "this government has fallen short of handling the Canadian economy as well as it might have."

That is the understatement of the year.

> —"the federal government has lost control over its own bureaucracy and over it own purse strings."

That is what he said back home, but what does he say here? He defends this irresponsible government. The report went on to say the following:

> "The federal government must balance the budget and declare a moratorium on the growth of the public service," Lee told about 250 applauding Liberals.

That is probably all the Liberals there are left in British Columbia.

Mr. Lee: Mr. Speaker, I rise on a point of order. If the hon. member would care to look, he would find that that speech was made in 1975.

What the hon. member quotes me as saying in 1975 is something I fully subscribed to at that time, but because of speeches of backbench members of the Liberal party, who have great influence on members on the Treasury benches, since 1975 the government has been reducing its expenditures below the level of the rate of growth of the gross national product. Last August the government announced a very sincere program with respect to government restraint. The government said it would curtail financial requirements by $500 million for the current fiscal year and projected a further curtailment of $2.5 billion for the next fiscal year. Because of the influence of members like myself, that is the kind of action this government takes. The hon. member deliberately did not tell us the date of the news report.

Mr. McKenzie: Mr. Speaker, the date is at the bottom of the article. For the convenience of the hon. member for Vancouver East, I point out that the date is September 29, 1975. If his statements were relevant then, they are more relevent today. He speaks about a restraint program. If there is a restraint program, why is the government wanting to borrow $17 billion?

● (1742)

The hon. member went on to say that this was not only a necessity, it was a matter of paramount importance if we were to cope adequately with inflation, and the government was not doing enough to bring its expenditures into line with the economy. If that was the way he felt, I do not know how he can possibly sit over there now with that political party after that statement in 1975 and what is facing us here today.

We have had a series of finance ministers who have been complete failures. Probably the biggest failure of all was John Turner. Federal government spending more than doubled when he was finance minister. When he departed, Mr. Macdonald took over, but he could not straighten out the mess so he too resigned and departed. He did not do enough damage here, so now he is travelling around the country making a series of statements. Speaking in New York recently he said that personal attacks on the Prime Minister may polarize Canadian opinion and destroy confederation. Let me remind hon. members that the Prime Minister is responsible for introducing the rule changes in 1968; he is not the type of man who wants to be accountable to parliament or the Canadian people.

Also, officials, whether it is at the federal, provincial or municipal level, want to reduce the accounting system so there is no proper examination of the expenditures. Prior to 1968 there used to be approximately 450 votes with itemized accounts of every federal government department so you could see what was going on. That number was reduced to approximately 160 votes. Now when we look at the estimates of every department we see that "others" went up 43 million and "miscellaneous" went up $5 million, and this sort of nonsense.

The article to which I referred earlier goes on to read:

> Macdonald, who resigned from the Trudeau cabinet a little more than a year ago, blames what he calls "very substantial prejudice" in English speaking Canada against the Prime Minister because he is a French Canadian.

That is absolute nonsense. Our concern lies with the way the government has handled tax dollars and the economy of this country. The previous prime minister, Mr. Pearson, started all this in January of 1963. We criticized the government's record then, and Mr. Pearson was an Anglophone. So it has nothing to do with the nationality of the person running the government. What Mr. Macdonald said was a lot of nonsense and he will not kid anybody in western Canada or any place else with such statements.

Dennis Braithwaite said it very well in a recent article in the Toronto *Star* when he wrote about the Liberals clamouring to get rid of the present Prime Minister and wanting to bring back John Turner. I did not hear Mr. Macdonald, in his statement in New York, say anything about the Manitoba Liberal candidates who want to dump the Prime Minister. Do they want to dump him because he is a French Canadian? Why does Mr. Macdonald not raise that? They are having a squabble in Manitoba.

Mr. Martin: Mr. Speaker, I rise on a point of order. We are in the process of debating a bill which is before this parliament, namely, Bill C-7. I can find nothing in the remarks of the hon. member opposite in the last several minutes that has had any bearing whatsoever on the bill. I wonder if that might be drawn to his attention, Mr. Speaker.

The Acting Speaker (Mr. Turner): I suggest the hon. member revert to the terms of Bill C-7.

Mr. McKenzie: Mr. Speaker, the terms of the bill cover the borrowing of large amounts of money, and if we had a responsible government, we would not be presented with such a bill in the first place. That is why I am highlighting all the squabbling within the Liberal party over their present leader and the confusion this is causing around the country. Apparently they are upset, and I can understand their being upset, with regard to the way the Prime Minister has allowed the government to get out of control and has handed a blank cheque to every cabinet minister to spend just as he likes. Of course, their main concern is to run the Liberal Party in western Canada in the next federal election. I think their candidates will not qualify under the Election Expenses Act, as was the case with the Liberal candidate in Burnaby-Richmond-Delta. He did not get 15 per cent of the votes; in fact, he got less than 10 per cent, and 51 Liberals lost their deposits in the provincial election in Saskatchewan. So I can understand why nobody wants to run for the Liberal party out in western Canada.

Here is another example of what is wrong with Canada and how this government mismanages the country. We want to encourage entrepreneurs in Canada and we want products to be manufactured in this country. I will read an article about a gentleman who resided in Saskatchewan but who is leaving Canada now because he cannot get anywhere here. He said he

is fed up with Ottawa. The article is entitled, "Fed up with Ottawa, disgruntled inventor heads south". The gentleman resided in Ebenezer, Saskatchewan.

Add John Appelt's name to the long list of disgruntled Canadian inventors.

Earlier this month Mr. Appelt, his wife Molly and son Russell packed all they could carry in a converted bus and headed for the United States, frustrated at the treatment the Canadian government and industry gave his latest invention, a grasshopper harvester.

Mr. Appelt, 42, who also works as an upholsterer, said he doubts he will return to this village 120 kilometres east of Regina, or to Canada to stay.

"A year ago, I was a solid Canadian and I thought it was the best country to be in," he said.

He goes on to explain his invention.

Mr. Condon: Mr. Speaker, I rise on a point of order. May I ask the present speaker a question?

Mr. McKenzie: The hon. member may do so at the end of my speech, Mr. Speaker. The gentleman went on to say that he reserves his most scathing criticism for the federal Department of Agriculture which, he says, thwarted his attempts to get the grasshopper harvester recognized as a legitimate machine. The article goes on:

He believes the department discouraged him because his invention would use mechanical means, not chemical sprays, to control the prairie pests. "I solidly believe Agriculture Canada is bought and sold by the chemical companies," he said.

That is quite a charge, Mr. Speaker. The Montana Energy Research and Development Institute welcomed the gentleman down there and they will help him develop his new invention. This is another example of mismanagement and a very serious charge against a federal department's operation.

The Liberals are so anxious to replace the present Prime Minister that they want to have John Turner back. That is understandable. They would not want to look for a responsible person who has had a good record in office as minister of finance; they want somebody who was a total failure.

I would like to give some examples from the time when all this highly accelerated waste and mismanagement started. During the period in which the Hon. John Turner was minister of finance, spending by the federal government jumped by 99.8 per cent. To put it another way, it took us 105 years to reach a federal spending level of $17,004.4 million. Mr. Turner doubled that figure in 44 months, taking the level of governmental spending in his brief term to twice that reached by federal governments since confederation. He is the person they want to bring in to replace the present Prime Minister! That is jumping from the frying pan into the fire.

● (1752)

Under the budgets which Mr. Turner brought into parliament, $113 billion of taxpayers' money was spent, or at least borrowed. When Mr. Turner took over from Edgar Benson, inflation was running at 4.9 per cent. When he left, it was 10.6 per cent. Under the aegis of Mr. Turner, the cost of living jumped 38.5 per cent and the dollar, if one assumes it was worth 100 cents in January, 1972, was worth only 72 cents when he walked out to Bay Street. Is this the man who should replace the present Prime Minister?

At the time John Turner was given the mantle in January, 1972, there were 544,000 people out of work. When he left, 732,000 Canadians were unemployed. In spite of record spending and all the measures he took to promote employment in business, only 69,000 jobs were created in the manufacturing sector from December, 1971 to December, 1975.

In 1972 there was a surplus of $700 million in our current account balance, which is the equivalent of our country's checking account in international trade. In 1975 there was a deficit of almost $5 billion. In the aggregate, since Mr. Turner took over the nation has had a current account deficit every year. It goes on and on. It is a disgraceful and unbelievable record. Apparently Mr. Turner has charisma. We have seen that in the past, but it is not one of the qualifications for running the country in a sound and businesslike manner. This is not Hollywood show business. The charisma gimmick has outlived its usefulness. That is the only reason why they want to bring this man back, but he will not fool Canadians.

The devaluation of the Canadian dollar has been caused mostly by mismanagement of the nation's business and government borrowing. No longer are we an attractive country in which to invest money. We cannot even encourage Canadians to invest in Canada. The Canadian dollar was overvalued because the present administration damaged seriously the financial solvency of Canada. In the 1978 fiscal year, the government could raise less than 80 per cent of the revenues required to finance its wild spending habits. In 1979 the government will be able to raise only 75 per cent of the required revenues. The international investment community distrusts a government willing to live so far beyond its means. They are unwilling to buy a currency which the government persists in debasing through excessive deficit spending. When will it end? It goes on and on. It never stops. It is completely and totally irresponsible.

The Canadian dollar was overvalued because of the government's inability to cope with any of Canada's current economic problems. Low real growth, high unemployment and high inflation have prevailed in Canada for four years. There are no signs of improvement. Meanwhile the government continues to take actions which harm business and investor confidence. It continues to make policy changes regarding wage and price controls, foreign investment controls, and a harsher competition policy. There is an increasing burden of regulation and government interference. Also, we are faced with continuing threats by the Prime Minister regarding increasing federal intervention.

The fall of the dollar was triggered by the election of the Parti Québécois in November 1976. Between the two of them, they have done a great job of downgrading Canada.

An hon. Member: They supported you in the by-elections.

Mr. McKenzie: I should like to refer to a few of our proposals which are supported by the Economic Council of Canada.

An hon. Member: Oh, oh!

Mr. McKenzie: It is interesting to listen to the comments of backbenchers opposite. They criticize us and they criticize you. I will defy you—

Mr. Knowles (Winnipeg North Centre): Order.

The Acting Speaker (Mr. Turner): Order.

An hon. Member: Address the Speaker.

Mr. Hnatyshyn: Address the Chair.

Mr. McKenzie: All right. Through you, Mr. Speaker, I defy them to find anyone in Canada who knows anything about economics and government and has anything good to say about the government, or will support anything it does.

An hon. Member: Address the Chair.

Mr. Hnatyshyn: Name one.

Mr. Beatty: Name 40.

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

Mr. McKenzie: The Canadian dollar—

The Acting Speaker (Mr. Turner): Order, please. The Chair recognizes the hon. Parliamentary Secretary to the Minister of Finance (Mr. Martin).

Some hon. Members: Hear, hear!

Mr. Martin: Mr. Speaker, has the hon. member looked at any part of the speech of the Prime Minister (Mr. Trudeau)? Does he know where Canada stands in relation to the other 15 industrialized countries in the world?

Mr. Gillies: Thirteenth.

Mr. Martin: It is in first and second place in most cases. I am quite sure the hon. Leader of the Opposition (Mr. Clark)—

Mr. Paproski: Order, order!

Mr. Hnatyshyn: That is a point of argument.

Mr. Martin: —and the hon. member for York-Simcoe (Mr. Stevens)—

The Acting Speaker (Mr. Turner): The hon. parliamentary secretary is getting into debate.

Mr. Paproski: That is correct.

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

Mr. McKenzie: In an attempt at continuing—

The Acting Speaker (Mr. Turner): The hon. Minister of State for Small Business (Mr. Abbott) is recognized by the Chair.

Mr. Abbott: Mr. Speaker, I should like to point out that approximately two days ago Mr. John Bulloch, President of the Canadian Federation of Independent Business, had high praise for the economy.

Some hon. Members: Oh, oh!

Mr. Abbott: He felt that there was a considerable degree of hypocrisy about it, I would assume from his remarks.

Mr. Mazankowski: So does Eugene Whelan.

The Acting Speaker (Mr. Turner): The hon. member for Winnipeg South (Mr. McKenzie) has the floor.

Mr. McKenzie: Thank you, Mr. Speaker. There is a record number of small business bankruptcies. I am sure Mr. Bulloch was praising your records respecting small businesses.

Mr. Knowles (Winnipeg North Centre): Order.

An hon. Member: Address the Chair.

Mr. McKenzie: There has never been so many bankruptcies in the country as there are today. If I want any statistics as to where this country stands, certainly I will not refer to the speech made by the Prime Minister. His speech—

The Acting Speaker (Mr. Turner): I suggest the hon. member return to Bill C-7.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Call it six o'clock.

Mr. Paproski: Call it six o'clock.

Mr. McKenzie: Your Honour allowed the intervention of the parliamentary secretary on statistics.

The Acting Speaker (Mr. Turner): Order, please. The parliamentary secretary rose on a point of order. I suggest the hon. member return to the terms of Bill C-7.

Some hon. Members: Hear, hear!

Mr. McKenzie: May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Turner): It being six o'clock, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, October 26, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

NEW MEMBER

Mr. Speaker: Order, please. I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Paul McCrossan, Esq., member for the electoral district of York-Scarborough.

* * *

NEW MEMBER INTRODUCED

Paul McCrossan, Esq., member for the electoral district of York-Scarborough, introduced by Mr. Joe Clark and Mr. James Gillies.

* * *

ROYAL CANADIAN MOUNTED POLICE

REQUEST FOR McDONALD COMMISSION INTERIM REPORT—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity, inasmuch as the government has given terms of reference to the McDonald commission which include the question of ministerial involvement, knowledge or approval of Royal Canadian Mounted Police activities, but cannot absolve the House of its duty to consider the conduct of ministers of parliament I move:

That this House requests the Prime Minister to urge the commission to bring in an interim report dealing with this issue so that members can examine the accuracy of ministers' statements in that regard and decide if any action needs to be taken in parliament in the light of the evidence, findings and recommendations of the commission; and, further, requests that the interim report be presented in time so that it can be considered in this current parliament.

Mr. Speaker: Presentation of such a motion can be done only with the unanimous consent of the House, pursuant to the provisions of Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ARTS, LETTERS AND SCIENCES

REQUEST TODAY BE DECLARED ARTS DAY—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion which, because of prior consultation, I believe the House will find acceptable.

Considering that artists and members of the cultural community provide goods and services to the Canadian public in the form of entertainment, works of art and achievements of excellence; that these goods and services are provided at costs which are substantially less than their value in ensuring a Canadian identity; that 65,000 people are employed gainfully in the literary, visual and performing arts; that all Canadians benefit from the discipline and dedication which these people show toward their work; and because of the importance of culture and the arts in maintaining and promoting a sense of national identity and a common expression of national values, I move, seconded by the hon. member for Charlevoix (Mr. Lapointe):

● (1412)

That this House declare its support for those involved in artistic and cultural activities by declaring today, Thursday, October 26, 1978, Arts Day across Canada.

Mr. Speaker: Presentation of such a motion for discussion at this time, pursuant to Standing Order 43, can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: It is, therefore, moved by Mr. Symes, seconded by Mr. Lapointe:

That this House declare its support for those involved in artistic and cultural activities by declaring today, Thursday, October 26, 1978, Arts Day across Canada.

Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Hon. John Roberts (Secretary of State): Mr. Speaker, I want very much to speak on this motion: first of all, to welcome the initiative which has been taken by the arts group

in coming to Ottawa today to present publicly their case as they have. We on this side of the House welcome it very strongly. We as a government provide support for the arts, something which we do out of firm conviction for a variety of reasons. Government support for the arts is not a response to some marginal interest of the public nor a mere frill in government expenditure: it is because these programs respond to deeply felt human needs which it is important for government to deal with.

Our second belief is that Canadian artists in their work, consciously—perhaps sometimes unconsciously—express Canadian response to the Canadian experience within their works. Their efforts are extremely important to this country because they help affirm for us all a sense of Canadian identity.

The third point—a point which, I think, is not often recognized by members of this House—is that support for the arts in Canada is support for an important industry in this country. The investments which we make as governments in this area come back to us in terms of the employment of Canadians and a multiple of economic benefits.

[*Translation*]

I want to indicate, Mr. Speaker, that to us it is not a figment of the imagination. People often talk about cuts in government programs in this area, and it is true that we were concerned about possible future cuts. I must say to the House that there was even an increase for the year 1979-80, a marginal one, I admit, to support the arts. As far as the government is concerned, it is essential that artists in this country are successful in their work, which is important both for the human mind and for us as Canadians. Mr. Speaker, the representatives who are sitting today in the galleries asked—

[*English*]

—for an inquiry, perhaps for a commission, into the future of the arts in this country. We have within the Department of the Secretary of State already begun an examination ourselves of what should be the long-term strategy for government funding in this area. We are determined that our efforts in this area should take place publicly. We will be involving this committee and the Canadian Conference of the Arts in discussing with us how we can most appropriately design an effective policy for the government in the future in this area.

Mr. Speaker: Is the House ready for the question? There are a number of other members who seek the floor. I have no authority to give them the floor at this moment. The question period is to begin at this time, and Standing Orders make it clear that we must interrupt this debate to begin the question period.

An hon. Member: Come on; you gave the minister a chance.

Mr. Speaker: Order, please. This matter is before the House. It is debatable, the debate has begun and it is my interpretation of the Standing Orders that we must now begin the question period, and then at three o'clock the subject matter is transferred, pursuant to Standing Orders, to government orders to be taken up at some other time.

If there are any other points to be raised with respect to the continuance of the debate, I will hear them at three o'clock. At the moment, I must begin the question period. I cannot put the question, because the debate is not concluded; there are other members who wish to participate.

ORAL QUESTION PERIOD

[*English*]

UNEMPLOYMENT INSURANCE

OVERPAYMENTS UNDER PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the Minister of Employment and Immigration. Yesterday, in the report of the minister's department, the Auditor General of Canada identified $142 million in overpayments under the UIC program. This, of course, is in addition to the $68 million already identified by the minister's department, for a total of $210 million in overpayments.

• (1417)

At a time when this government is supposed to be practising restraint, what does the minister intend to do about this intolerable situation? I can assure him that this kind of mismanagement and excess is unacceptable to the people of Canada.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I welcome the hon. member's question: it gives me an opportunity to put the facts into better perspective than heretofore. We are not just embarking now, but we embarked a year ago on seeking the assistance of the Auditor General with a view to indicating to us how we could best balance the service operation with the control mechanisms.

The Auditor General was good enough to put a team of experts into this field to examine something like 1,000 files out of the 2.3 million that were involved within a year. They spent about 4½ hours per file, where we only had the opportunity to spend about 20 minutes per file. On that basis, he gave us some indication of areas where there may be—and he cannot be positive about this—undetected overpayment. On that basis, not this year but last year we embarked upon a pilot project called Information on Hirings, from employers. We have put that in place in six regions of the country. We are improving our on-line computer system. I think it is important to realize that in any payment that is made directly to an individual or groups of individuals, invariably there are going to be overpayments. We have to determine how we can best balance the service with the overpayment and tighten up

wherever possible in order to give this particular program the control it needs, as well as the service.

Mr. McGrath: Mr. Speaker, a supplementary question. Last year the Auditor General identified $95 million in overpayments and made specific recommendations. He outlined the fact that existing control procedures were inadequate. Obviously, his recommendations were not acted upon because the total has now gone to over $200 million.

Why were the recommendations of the Auditor General not acted upon last year, and how does the minister explain the fact that we are faced with another $142 million overpayment?

Mr. Cullen: Mr. Speaker, it was precisely because of the Auditor General's report that we took action in the pilot project known as Information on Hirings. As one of the steps we are improving the quantity and quality control. The increase the hon. member has thrown in is actual overpayments that we detected and most of which have been collected. He adds that on to the $142 million but, in fact, the two are not comparable. The supposed overpayment indicated by the Auditor General is the $142 million and, as I have indicated, we are working in four or five different areas to tighten up the control mechanism.

It must always be remembered that we have to balance this with service to something like 2.3 million people. We pay out close to $4 billion per year. I think this program stacks up well against OHIP, workmen's compensation or any payments in the private sector to large numbers of people.

Mr. McGrath: Obviously, Mr. Speaker, the minister is saying to us, "What's $142 million?"

Mr. Cullen: No, I am not.

Mr. McGrath: I can assure him that the House is entitled to an explanation. What steps did he take last year, when the Auditor General said that control procedures were inadequate? At that time there was $95 million in overpayments.

What steps did he take at that time, and will he now, through his House leader, make provision to have a report of his department containing this special audit by the Auditor General referred to the Standing Committee on Public Accounts, or does he subscribe to the view of the UIC director that the increase in overpayments is not major?

Mr. Cullen: Mr. Speaker, I met with the Auditor General both before and after his report last year to indicate that we would like to have stronger control mechanisms. We have to indicate to him how much money we are prepared to spend in addition to what we are spending now to put that control mechanism in place. We indicated to him that we were bringing forward a program on information on hirings which would be helpful. The computer programming that we are putting in place, the improvement in the quantity and quality control, all these mechanisms are directed to helping us in this particular area of control.

I am surprised the hon. member would suggest that I made the statement, "What's $142 million?" That statement was never made. I am very much concerned, not only as a result of this, but the UIC director indicated the increase from last year was something like $19 million. Given the increased number of claims, the increase in the amount of pay-out and the extended length of period that people are on particular claims, the difference was about $19 million. When he said $19 million, I suspect he was indicating that $19 million of a difference in a $3.9 billion payment is probably not a significant figure in that context.

● (1422)

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, we think that over $210 million is certainly very significant: it is major and it calls for action. I notice that the minister ignored one of the most important parts of the hon. member's question.

Will the minister now stand up and state that he will be prepared to recommend to the government House leader that this entire matter, particularly the Auditor General's report, be referred to the Standing Committee on Public Accounts for study? Surely this sort of mismanagement and ineptness in connection with government restraint calls for this matter to be examined. Will you recommend that to the government House leader?

Mr. Cullen: Mr. Speaker, I never thought that in the House of Commons I would see the time when the hon. member for St. John's West would have to have his question pumped up and psyched up by the hon. member for Hamilton West.

Some hon. Members: Oh, oh!

Mr. Cullen: The fact of the matter is, and the hon. member for Hamilton West should know this, that we tabled our reports yesterday spelling out this particular statement made by the Auditor General, as well as several other positive things that have come about. The hon. member also knows that the Auditor General will, in fact, be making a report on this particular subject and that that will be referred to the public accounts committee.

I would challenge the hon. member to find any other program of this size, where direct payments have to be made to the public, where the error factor or the overpayment can be shown to be better than the one in this program.

Mr. Alexander: Mr. Speaker, I am used to this minister and his flim-flam. Now let me talk about the $210 million. Is this an entire loss to the Canadian people, through this government's incompetence, or is the minister prepared now to stand up and tell the Canadian people what steps he will take in order to try to recover some of this $210 million?

Mr. Jamieson: Including St. John's East.

Mr. Alexander: Let's hear from you on Namibia.

Mr. Cullen: Mr. Speaker, I do not know how long or short a time. I am rather accustomed to the hon. member's theatrical appearances here when he puts a question that I think he could put more seriously. The fact of the matter is that we have taken several actions in this particular area. We have indicated that we sought the help—we did not seek to hide this—of the Auditor General in this particular program. He was kind enough to give it. He was prepared to put personnel to work on 1,000 files that we have, spending something like 4½ hours on each file, whereas I have indicated that we spent something like 20 minutes.

We are prepared to go before the public accounts committee when the Auditor General's report comes out. In so far as the collections are concerned, we did embark on an advertising program indicating we were going to take that particular action. We thought it was appropriate to let people know we were going to tighten up. We moved the prosecutions up from 2,000 to 7,000. The administrative penalties have increased by something like 100,000 in the course of a year. So we are taking action. But that is not the answer to the overpayments, Mr. Speaker. The answer to that is to find some control mechanism that will make this as close to perfection as we can.

Mr. Alexander: Mr. Speaker, now we are talking about control mechanism. I can recall when the minister downplayed the fraud squad. Can he advise this House and the people of Canada what steps he has taken to bring about a more effective fraud squad, or is he still prepared to let this go by the way and at the expense of the Canadian taxpayer? Can we have some information about the fraud squad, which I understand was quite effective?

Mr. McGrath: So effective they had to disband it.

Mr. Cullen: Mr. Speaker, rather than decreasing the impact of the so-called fraud squad, we thought that rather than zero in on particular areas or regions of the country we should do this detection across the country. When we moved from the post-fraud squad era, we moved from 2,000 to 7,000 prosecutions; we moved from detecting 327,000 to detecting 447,000 violations of the act. So that to zoom in and suggest that the fraud squad is doing a job that would embarrass the government is just not in accordance with the facts.

Mr. Alexander: You said it, not me.

Mr. Cullen: I never said that, Mr. Speaker. The hon. member is misquoting me again.

* * *

● (1427)

POST OFFICE

ADDITIONAL PERSONS TO ASSIST MEDIATOR-ARBITRATOR IN SETTLING LABOUR DISPUTE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Acting Minister of Labour. Will the minister confirm that, following discussions which have taken place during the past 24 hours, the government has agreed to add two further persons to the mediator-arbitrator working on the postal dispute, one to be appointed by the Canadian Union of Postal Workers and one to be appointed by the Post Office?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, I have taken note of the very constructive suggestion that has been made by the Canadian Labour Congress. I discussed this suggestion with the mediator-arbitrator, who thinks it has great merit. Therefore, I am ready to appoint two assessors if the union representing the employees, and the employer, both want it, one to be recommended by each party, to assist the mediator-arbitrator in carrying out his duty.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I will direct my supplementary question to the Postmaster General. Will the Postmaster General confirm whether the government has agreed that, in dealing with a number of complex clauses in the agreement between the Post Office and CUPW as interpreted by Judge Tremblay and the two additional persons, it will give its unequivocal commitment that no existing benefits will be withdrawn from the union?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, first I should like to inform the House that our entire work force was back to work this morning and I hope that the mail will be delivered in the shortest possible time. In reply to the question put by the hon. member for Oshawa-Whitby, I can say that he should rely on my co-operation for the appointment of an individual to assist the mediator-arbitrator appointed by the Department of Labour. Mr. Speaker, the Post Office Department does not usually withdraw acquired rights when negotiating with its employees. I can assure the House that if, for example, there are 56,000 grievances outstanding at present it is merely due to the fact that the terms of the collective agreement should be clarified and their meaning made more accurate. I think that the suggested appointment of two qualified persons to assist the mediator-arbitrator help clarify and specify the terms of the collective agreement is good.

[*English*]

Mr. Broadbent: I would like to get the answer a little more clearly from the Postmaster General. In addition to suggesting that two people be added, one from CUPW and one from the Post Office, I also had in mind the fact that union members currently believe—reasonably so, in terms of the law that was passed—that existing rights might be taken away. Will the minister state unequivocally that this will not be the case?

I repeat the question: is the minister in agreement that Judge Tremblay and the two persons who will be interpreting the complex clauses will have, as a mandate from the government, the insistence that whatever decision they reach in such

interpretations, no existing rights or benefits will be withdrawn?

Mr. Lamontagne: Mr. Speaker, it seems clear from what the hon. member for Oshawa-Whitby just said that the final decision will be made by the mediator-arbitrator. He will make his decision after discussing what must be clarified in the language of the collective agreement. I do not think there will be any question of a rollback, as it is called in a collective agreement. That was never our intention. The final decision will be made by these three persons.

* * *

● (1432)

[*Translation*]

INCOME TAX

MEMO FROM CHAMBER OF COMMERCE ASKING FOR REDUCTION IN INDIVIDUAL INCOME TAX—REACTION OF MINISTER

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Finance. Reports appeared in the morning papers that yesterday the Chamber of Commerce submitted a memo to the minister in which they suggest a reduction in individual income tax. Would the minister tell the House whether or not he is aware of the contents of that memo and what answer he intends to give in light of those recommendations?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am now receiving briefs from several organizations before presenting my budget. I have met with most of the finance ministers in Canada as well as businessmen and union leaders throughout the country. That is a process of consultations which I began last spring and which I intend to continue. I receive advice which does appear contradictory at times but I take it into consideration. All those consultations will help me draft a budget which will reflect the views I have received, but in the end it will be the government's responsibility to announce its own measures and I will take into account recommendations from the Chamber of Commerce when I will be preparing my budget.

* * *

[*English*]

FINANCE

EFFECT OF FOREIGN BORROWINGS ON CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that in the last six months there has been borrowing at all levels in Canada to the amount of something like $4.4 billion of foreign funds—well in excess of the present current account deficit—would the minister tell us why, in spite of this massive borrowing, our dollar is continuing to tumble, hanging, as it is now, within a rather wobbly 84-cent range?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have explained the policy with regard to the dollar almost every week since I became minister. The Canadian dollar is a floating currency and the governor of the bank intervenes only to make sure that the market operates in an orderly fashion. The rate of the Canadian dollar is determined by the market.

Mr. Stevens: Mr. Speaker, since at a seminar in New York yesterday attended by many international bankers of the world it was widely reported that the Bank of Canada had lost still further reserves in the current month, defending the floating dollar in the way the Minister of Finance claims it is not doing, would the minister tell us, in addition to the $750 million, October 15 issue which now has a red herring out on it, what additional foreign borrowing he contemplates will be needed in the next six months?

Mr. Chrétien: Mr. Speaker, when we decide to borrow abroad, or outside Canada, we make the announcement the day we take that decision. No such decision is being taken by the government at this time.

Mr. Stevens: Mr. Speaker, a further question to the Minister of Finance, who appears to want to continue the charade about a floating dollar. Would he indicate what, in his opinion, is a fair value for the Canadian dollar in relation to the U.S. dollar, bearing in mind that if he and the government are not willing to show what in their opinion is a fair value, one cannot expect world confidence to be restored in the dollar at any level?

Mr. Chrétien: Mr. Speaker, the hon. member likes to make all sorts of statements. It is not for me to determine the value of the Canadian dollar: it is a floating currency and its value is determined by the market.

DEDUCTIBILITY OF MORTGAGE INTEREST PAYMENTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Finance. The government has appointed 23 sectoral task forces to report on different phases of the Canadian economy, and now a two-tier committee representing business, labour and the academic world has reported. One of the recommendations is this, and they are proud that they are able to agree: they note that the deductibility of mortgage interest payments should be reviewed by the government and given careful consideration.

In the light of this recommendation, is the minister dropping his fanatic opposition to mortgage interest deductibility, and has he given thought to including such a provision in his budget and considering it as a possibility?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have explained that if at this time we were to introduce a program which would cost the treasury $3 billion in loss of revenue, at the time we are running a large deficit which the

opposition does not like, I would almost certainly be criticized. This, in our view, would not be a fair program. There are better ways. Of course, when I prepare my budget I have to consider all the alternatives there are.

One of my big problems is this: I cannot understand the opposition. One day they complain about the size of the deficit, and another day they propose to cut $5 billion from taxes. It is pure irresponsibility.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, I realize that the understanding shown by the Minister of Finance, of anything, is very limited. Has he read the review of the Economic Council of Canada and all the other reviews which indicate that stimulation is now needed?

My supplementary is this: in the report of the same task force we find the statement that continental free trade should not be pursued as a general policy, but only as a selective sectoral strategy where appropriate. The government had another report from the other place studying Canada-U.S. relations this summer, recommending that serious consideration be given to U.S.-Canadian free trade. Which of these recommendations, if either, is presently under study by the government? Does the government mean to adopt either one of them?

Mr. Chrétien: Mr. Speaker, we have talked very often about this problem. Of course, everyone is making all sorts of recommendations—the hon. member illustrates this very clearly in his question—and we shall take the best course. In some instances we have negotiated free trade arrangements with the Americans which have been very good for Canada—for example, the auto pact—and if there are other agreements of that sort which could be devised, that is all right; but we are not planning to develop an economy fully integrated with that of the United States.

* * *

ROYAL CANADIAN MOUNTED POLICE

INDEMNIFICATION OF COURT COSTS OF MEMBERS OF FORCE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Solicitor General in an effort to elicit more detail with respect to the policy of protection and indemnification of members of the RCMP, referred to in the House yesterday. Has the minister been able to discover the extent of the practice? How widely was it implemented?

Specifically, did Chief Superintendent Donald Cobb enjoy the protection and indemnity provisions under the same theory, I presume, as that by which the former minister gets support in his litigation problems?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. gentleman will recall that yesterday, when this matter was brought up, I indicated that it was related to a document which had been circulated and made public by the commission. The hon. gentleman will also recall that it refers to a policy within the force itself, which policy is being reviewed by the McDonald inquiry. He will also recall that initially, when the inquiry began its deliberations and I assumed my responsibilities, I indicated it would not be my policy to deal with matters before the commission on a day to day basis.

Mr. MacKay: Mr. Speaker, I am sorry the minister will not give such a straightforward question at least a semblance of an answer. I want to put a question to him on a related matter. Has he been briefed on the circumstances in which a prominent Canadian journalist, reportedly Peter C. Newman, at the request of an ex-member of the RCMP conveyed information to the then solicitor general relating to testimony given before the Standing Committee on Justice and Legal Affairs in May of 1973? The minister was at that time a member of that committee.

Does he know what, if anything, resulted from the communication of information to the present Minister of Consumer and Corporate Affairs, and what if anything, was done about it? Has he seen correspondence directed to the then solicitor general by this ex-member? Has he had the benefit of that information?

Mr. Blais: Mr. Speaker, I recall being a member of the committee at the time but, of course, I was not exercising my present functions. I hope the hon. member will recognize that he has brought forward some specific facts with regard to which I cannot be expected to have knowledge at the tips of my fingers, as it were.

I am somewhat disappointed that in their two questions, hon. gentlemen opposite did not call attention to the amnesty recall program to which I have given some publicity and which will be receiving additional publicity in the immediate future.

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SPORTS

FEDERAL ASSISTANCE TO PAN-AMERICAN GAMES

Mr. Art Lee (Vancouver East): Mr. Speaker, I have a question for the Minister of State (Fitness and Amateur Sport). In view of the announced intention of the B.C. minister of recreation and the mayor of Vancouver to submit an application on behalf of Vancouver to host the 1987 Pan-American Games, can the minister advise the House whether the federal government intends to assist in this worthwhile endeavour?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the B.C. minister and mayor of Vancouver seem to be engaging in a new and unusual form of consultation, since I have heard nothing of this from them.

● (1442)

I suppose this consultation may be forthcoming since I read a news report stating the revenue which could be forthcoming from the federal government would be that of Loto Canada. They seem to have a respect for Loto Canada, but not for the normal courtesies of consultation. If and when I receive notification, I will be pleased to answer it.

* * *

ARTS, LETTERS AND SCIENCES

FUNDING OF CULTURAL ORGANIZATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State. I was delighted to hear the Secretary of State make his commitment on the arts today. I hope he has persuaded some of his cabinet colleagues, particularly the President of the Treasury Board.

Since I wrote to the Secretary of State on August 31 with respect to a proposal which, in line with the government's restraint program, would reduce its spending but increase its funding directly to the Canada Council by $2 million—a body which has had its budget frozen for nearly four years—and since the minister's only public response was to cut the budget of the Canada Council, that of the CBC, the National Film Board, the Film Development Corporation and other artistic and cultural institutions—which may have disastrous repercussions, as the minister well knows, for artistic communities in the country, the closing of art galleries and theatres, etc.—in view of this virtual freeze in constant dollars to the Canada Council and the crisis that is being created in the arts, what concrete action is the minister planning to take?

Hon. John Roberts (Secretary of State): Mr. Speaker, I am surprised at the hon. member's question—

An hon. Member: I am not.

Mr. Roberts: —because usually he is more conscious of the facts than he seems to be today. The Canada Council's budget was not reduced; its base budget was increased by $3 million, or almost 8 per cent or 9 per cent. The budget of the CFDC was not cut, Mr. Speaker; it was increased.

It is true—now I regret it—that I did not reply to the hon. member's letter because I did not take it very seriously. He was suggesting that the budget for the Canadian Unity information office be wiped out—I am sorry Mr. Speaker; he suggested it be cut down by $9 million of $10 million—and this seemed to me to be an irresponsible suggestion, given the referendum which is to take place in Quebec in the coming year. He suggested that we should cut out the funds of the French and English national theatre companies at the National Arts Centre, which seemed to me to be an extraordinarily irresponsible suggestion.

Some hon. Members: Shame!

Mr. Roberts: So I came to the conclusion that the letter was sent to me for no other purpose than to garner some newspaper publicity in what I consider to be an irresponsible way.

An hon. Member: Oh, David!

Mr. Roberts: The last point on which the hon. member is again incorrect is in his indication that this government is insensitive to the arts. The fact of the matter is, as I said, that the basic budgets of the arts organizations have been marginally increased. It is true that the budget for the CBC was frozen, but budgets over-all were increased rather than cut. In view of newspaper speculation that there were going to be cuts of something in the order of $60 million to $90 million, I would have thought he would have recognized the strong determination of this government, shared by my colleagues, including the President of the Treasury Board, to make sure that this area of activity continues to receive strong government support.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Mr. Speaker, there is a great line from Shakespeare which is appropriate to the occasion. It is, "methinks thou dost protest too much".

I wonder if the minister could refer to two specific matters that happen to be of great concern to the artistic community: that of the Disney report, which has been in circulation for some months now and has been on his desk since early this spring, having to do with the taxation situation of the arts in this country, and also the Keyes-Brunet report on copyright, which affects the publishing and recording industries in this country and on which there have been numerous submissions.

What action has he taken with his cabinet colleagues to accelerate real performance on matters of basic concern in the tax and copyright areas to the artistic and performing people in this country, which they desperately need?

Mr. Roberts: Mr. Speaker, once again I am pleased to see the interest which the hon. member is taking. Of course we are concerned. With regard to the recommendations in the Disney report, that is exactly why we financed it. It is we who promoted the funding of the Disney report because we wanted to have that assessment which was taken of the employment situation which artists in the country face. We have received the report and I have distributed it to my colleagues who are concerned, and active discussions have taken place and are under way now with my colleagues about it. I have also discussed that report with, for instance, representatives of Equity, and people on my staff have discussed it with other arts organizations. We attach great importance to the Disney report and we are actively pursuing discussions within the government.

In terms of copyright and other procedures, the hon. member will remember—if, for instance, he goes back earlier this year—the action which the government has taken to deal with the problem which authors have expressed to us over the dumping within Canada of books which are remaindered in

the United States. We are concerned with the copyright situation and we have responded to the specific suggestions which have been made to us.

INQUIRY WHETHER STUDIES CONDUCTED ON EFFECT OF CUTBACKS IN FUNDING

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I regret that the minister's self-serving remarks earlier today prevented my motion declaring today as Arts Day from being passed.

I want to put a question to him in terms of real budget cuts that the artistic community knows have taken place. In view of the fact that as of 1971, 85 per cent of all Canadian visual artists earned less than $5,000 a year, and since the establishment of the Canadian art bank accounted for $1,300 of the annual income for over 600 artists from whom works were purchased last year and, further, considering that $800,000 will be indiscriminately slashed from the art bank program along with another $800,000 cut in the Public Works Department's fine arts program for a total of over $1 million can the minister tell the House if his department has conducted studies into the effects of these cuts on the income of Canadian artists?

Hon. John Roberts (Secretary of State): Mr. Speaker, the hon. member referred to my remarks being self-serving. They are not self-serving. What they serve to do is to express the interest which this government has in supporting the arts throughout this country.

Some hon. Members: Hear, hear!

Mr. Roberts: I have been Secretary of State for two years and not once in that time have members of the opposition used an opposition day, or any other occasion, to raise the question of the arts policy.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Roberts: Finally, Mr. Speaker, now that there are people in the gallery, they show interest in this issue but today is the first time in two years that they have put such questions to me.

[*English*]

Good news travels slow, Mr. Speaker, but I am glad to see that, finally, members of the opposition realize this is a subject of importance and significance. The hon. member referred to the question of the arts bank—

Mr. Speaker: Order, please. The hon. member for Sault Ste. Marie on a supplementary question.

Mr. Symes: That kind of empty rhetoric is so self-evident to the artistic community, as well as the lack of dollars from this government, that I think the minister is digging a deeper and deeper hole in which he will find himself together with the artistic community in this country. With regard to the non-answer which the minister gave me to the very precise question in real dollar reductions, I would like to put another example to counter his phony argument that there are no reductions.

In the light of the minister's statement which shows a reduction of over $1.1 million in assistance to literature and publication, a reduction which amounts to 16 per cent of the current budget, not accounting for inflation and increased costs, and given the fact that only 15 per cent of all books sold in Canada were authored by Canadians, has the minister's department conducted studies on the effects of these cuts and what effect they will have on Canadian publishers and authors, who are contributing much more than the minister to the preservation of Canadian culture?

Mr. Roberts: First of all, Mr. Speaker, in answer to the question on the art bank cuts, I want to assure the hon. gentleman that those cuts were made after our discussions with members of the Canada Council about them. They were undertaken in view of the extremely high administrative costs which were involved in the program and the belief, not simply on the part of the government but expressed to me by the director of Canada Council, that it would be useful to be able to reassess the administrative efficiency of that program.

In so far as the member's general question is concerned, it is true that I have had discussions with the various cultural agencies. Those discussions are continuing so that I might have the benefit of their advice as to what the effect will be of the restraint on expenditure within the arts community. I may say that I have found within the arts community general support for the government's restraint program—

Some hon. Members: Oh, oh!

Mr. Roberts: —because people in the arts community realize that the arts suffer more from the impact of inflation than almost any other sector of the economy, and they are most anxious to see that inflation brought under control. Naturally, there is concern about the impact of cuts upon them and I share that concern; but they are generally supportive of the need to bring government expenditure further under control.

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EXTERNAL AFFAIRS

NAMIBIA—UN SUPERVISED ELECTION ON INDEPENDENCE

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs; given the fact that both sides of the House want a legal and peaceful settlement on the question of Namibia's independence, what assurances did the five western ministers receive in Pretoria last week that the election of a constituent assembly in Namibia in December—which we know will be declared null and void—will in fact be followed by a UN supervised election which will then be recognized by the world community?

• (1452)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I invite the hon. member to look at the joint communiqué, the first three paragraphs of which were agreed to by the Western Five and the government of South Africa. In that communiqué, it was indicated quite clearly that the South African government agrees to pursue a United Nations' solution to the Namibian problem. I think that is, at least on the surface, the assurance the hon. member has been asking about.

I would be less than candid if I did not say to him that, of course, we continue to have some reservations about the bona fides of South Africa regarding this. This is why we hope Mr. Ahtisaari, from the United Nations, will go to Namibia shortly. Then, within a matter of two or three weeks, it will be clear as to whether or not South Africa is genuine in its wish to have a United Nations' supervised peace settlement in Namibia.

Mr. Roche: Mr. Speaker, because this issue is very complex and has serious consequences for the international community—as have other recent major developments in the world news, such as the Middle East peace talks and the genocide in Cambodia—can the minister now assure the House that we will have a two-day debate on external affairs, such as we had last year, which gave members a full opportunity for airing Canada's foreign policy?

Mr. Jamieson: Mr. Speaker, yes, personally I would welcome this. Of course, it is not for me to decide on the business of the House. However, if the House leaders find that there is an appropriate time between now and the Christmas break—when I think it occurred last year—I will be glad to do it. May I also refer—and I do not think the hon. member will object to my saying it publicly—to the fact that I offered him an in-camera briefing, if he and other members of the House would wish, on the outcome of our discussions in South Africa. Barring an in-camera briefing, then I would be glad to meet with members of the committee in public and go as far as is considered appropriate in terms of the current developments at the United Nations.

* * *

FINANCE

PROPOSED POLICY ON TRANSFER AND EQUALIZATION PAYMENTS TO PROVINCES

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I should like to direct a question to either the President of the Treasury Board or the Minister of Finance: it relates to the reallocation package of which they gave some information in a joint statement dated September 8. I am referring to the reallocation package, not to the items which make up the $2.5 billion cut.

The main thrust of the reallocation package was a reallocation of income in the country. Some $220 million was to come from transfer payments including equalization payments. Given that it is rather strange that one should go after equalization payments, which go to the poorer provinces, as well as reallocating income in the country, can either minister tell me how much the government proposes to ask the provinces to reduce the equalization payments?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, at that time we listed the transfer programs from which we wanted to have some money. In the case of transfer payments to the provinces in terms of equalization, of course, from time to time we have to review the formula because there is variation in the actual situation from year to year.

It is possible that we will review it at this time to make sure some of the developed problems are not disturbing the process of equalization payments. But there is no question of cutting down equalization payments; it is just making the necessary adjustments from time to time.

Mr. Stanfield: Mr. Speaker, is the minister prepared to give me the assurance this afternoon that it was not the intention of the government, when it indicated that it was going to save part of the $220 million from equalization payments, to ask the provinces at this time to modify in any respect the equalization formula?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we regularly review our programs with the provinces, and we intend to discuss this problem with them at the finance ministers' meeting which will be held next Thursday, because some aspects of the formula have created problems. But I wish to reiterate that next year's equalization payments to the provinces will be increased over this year's. As for the exact amount of the increase, that is what we will discuss with the provinces.

[*English*]

Mr. Stanfield: Mr. Speaker, will the minister be a little forthcoming and indicate to the House in what manner the government intends to propose a change in the equalization formula? Never mind all the hocus-pocus and the vagueness: this is a program which has been established in this country for some 30 years and has been changed by agreement from time to time. What changes does the Minister of Finance intend to propose at this time?

[*Translation*]

Mr. Chrétien: Mr. Speaker, it is not my intention to discuss that problem at this time. I have already consulted a few finance ministers on that issue. I will be meeting others early next week. We are now studying the problem. I trust that we will arrive at a simple solution when we meet with the finance ministers next week because, as I said, we do not intend to reduce the equalization payments. They must simply be adjusted, there will in effect be an increase in the amounts paid next year over this year's payments.

[*English*]

HOUSING

CMHC CAPITAL FUNDING TO ONTARIO

Mrs. Ursula Appolloni (York South): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs: in particular, it refers to senior citizens' housing in the Toronto area. Can the minister tell the House if he has reviewed CMHC capital funding to Ontario in order to assist the Metro Toronto Housing Corporation?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, the allocation budget for the province of Ontario, under section 43, for public housing has been increased to $73.3 million. These additional funds should enable the province to assist the Metro Toronto Housing Corporation to realize its 1978 production goal, and it will be of particular assistance to senior citizens projects.

Some hon. Members: Hear, hear!

* * *

UNEMPLOYMENT INSURANCE

OVERPAYMENTS UNDER PROGRAM

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Employment and Immigration and gets back to the original questions asked in this hour. Regarding the $142 million overpayment, his director of unemployment insurance is quoted as having said the following, "It is not a major increase in the sense that the whole program is going crazy". This is just another example of overpayments. These have been audited before by the Auditor General. The minister has given us indications that the fraud squad will come back and that there are monitoring systems. Once all of this has been discussed, could the minister tell the House how he expects to get back the $142 million overpayment which has come out of the pockets of the Canadian taxpayers?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as we have indicated, our success ratio in collecting overpayments has been excellent. The area of detected overpayments has been approximately $65 million, in round figures, and we have collected all but approximately $5 million or $6 million of that to date. So the collection mechanism is fine, but that will not solve the undetected payments. The areas which I indicated, the four or five different avenues for a better control mechanism, are the sorts of things which the Auditor General sees as a good move in the right direction. He just wants to see it done more quickly and more efficiently.

REFERENCE OF UIC ANNUAL REPORT TO COMMITTEE

Mr. Jake Epp (Provencher): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister and President of Privy Council. In view of the fact that we are just not receiving answers to the problem of overpayments and the entire operation of the Unemployment Insurance Commission, and that the parliamentary standing committees have not been struck, would he give us the assurance that the Standing Committee on Public Accounts will be struck forthwith and that the annual report of the Unemployment Insurance Commission will be referred to that committee immediately?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, on the first part of the question, I have asked already that the organizational meetings take place as soon as possible. I think that is under way now and the committees will be set up to meet.

● (1502)

With respect to the reference of the annual report, that is a matter I would have to discuss with the Minister of Employment and Immigration.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DISTINGUISHED VISITOR

Mr. Speaker: Order, please. As we conclude the Question Period I know that hon. members would want to join with me in signalling the presence in our gallery of a distinguished visitor, in the person of the minister of commerce from India, Hon. Arif Baig.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. NIELSEN—OMISSION IN OFFICIAL REPORT

Mr. Speaker: Yesterday the hon. member for Yukon (Mr. Nielsen) raised a point of order, or possibly a matter of privilege, regarding the omission from *Hansard* the previous day of certain remarks which he recalled had been made by the hon. Minister of Transport (Mr. Lang). The Minister of Transport, in his contribution to the discussion, indeed confirmed that he had made the remarks which had been heard and recalled by the hon. member for Yukon. Those omissions constitute the word "hypothetical"—where the minister had said, "hypothetical" and "theoretical", the word which ultimately appeared was "theoretical" and, subsequently, in the minister's remarks the phrase, "The decision will then be taken by the commission."

On both of these counts I can confirm that the minister did make those remarks, that the omissions did occur, and that the omissions or alterations were not in any way attributable to any intervention by the minister or anyone on the minister's behalf, but in fact were attributable to the editorial staff of *Hansard*. On one occasion there was an editorial change in leaving out the word "hypothetical." On the second occasion it was simply an error in transcription by the reporter who, in

moving from one page to another page of his own notes, left out a phrase that was at the bottom of the page. It was simply a human error.

On both counts it has brought home again—as I think it always must, because in every case it is always well, I think, for a member to raise such errors or omissions when he sees them and bring them to the attention of the Chair, either in the House or privately—the reminder that we should always be vigilant that these errors may occur. After all, human error can take place, and editorial judgment has to be used from time to time. All of us should share the vigilance of the hon. member for Yukon in bringing such points to the attention of the Chair in order to make sure that we always have the highest quality of recording.

When we do have a human error, of course we try to point that out and make sure that we are conscious of it, but in this case there was certainly no aberration in the practices; I believe there was simply a mistake made. There was a judgment made in respect to the omission of the word "hypothetical" and that does concern me to a certain extent.

I also, with all hon. members, reflect on the relationship between the electronic facilities we have here and the human reporting facilities which we have had for so long. I think that it is essential we recognize on some occasions the superiority of the one over the other and make sure that in the future we have a useful combination of the two, and not a conflict, as may occur from time to time. Again, I reiterate that the way to ensure this is for all members to be vigilant whenever they spot any kind of error in *Hansard* and bring it to the attention of the Chair so that we can exercise the kind of quality control that all hon. members demand.

* * *

POINT OF ORDER

MR. HNATYSHYN—OPERATION OF STANDING ORDER 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I would like to rise on a point of order with respect to the matter of the motion under Standing Order 43 moved by the hon. member for Sault Ste. Marie (Mr. Symes), where the Secretary of State (Mr. Roberts) took opportunity to debate the motion prior to the allotted question period time and which, as I understood it—I did not hear over the general murmur that goes on in this chamber, therefore, I may not have heard you clearly, sir—gave me the impression that we may be inadvertently moving into an area of precedent which might be contrary to what I suspect is the spirit and the intentions of the standing orders and the rules of this House.

I wonder if I could beg your indulgence, Mr. Speaker, to speak at some little time to put forward my contention with respect to my understanding of the procedure and the rules relating to Standing Order 43, for I believe, sir, that you did indicate at the time when the debate was interrupted that the matter would be considered under government orders, which, in the vernacular, means that the matter will come back again at the pleasure of the government itself, as opposed to the pleasure of this House.

I would just like to make my points procedurally on the basis of precedent, and if I may be permitted to do so at this time it would then be appropriate for you to take the matter under consideration.

Mr. Speaker: Certainly, the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) will be permitted to proceed with the point. I would like to set the record straight and then the matter can be discussed.

By virtue of relatively recent changes in our procedures, we have transferred the consideration or the calling of motions pursuant to Standing Order 43 to the beginning of the day, prior to the question period.

This problem has arisen once or twice in the past. On those rare occasions when the House does give its consent that the motion be presented, the question is put. The question is not, as all hon. members will know, when an application is made pursuant to Standing Order 43, for the passage of the motion, but simply for the putting of the question, for there is no authority to put a motion at that hour of the day, or, for that matter, at any time by a private member, outside of the private members' hour. Therefore authority is sought, pursuant to Standing Order 43, to put the question, and the question being asked is not the consent of the House to pass the motion, but the consent of the House to put the motion.

Occasionally the House gives it consent, as it did today. Therefore, when the hon. member for Sault Ste. Marie (Mr. Symes) put the question earlier, he was seeking the consent of the House that his motion be put, and since the House gave its consent, the motion was put. The motion then becomes debatable, and it is the duty of the Chair therefore to call the motion for debate: "Is it the pleasure of the House to adopt the said motion?" Any members then rising obviously must be recognized by the Chair for participation in the debate. Today, the only member who was rising at the time of the calling of the question was the hon. Secretary of State (Mr. Roberts). At 2.15 a confrontation, or collision, occurs between that rule pursuant to Standing Order 43, and that practice in another standing order which prescribes that the question period shall begin at 2.15 and continue until three o'clock.

I want to refer hon. members to Standing Order 45(2) which reads:

> When a debate on any motion made prior to the reading of the orders of the day is adjourned or interrupted, the order for resumption of the same shall be transferred to and considered under government orders.

It seems to me that we had two choices at 2.15. One of them was, by virtue of having put a motion pursuant to Standing Order 43, to set aside the question period at 2.15 because the debate was under way. Obviously the danger with that is that if we set aside the question period and the debate carries on—for example, until three o'clock or later—we would need the consent of the House to restore the question period. So, the risk is that if we continue with the debate at 2.15 we wipe out

the question period, to which, I am sure, all hon. members would be opposed.

● (1512)

If we do not wipe out the question period and do as I did today, stop the debate at 2:15 a.m. it seems to me we are caught with Standing Order 45(2) which says that, having done that, the only way we can return to the debate is take it as a government order. That is the background against which I made the decision I made earlier today. I now invite the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) to continue.

Mr. Hnatyshyn: Mr. Speaker, I want to beg your indulgence and make my submission for your consideration. The preliminary thought occurs to me that there are parallels in other circumstances which have brought this to our attention during the last three days, particularly where there had been preliminary proceedings, the introduction of new members, for example, where there had been, by your leave, a forestalling of the question period, notwithstanding the strict wording of the rules that questions proceed during the hours you mentioned. I want to deal with the substance of the matter first of all.

It seems to me that two points have to be examined in deciding how to deal with motions under Standing Order 43. First, is a motion under that rule different in some previously unnoticed way from any other motion called under motions during routine proceedings, and second, how is Standing Order 45(2), to which Your Honour referred, intended to operate? I am concerned not only about motions under Standing Order 43, but about other motions dealt with under the item motions itself. For example, the result of a ruling that the interpretation of Standing Order 45(2) is to change after 12 years from the original intention to an exact literal meaning, would be to curtail sharply proceedings on concurrence motions. If this is to be done it should be through a change in the rules.

On the first point, Mr. Speaker, the move of Standing Order 43 to a slot before the question period was nothing more than a move to limit their number for the convenience of the government. No new category was created in a formal procedural sense; we have motions under Standing Order 43 which are taken before 2.15 p.m., and the other motions, with Standing Order 43s excluded, taken afterwards. An examination of the proceedings of the Standing Committee on Procedure and Organization will show that there was no intention to create a new category under routine proceedings with a different status and a different relation to the rules governing motions. There was simply a subdivision.

When the period of notice expires on a motion put down for routine proceedings, it is immediately debatable. Similarly, if the notice provision is waived on a motion brought forward under motions, whether this happens during motions as before the rule change, or under a separate subdivision as at present, then the motion is a debatable motion. This has been confirmed by our practice. Once the motion is properly before the House for debate there is no difference in the way the standing orders respecting motions apply.

[Mr. Speaker.]

Then the question is: how was Standing Order 45(2) intended to be applied to such a motion?

As some members of the House may remember, a motion called under motions prior to 1965 had absolute precedence until disposed of. It precluded the question period and any other proceedings each day, since motions came before oral questions. Since the motion was not a government order, Standing Order 18(2) giving the government the right to call its own orders as it saw fit, did not apply. Thus the business of the House could be blocked for days until such a motion was finally disposed of.

To correct this situation Standing Order 45(2) was introduced. In bringing it in the then government House leader, the Hon. George McIlraith, said as reported at page 2132 of *Hansard*, volume II:

> Paragraph No. 7 deals with a matter which was not provided for in the rules formerly. There was a provision that caused some concern to those responsible for administering the rules having to do with a motion moved by a private member. It arose, in my experience, where a private member was moving concurrence in a committee report. The change is such that a motion, which seemed to have a doubtful or unclear position on the order paper, is now placed under government orders *after it has been debated for one day*. There will be a safeguard offered in an amendment we will be bringing forward to give that order precedence. The rules now provide that any item of business under government orders can be called in any sequence the government wishes. There will be a safeguard put in to protect the priority of debate of such a motion when it is transferred to government orders.

The amendment referred to was made, and simply meant that although the motion was transferred to government orders, it still had to be called first on government orders until disposed of. This was not satisfactory either, and so in 1969 the amendment that had been made to Standing Order 18(2) exempting Standing Order 45 was dropped.

The third report of the Standing Committee on Procedure and Organization of the House (*Journals* 1969, pages 429 to 438), in dropping the amendment to 18(2) which gave the motions a priority, said:

> XII Transferred Motions
>
> 33. On June 11, 1965 a provisional section (2) was added to Standing Order 43 (as S.O. 43 then was), providing for the transfer to government orders of an order for the resumption of a debate which had originated on a motion under routine proceedings. Its purpose was to prevent such an order from obstructing indefinitely the normal business of the House. This purpose was only partially achieved, however, because under the provisional rule the government is obliged to call such an item of business before any other government order.
>
> 34. Your committee believes that this restriction on the government's discretion should be removed and that it should not necessarily be obliged to call such an order before any other. *One day of debate would already have been devoted to the kind of motion contemplated prior to its transference to government orders—*

The committee therefore recommended the necessary change, and, in addition, made Standing Order 45(2) refer not to Standing Order 15(2)—description of routine proceedings—but to all motions "prior to the reading of the orders of the day". This had, I believe, the effect of bringing any debate on a motion concerning a prima facie case of privilege under the rule as well.

It is clear from the statements made on these two occasions, and from subsequent practice, that the debate begun on a

motion moved before government orders was to proceed until the daily hour of adjournment was reached, or until a superceding motion interrupted the debate. In all the motions which have been debated after proceedings were begun before orders of the day, we have never interpreted private members' hour on the dinner adjournment, fixed at a set time as is the question period, to mean an interruption in the procedural sense. They are a temporary suspension of proceedings properly before the House.

How can there now be a contention that this rule does not have the meaning it was intended to have by its authors, and the meaning it has had for twelve years? Are concurrence debates now to stop at five o'clock or the dinner hour? Will that be the limit on any debate which may arise on a question of privilege? Are government adjournment motions to be a routine proceeding before dinner and a government order after? Will the government be able to arrange for Black Rod to come tapping at the door at four o'clock, thus interrupting debate on a motion properly before the House? Are we to decide that an interruption at 2.15 p.m. is somehow more permanent than an interruption at five o'clock? Any change in the interpretation of Standing Order 45(2) would have profound effects on our procedure, all to the disadvantage of the opposition parties, pro tem.

I know, Mr. Speaker, that the counter argument is what appears to be the plain language of the rule to which you alluded in your opening discourse. I have shown that the rule was never intended to be interpreted in the way now suggested. I must point out that not all standing orders can be applied without reference to practice. If we are to take rules literally, then we are in for interesting times. The next time the Prime Minister (Mr. Trudeau) leaves to deliver an address such as the one on February 22, he will need the permission of the House under the terms of Standing Order 5; according to Standing Order 11, I am sorry to say we will never again see an increase in members' salaries or benefits, because we would all be forbidden to vote on the matter. I particularly look forward to the enforcement of Standing Order 28, when all members wishing to address the House must rise "uncovered". I assume the Chair will not be sympathetic to arguments that this was meant to refer to hats, because the rule does not mention hats.

Mr. Speaker, a motion which is properly before the House before orders of the day has always been debatable until the House adjourns or a superceding motion is moved. If the House wishes otherwise then it must carry further the revisions made in 1965 and 1969. We cannot ignore precedent and practice simply because a potentially awkward situation is created for the House.

● (1522)

That constitutes my formal submission to you with respect to the operation of the standing order. I think it is possible there may be other people who wish to participate in the course of the debate, and I hope it will be possible for you to take this matter under serious consideration and entertain representations from other members of the House in order that we may have a most important point clarified in the interests of having an understanding of the rules and be able to expedite the business of the House, because that is what we all seek to obtain.

Mr. Speaker: The hon. member for Saskatoon-Biggar will recognize at once that I have had this matter under consideration for quite some time. He asked me to take it under serious consideration. There have been three previous occasions on which I have been faced with the same difficulty. However, the hon. member in his contribution does not address the central point. The central point is whether he or other hon. members would prefer that we go past the hour designated for the commencement of question period. That is the difficulty. It is not difficult to carry on the debate. But once we go by the hour of 2.15 the question then becomes: do we have any authority to take question period later on? Yesterday and the day before when there were a number of members to be introduced, I indicated to the House that obviously we consider it a matter of priority to introduce new members to the House. I presume that members are agreed that we should guard the time for the question period in order to do that, and in the circumstances of course the House agreed.

Supposing we were in a situation in which the House did not agree? Does the Chair have the authority to return at four o'clock or five o'clock, or eight o'clock in the day, to a question period? It seems to me that the House does not have that authority unless the House gives the Chair the authority to do that. It appears to me this means a second question requiring the consent of the House. The first question would be whether the hon. member for Sault Ste. Marie (Mr. Symes) today had the consent of the House to present a motion for discussion. That motion having been presented, when 2.15 arrived and the matter was under discussion, the House would either have to give its consent that the debate could go on for some time, with the question period to be taken later in the day at the conclusion of the debate, or that once we had gone past 2.15 the question period could not be called for that day. That is the real collision between the two rules, and that is the one to which I want all hon. members to address themselves.

Mr. Hnatyshyn: Mr. Speaker, I am sure you will receive considerable representation.

As I understand it, at 2.15 the debate can be interrupted. But it seems to me then, and this is my own idea of the interpretation of the rule, that if that is the strict understanding of the rule, you would revert back and have a continuation of debate following that interruption, the same way as I referred in the course of my presentation to the interruption during dinner hour or private members' hour. In other words, it is an interruption in the same way in which those two items are interruptions in the proceedings. But they do not forestall the return or continuation of the debate properly initiated prior to 2.15 when you have received the unanimous consent to continue with, or to present to the House, the motion brought by any private member. In my opinion it is the logical explana-

tion of the rule and the spirit of the rules by which I would submit Your Honour should be bound.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should be very happy to participate at length in a debate on the theoretical aspects of this procedural problem, and I shall say a word in that vein, but I should like my intervention to be regarded mainly as a suggestion with respect to what we might do today. However, I shall come to that in a moment.

First may I say that I think Your Honour is quite correct that, as the rules are set up, there is a collision that arises when the putting of a motion has been allowed, and 2.15 arrives. I think that those of us who were on the standing committee that drafted these rules, or agreed to them, have to take some responsibility for the fact that there was a point which we did not cover. I think that an effort should be made, perhaps through that committee, to cover that point.

It seems to me that common sense, which is not a standing order in our rules, of course, would tell us that if the House agrees under Standing Order 43 that a motion may be made, that implies more than just putting the motion. I know that the standing order does not say that, and I know that the standing orders require that we move to the question period at 2.15. But surely on those rare occasions when the House gives its consent to the making of a motion under Standing Order 43, the House expects to decide on that motion.

There is not much point to a motion being put, a few words being said to it, and then for it to languish on the order paper for the rest of the session. I think we should find some way to resolve that problem.

One of the reasons we got into this collision was because we had made changes back in the old days. Motions under Standing Order 43 used to come after the question period and, if they were allowed, the debate could go on and on. Then this also got mixed up with the problem as to what happened to motions for concurrence in reports of committees. It was that kind of a motion respecting the flag debate that got us into a position where, day after day, we had to carry on that debate because it was on the motion for the adoption of the report from a committee. It was in an attempt to resolve that impasse that 45(2) was put in the book in its present form. I do not think that those who were drafting 45(2) at that time to cover that problem realized what it would do to a motion under Standing Order 43.

As I say, Mr. Speaker, I shall be glad to participate in the theoretical aspects of this. It seems to me that such a discussion should start from the basic common sense proposition that if the House is willing unanimously for a motion to be put, especially a motion that has the very day's date in it, the House wants to resolve that matter that very day.

As I say, I should like to see this matter discussed. I think Your Honour has the proper answers. When the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) asked you to review the matter, you have reviewed it at great length and on many occasions. That does not give you the right to change the rule. But maybe the kind of review that is necessary is a review by the Standing Committee on Procedure and Organization of the House.

Having said that, may I get to what I think is more urgent today. The House received, with applause and approval, the suggestion made by my friend, the hon. member for Sault Ste. Marie (Mr. Symes), that certain things be said about the arts in Canada and that this day, Thursday, October 26, be designated as Arts Day across Canada. If there is any day to pass that motion, surely it is today. There is not much point to our passing a motion sometime in November or next March making October 26, 1978, Arts Day.

We got into a situation that is perfectly understandable. My friend made the motion. We thought it would be carried at that point, but the Secretary of State (Mr. Roberts) chose to stand and speak, and he kept talking until 2.15.

My suggestion is that the House now agree unanimously to call that motion so that the debate can be concluded just as soon as we get through routine proceedings. My suggestion is that it be a debate with one speaker per party, and a limit of ten minutes for each such speaker. If it is agreed, I hope the House will allow the hon. member for Sault Ste. Marie to be the speaker for our party even though technically, having made the motion and sat down, he has exhausted his right to speak. I hope this might be considered seriously. I think we would be carrying out the thinking of the House on motions under Standing Order 43 generally, and carrying out what we in this House felt when the motion was put and received so enthusiastically today.

● (1532)

That is a suggestion I put forward, hoping it will be considered right now. The theoretical idea is that it can be dealt with at some other time. However, I hope that just as soon as we finish routine proceedings, before we go to whatever is to be the business of the day, the House will agree that there be a debate with one speaker per party. I will not even object if the government contends it has not had a speaker, although the Secretary of State had six or seven minutes. I suggest there be one speaker per party and that the motion be put at the end of that debate.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I believe the easiest way to solve this very simple problem of when a motion put under Standing Order 43 can be debated is this: I feel the surest way is to refer to the Standing Orders themselves.

Let me refer to four standing orders which are relevant in this case. At the beginning, Your Honour has very pertinently underscored three of them. Obviously, it starts with Standing Order 43, which is relevant and under which we can put a motion on an urgent matter. However, it should not be forgotten that Standing Order 43 is an exception to the general principle outlined in Standing Order 42, which stipulates that an advance notice of 48 hours must be given prior to the

putting of a motion. But Standing Order 43 provides for the case where, if the matter is urgent and if hon. members unanimously consent, the member is dispensed from giving notice and can put his motion. That is all what is stipulated in Standing Order 43. This Standing Order does not authorize us in any way, as you pointed out so pertinently, to debate the question or put it to a vote. The consent is to dispense with notice and to put the motion. Then where do we go once the motion has been put? As I understand it, Mr. Speaker, Standing Order 15(2) was introduced provisionally in our rules on March 24, 1975 and became a permanent feature on December 12, 1975. That Standing Order 15(2) stipulates very clearly, and I quote:

(2) Not more than two minutes after the reading of prayers, the business of the House shall commence. Members, other than ministers of the Crown, may propose motions pursuant to Standing Order 43 at this time. Not later than—

And this standing order is very clear, I point out, Mr. Speaker—

—Not later than 2.15 p.m., or 11.15 a.m., as the case may be, oral questions shall be taken up. At 3.00 p.m., or 12.00 noon, as the case may be, the House shall proceed to the ordinary daily routine of business, which shall be as follows:

So, that second standing order which is relevant to this debate and which I draw to your attention, Mr. Speaker, is very clear, that is there is no choice. The legislator, hon. members and parliament have asked under that standing order to proceed with the oral question period at 11.15 or 2.15, depending whether it is a Friday or another week day. I do not think that we have any other choice. This standing order is quite clear and compels us to interrupt our proceedings and proceed with the oral question period.

There is a third relevant standing order when it is 2:15, as happened today, but the standing orders leave us no alternative nor any choice but to interrupt our proceedings and proceed with the oral question period. What happens then to the motion under consideration as is the case today? Then we have to refer to Standing Order 45(2) provided for that purpose and which reads as follows:

When a debate on any motion made prior to the reading of the orders of the day is adjourned or interrupted—

—such is the case now—

—the order for resumption of the same shall be transferred to and considered under government orders.

Mr. Speaker, nothing could be clearer than that standing order which provides that when the debate on a motion is interrupted, as it has been today, the said motion is transfered under government orders. This is the point we are at now. What should we do once time comes for the government orders? Again, the answer is in the standing orders, Mr. Speaker. I refer you—and I suppose Your Honour has not mentioned this before because you thought that all members knew it—to Standing Order 18(2), and I quote:

(2) Government orders shall be called and considered in such sequence as the government determines.

Mr. Speaker, it is our responsibility to determine the sequence of the proceedings of this House and it will be ours, pursuant to the standing orders to decide when the debate will continue. The government decides which matter is more important than others. It is the government's responsibility and it must be accountable to the public. Hence, what the hon. member suggests to the Speaker is to withdraw the government's prerogative to decide the order of the proceedings of the House. If we were to accept his arguments and give priority to the debates on motions pursuant to the provisions of Standing Order 43, once it has been agreed to do without the notice pursuant to Standing Order 42, the opposition would determine the order of the debates of the House through the expedient of a motion under Standing Order 43. This is absolutely contrary to tradition and absolutely contrary to the standing orders, particularly the provisions of Standing Order 18(2). We determine the order of business of the House and what is urgent or what is not. In the circumstances, Mr. Speaker, if we stick, as we should, to the rules of the House pertaining to the business of the House and if we refer more particularly to the four relevant standing orders which I mentioned and which are quite clear, then there is no problem at all. The answer to your question is that at 2:15 the discussion of motions under Standing Order 43 for which notice was waived with unanimous consent and debate started, is interrupted, the debate is stood as a government order, and the government decides when the matter will be debated.

There is another point, Mr. Speaker, that was raised by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) and the hon. member for Winnipeg North Centre (Mr. Knowles). They referred to the date when Standing Order 45(2) came into effect or one or the other of the standing orders. There is also a principle that must be respected here, Mr. Speaker. It must be taken for granted that when members amend the Standing Orders they want the amendment, be it a new standing order or an amendment to a standing order, to read in agreement with the other provisions of the standing orders. That must be presumed, Mr. Speaker, even if Standing Order 15(2) which directs you to interrupt the debate at 2:15 is subsequent to the others that existed. A case can hardly be made for the previous practice when Standing Order 15(2) did not exist. That is another story then. My reasoning is that by accepting Standing Order 15(2) without amending the other standing orders, members wanted the procedure to apply, as I just mentioned, that Standing Orders 15(2), 18(2), 43 and 45(2) apply in correlation with one another. Otherwise Standing Orders 45(2) and 18(2) could have been amended and Standing Order 43 might have been amended, but they were not. Standing Order 15(2) was introduced, and that produces a situation like the one we have now. We have no choice, we are bound by the Standing Orders. We must assume that those who drafted the Standing Orders knew what they were doing. If practice shows that it is not too advantageous for one party or another, the standing orders can be amended later on. That is

another matter. But, as things stand now, it cannot be said that because Standing Order 15(2) was introduced just recently the other standing orders become non applicable. There is in my view a basic principle that must be respected. When an act or a regulation is amended or a new one is introduced, each provision is construed in light of the others and they must all be consistent, otherwise they are amended. This has not been done in this case.

Finally, Mr. Speaker, to limit myself strictly to the point that was raised, much has been made this week about the introduction of new members. This delayed the oral question period, and per force Standing Order 15(2) was not adhered to. As you very appropriately emphasized, you assumed there was unanimous consent, there was no objection, and you quite rightly did so. One thing must be said however. Although new members do not come every day, each and every day motions are put under Standing Order 43. Things must be looked at in their right perspective, Mr. Speaker. As you can see, my point is therefore very logical. I believe we have no choice if we want an orderly House, we must simply abide by our standing orders. They are clear. Four are relevant to the case. If we are not happy with the result—and for quite some time I for one and other members on this side of the House have been suggesting our procedure should be amended—let us sit down and modernize parliament, let us make it more efficient by all means. In the meantime, let us apply the rules, let all parties be treated on the same footing as provided for in our rules.

Coming finally to the suggestion by the hon. member for Winnipeg North Centre, who asked for consent that one speaker from each party deal with today's motion, my view is that it would be a dangerous precedent. Because you know it is not every day we receive sensible motions under Standing Order 43. Most of the time you know how the preambles are too long, they are partisan, and the rule is abused. However, this will be the subject of another debate you have reserved and in which I will welcome the opportunity to participate. On the precise suggestion itself, Mr. Speaker, the mere fact that consent has been granted—and I think the Leader of the Opposition understands me—to the waiver of notice under S. O. 43 for the hon. member putting his motion forward reflects a collective will to concur in the substance of the motion that today be called Arts Day. I believe that any additional debate and a division would be futile and a needless waste of the time of the House. It is an undeniable fact that all hon. members agree on the contents of this motion, but the government needs more time to discuss matters which have higher priority. That is all I wanted to say.

● (1542)

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my heart bleeds for this poor government which is so afflicted by the backbenchers of this House, particularly the opposition, that it is not able to carry out its functions. After listening to 20 years of amendments to rules of the House, particularly in the last 12 or 15 years, I know that every time rules are made there is an attempt by the government, which unfortunately too often is supported by the Chair, and I exclude Your Honour, so far, from that—

An hon. Member: Cheap!

Mr. Baldwin: —which has the effect of denying private members the rights they have had. These rights have been taken away from them slowly over the last number of years. There is no question about that. If it is not asking too much, I would hope the House would approach the question of these rules in a mood of common sense. I know this is difficult to ask from members of the government side, but I would hope this would be done. I think this requires an examination chronologically of these rules.

I had something to do with Standing Order 43. I do not know whether I was the father, godfather, or grandfather. I remember it was originally used at a time when the House was seeking a chance to debate a motion dealing with the problem in Biafra. We used a motion at that time. Unanimous consent was secured, and we went ahead and had an excellent debate. Use of the rule has grown since then. I would be the first to admit that there are occasions when we may need to look closely at the rule and its application, but that is a question for another debate.

I was involved in the debate on Standing Order 45(2) as a member of the procedure committee. I agree thoroughly with the hon. member for Winnipeg North Centre (Mr. Knowles). It was thought, quite properly, that debate on certain motions, particularly motions with regard to concurring in a committee's report, should not go on and on ad nauseam and the sensible decision was made and accepted on both sides of the House that we would limit debate at that time to one day. A motion to concur in a report of a committee would be a motion which would come within, for example, the parameters of Standing Order 45(2). Both sides agreed the House should have a one-day debate on a motion of that kind, and that was it. I think the same thing was understood to apply to Standing Order 43. But it was much later than that when changes were made with regard to the establishment of fixed times.

I would suggest to Your Honour, as a member of the profession to which you and I have the honour to belong, that common sense should be applied and that the application of those fixed times must be taken to be ingrafted on our rules subject to the existing arrangments.

I think the wording of Standing Order 45(2) gives support for my view. It says:

When a debate on any motion made prior to the reading of the orders of the day is adjourned or interrupted—

I call your attention, Mr. Speaker, to those words "adjourned or interrupted". I think in the first place you could apply the rule of *ejusdem generis*—the "interrupted" must be taken to be within the context of the word "adjourned". I am supported in that contention. I was able to send for the dictionary. This is a dictionary from the Table; I am sure Your

Honour makes reference to it from time to time, so it has that sanctification. According to the Concise Oxford Dictionary the definition of the word "adjourned" includes "break-off for later resumption", and the word "interrupt", "break in upon a process, speech, person speaking, etc." I suggest to you, Mr. Speaker, that those words must be taken as having virtually the same meaning. I think that makes sense.

When we brought in Standing Order 45(2) there was no intention of other than limiting the right of members of this House engaging in a debate to concur in a committee report, and under S.O. 43 no intention to have a debate lasting more than one day. The government always had the right—and it should have, and I agree that was proper—at the end of a day to adjourn debate, and the motion did not come back. They could make a formal motion to adjourn, if they had the courage to do that.

The government always has the right to make a formal motion to adjourn, and when that happens it is an adjournment within the meaning of Standing Order 45(2). That is up to the government. That is their privilege. But I submit to Your Honour, and I am very sincere in this, there is such a limit on the opportunities for private members in this House, particularly on the opposition side, that I think it would—the Deputy Prime Minister (Mr. MacEachen) smiles. He has been one of the foremost movers in attempts to curtail the rights of members of this House. Ever since I have known him as House leader he has never lost an opportunity to cut down the rights of hon. members on this side. He has been very successful in it.

Mr. MacEachen: Not very.

An hon. Member: Machiavellian.

Mr. Baldwin: I will not go into that now; we are in trouble already. I suggest that this was the intent of members of the committee in making their recommendation, and the intent of the House in accepting it. Surely it was to put these two rules together and say: there shall be a limit of a day, but in using fixed times for the question period common sense would enter the picture and the words "adjourned or interrupted" would mean that when you broke into the debate at that time, then at three o'clock or whenever the question period was over, we would resume this particular debate.

I think that is the only way there can be a sensible and logical interpretation. I am sure the leader of the House for the government might come along and say. "Maybe we ought to look at this rule to see how it is applied and what we can do, with due right to preserve opportunity for the private members of this House to engage in debates and discussions sometimes." I know the government suffers very greatly from the deprivations of the rules in these very sad circumstances. But I suggest any other interpretation would do violence to the intent of the committee, to the intent of the House, and to the situation which arose today when a member of the government properly initiated a debate and, having done that, the debate will never be brought back.

The very fact that the wording of Standing Order 43 refers to urgent and pressing circumstances must surely impress itself upon Your Honour as indicating that the intent should be that Your Honour should be vigilant and ingenious—and I am sure Your Honour can be very ingenious—to find ways to enable this debate to continue. You can do so under the circumstances I mentioned, without violating the rules.

• (1552)

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my remarks will be very brief. It seems to me that there has been a lot of razzmatazz and procedural jargon heard here this afternoon which could be cleared up by a sensible agreement among all concerned in the House. Surely we have many things to consider, and the suggestion made by the hon. member from Edmonton was a fair one. The principles can be laid down in our standing orders. We have all read them and we should know them, but I suggest to you, sir, that the primary principle in parliamentary procedures must be the principle of common sense, natural justice, fairness and equity.

Here is a motion which has been put to the House by unanimous consent. Even the mover of the motion was cut off from making a statement. A minister of the Crown rose and talked out the motion. I thought that could only be done on a private member's bill and on matters of that nature. Surely the motion was brought before the House by unanimous consent and, I understand, there was agreement that there would be no debate and the motion would be unanimously agreed to by the House. So I am most surprised that members of the House, and particularly ministers of the Crown, would back off from an agreement made with members of various parties.

I think the government owes it to us to sit down, discuss this matter, and iron it out. Let the mover of the motion at least be given an opportunity to say a few words—I am sure he must have a few words. It seems to me that natural justice demands that the mover of the motion be allowed to speak up and say a few words, in view of the fact that a minister of the Crown was given that opportunity. Mr. Speaker, I suggest that we stop the razzmatazz and agree to have this motion heard, and get it over with once and for all.

Mr. David MacDonald (Egmont): Mr. Speaker, I would like to speak briefly on this matter. I think the points were well put by members on this side, but there is an essential point which needs to be made. There are the rules, which are very important to the effective operation of this House, and there are also the practices. I think the practices are quite clear, Your Honour, that usually motions under Standing Order 43 are opportunities for private members to bring motions before the House, usually to raise issues which are rarely voted on and even more rarely debated.

In this particular instance a motion was presented later than normal because of the introduction of a new member. It was presented with the understanding—certainly on this side of the House and we understood that such was the understanding on the other side of the House—that it would be accepted, because it referred to a specific event today, and passed

without debate. In fact, as I recall it, it was seconded by a member on the government side of the House, thus showing there was all party support for the motion which would be accepted without debate. I would like to be charitable and believe that the Secretary of State (Mr. Roberts) did not know of that agreement because, if he did know it, what happened was in violation of the agreement which was generally understood.

The other aspect which concerns me very much is that when motions are presented it must be a rule in the House that there should be equal opportunity given to members on both sides of the House to make a fair statement on the issue. The fact that by this particular interpretation of the rules there is to be no equitable sharing in the expression of opinion strikes me as being in defiance of both the spirit and practice of the rules, and I think that should be unacceptable to all members of the House.

The third thing that strikes me as being a very strange anomaly is that the particular motion refers to an event today, and it was the understanding that because of the importance of that motion it would be passed by the House as an expression of support for the 1812 committee and what they represent to the broad cross-section of the artistic and cultural community of this country. To have it stood over for some eventual debate, which might not even take place later, surely makes a farce of the whole motion. Such action would undermine the spirit of what I thought the Secretary of State was supporting. I find it strange that by his speaking he would want to prevent the House from adopting a motion which he said he was supporting, not only in his brief remarks but in answering the questions that followed. I am surprised that the parliamentary secretary says it would be ridiculous to give an opportunity for an expression. Without that expression surely the House is not in a position to adopt the motion, and that would be against the interests of us all.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have listened with great interest to the debate which has taken place on this point and I think it serves to underline further the unsatisfactory operation of Standing Order 43. You might recall that last week I raised a point of order when the hon. member for Prince Edward-Hastings (Mr. Hees) proposed a motion under Standing Order 43 which I regarded to be replete with false allegations, because in the normal course of events it would not be possible for members on this side of the House to indicate the fallacy of the statements in his motion. It is for that reason that I raised the point of order on motions under Standing Order 43 and that, at your suggestion, sir, the debate was deferred.

I have been away, and today the hon. member for Grenville-Carleton (Mr. Baker), who wishes to participate in that debate, is absent. At his suggestion we have deferred the debate on the broad operation of Standing Order 43.

I could not agree more with the statement that was made by the hon. member for Moncton (Mr. Jones) who urged that in the operation of our Standing Orders there should be a sense of fairness and a sense of natural justice. It is to that point that I wish to address myself when later I make my argument on the broad operation of the Standing Order, and I was delighted to hear the hon. member for Egmont (Mr. MacDonald) refer to the necessity of our proceedings being fair and providing an opportunity to reply when allegations are made.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Yes, when motions are debated.

Mr. MacEachen: Often there is a long preamble to a motion before consent is asked. However, you can say yes or no to the motion, but you never have an opportunity to reply to the false allegations made in these increasingly lengthy motions.

Some hon. Members: Hear, hear!

Mr. MacEachen: Members of the opposition have laid the groundwork for my argument when they have urged equity, natural justice, and fairness in the operations of our proceedings. I assure you, sir, if there was unfairness today—

An hon. Member: Poor Allan.

Mr. MacEachen: —if there was unfairness today because one member of the House was unable to speak on the motion, then it is a sequel to a long succession of unfair episodes under Standing Order 43 when, within the preambles and motions, there are false allegations, personal insults, and political partisanship, with absolutely no opportunity for members of the government to reply.

Some hon. Members: Hear, hear!

Mr. MacEachen: If there are complaints on the other side, the complaints are legion on this side, and we shall return to them later when the hon. member for Grenville-Carleton comes to the House.

I would add one point because I regard it as very important. I was not involved in the negotiations on Standing Order 43 today. No member of the opposition approached me with respect to how that motion should be dealt with in the House. I have no personal knowledge of it and therefore I cannot clarify the situation, but I do say that usually when members of the opposition ask for my consent, when the motion is satisfactory I always add the rider "provided there is no debate". I do not know whether or not that was arranged today, that is a matter beyond my knowledge, but I think it is a matter which should be clarified later when those who are involved in the negotiations are present in the House.

That is my introductory comment to the statement I would like to make later when the hon. member for Grenville-Carleton is in the House.

● (1602)

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I am sure the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) sat down before he intended to do

so. He spoke about the principle of fairness and how important it is to respect that principle in the House of Commons. Certainly there is a belief, or a very clear understanding, on this side of the House that this motion introduced by a member of the New Democratic Party, and seconded by one of the members of the Deputy Prime Minister's own party, had associated with it the understanding that there would be no debate. That understanding, which I am given to believe was there, was broken by the Secretary of State (Mr. Roberts) when he rose to speak.

In the interests of the fairness to which the Deputy Prime Minister and President of Privy Council has made such extensive reference, I am sure he intended to go on to say that it was the intention of the government to accept the proposition put forward by the hon. member for Winnipeg North Centre (Mr. Knowles), and to ensure that there would be an opportunity for one spokesman for each party in the House of Commons to speak for a limited time, ten minutes, so that there would be extended to the other parties the exact equal and fair treatment which was extended by circumstances to the Secretary of State.

In putting forward his case in the interests of fairness, I am sure the Deputy Prime Minister would not want to mar that case by establishing now an obviously unfair system where the Secretary of State, who may have been very well in breach of an agreement given to members of the House, is allowed to be the only person to speak. It was quite a reasonable request by the House leader of the New Democratic Party to ensure that other parties would be extended the principle, practice and fairness already exercised by the Secretary of State.

I am sure the Deputy Prime Minister wants to rise in his place and simply complete his remarks in order to make it clear that it will be the intention of his party, as it is the intention of my party, to agree to the position put forward by the hon. member for Winnipeg North Centre.

Mr. MacEachen: Mr. Speaker, the hon. Leader of the Opposition (Mr. Clark) has invited me to reply to two points. The first point is that I regret very much, as he does, if an understanding reached among the parties has been broken. I would regret that very much and apologize for it, but I do not know whether that is so. Those involved in the discussions will be able to return to the fray tomorrow and clear that matter up.

In reply to the suggestion made by the hon. member for Winnipeg North Centre (Mr. Knowles), in principle I would not find it very difficult to agree to, but I believe I ought not to agree to it, in order to underline the unsatisfactory operation of this standing order generally. If we are to clean up the inequity alleged today, let us clean it up for the past and for the future, and hon. members opposite can show their bona fides tomorrow when they rise under the provisions of that Standing Order.

Some hon. Members: Hear, hear!

Point of Order—Mr. Hnatyshyn

Mr. Speaker: Order, please. There has been a rather full discussion of this point this afternoon. I remind all hon. members that two applications for consideration pursuant to Standing Order 43 are being reserved under a point of order. One was raised by the hon. member for Prince Edward-Hastings (Mr. Hees), in which I ruled on a preliminary basis that the subject seemed to be one of general concern and not a matter of urgent and pressing necessity. Subsequent to that, a motion was raised by the hon. member for Vaudreuil (Mr. Herbert), when again I repeated the suggestion that the subject of the motion was really one of rather general concern and not a matter of urgent and pressing necessity as envisaged by the rule. Those two applications pursuant to Standing Order 43 remain under consideration as a point of order for an argument to be addressed at a later time on the use of the Standing Order.

One of the many difficulties we have faced in the application of this rule is whether or not the Chair ought to take a strong position in determining whether a matter really is one of urgent and pressing necessity. Previously when these motions were taken up after oral questions, it would seem to me that there was an open-ended period of time for consideration of them. Often there were so many that the Chair had to step in and take some measure of control of those which seemed not to be in conformity with the rule. However, when the procedures were changed to put them before the questions, there was a sort of self-limiting factor. Therefore I thought that there was much less compulsion on the Chair to intervene, because indeed they are almost always opposition applications. It is somewhat unseemly, day after day, for the Chair to be interposing itself in the face of what are consistently opposition applications—not exclusively but almost—for consideration under the rule, particularly when there was an automatic time limit on them. Therefore I have tended to be rather generous in the interpretation of what motions can be considered. However, there is a limit to that.

Two of the motions now under review should be the subject of discussion by the House. I look forward to the time, as the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) has mentioned, when House leaders can agree and give me some advice as to a convenient time for discussing the subject matter. At that time I think we ought to continue the discussion about the difficulty we face if one of these is considered. There are real difficulties respecting the point just raised by the Deputy Prime Minister.

Also there are difficulties in knowing clearly what is going to take place, if a member gives his consent under the provisions of Standing Order 43. Certainly it is one thing for a member to be asked to give his consent to the immediate passage of a motion, if that is the case. Indeed that has certain weaknesses to it, but nevertheless it is a known quantity. It is another thing altogether to ask a member to consent to setting aside the business of the day and, on a priority basis, debate some other motion to the exclusion of and then priority ranking in the subject matter for the day. If that is the question being put—will the House put aside its other business

and debate this matter as a matter of priority—surely that ought to be put in a question so that members can address themselves to that very point as a matter of procedure.

Therefore, these considerations remain as loose ends. As I have said, on three previous occasions they have been a problem for the Chair. This is at least the fourth occasion. On every one of those occasions, on October 26, 1976, February 18, 1977, and December 16, 1977, we ran into similar difficulties. On one occasion we had a vote. On another occasion the proponent of the motion was talking until the appointed hour for the beginning of question period. By talking in support of his own motion, in effect he deprived himself of the opportunity for a vote. On some of those occasions in the past, at the conclusion of question period the situation was rectified with the consent of the House.

There is no procedure which I can invoke at this time to return to the consideration of the question we had before us at 2.15 this afternoon. It was interrupted by the question period. In our practices we cannot change from one item of business to another without the adjournment of the item before the House and asking the agreement of the House to move to another matter. Having done that at 2.15, surely we cannot then return at three o'clock without the agreement of the House in some form. Therefore, in my opinion, we are powerless to return to the consideration of this matter, unless we do so by unanimous consent. In fact, on a previous motion put by the hon. member for Peace River (Mr. Baldwin), this was the case. We agreed to a debate of limited proportions, but that was done clearly with the consent of the House. I have no authority to direct that. I am bound by the fact that at this time we are facing the calling of other proceedings described in the standing orders, and I do not have the authority to direct us back to this motion, unless the House consents. At the moment I do not have any vehicle through which to determine that consent.

I think this matter ought to be set over along with the other matters of substance which were raised by virtue of the proposals by the hon. member for Prince Edward-Hastings and the hon. member for Vaudreuil. I hope the parties will agree to an early discussion of this. Frankly, I think it can be resolved only by some changes in the rule, something which will have to be done by the Standing Committee on Procedure and Organization. I hope that the House leaders will agree to an early opportunity for full discussion of these points raised today so that we can address ourselves to this problem which, after all, is a part of our daily proceedings and therefore a problem of great urgency.

● (1612)

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, just so that the record is clear, I would like to reply to the statement made by the Deputy Prime Minister and House leader (Mr. MacEachen). The reason that we have had this hour-long procedural debate is because an agreement was broken. I had put the proposition to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) that I would be putting my motion under Standing Order 43 today on the agreement that there would be no debate. It was a non-contentious and non-partisan issue, and for that reason the government agreed by unanimous consent to having it put.

The point is that, unfortunately, certain developments occurred which prevented that motion from being put for final resolution. I just wanted to clear that up, that it was the government side that broke the agreement and got us into these difficulties. I understand that the government is not prepared to allow equity in terms of participation in debate. I wonder, in the interests of good sense and fairness, whether I could move at this time that my motion under Standing Order 43 be now put for final resolution, without debate.

[*Translation*]

Mr. Pinard: This is more in the nature of a question of privilege, Mr. Speaker. The hon. member for Sault Ste. Marie (Mr. Symes) states that we have gone against an agreement that he is supposed to have made with me. He mentioned my name. He talked about the Parliamentary Secretary to the Deputy Prime Minister. I never gave my consent, or the consent of anyone else since I could not do so, for the motion to be accepted without debate.

All I said to the hon. member, in his own language, when he came to see me in the government lobby a few seconds before two o'clock, was that as far as we were concerned, contrary to what we must usually do because of the nature of the motions moved, I would not object to this motion being moved, I would not say no if unanimous consent were needed for this motion to be moved, and I would ensure that no one on our side would say no when you ask: Is there unanimous consent for this motion to be moved? This was the only agreement between the hon. member and myself. Therefore, when he suggests to the House that I have gone back on an agreement, I must point out that the hon. member is wrong and that I am sure that if he is misleading the House, it is unintentionally. Perhaps in his mind—I cannot say for sure—he did not want us to debate this matter. It is not my place to guess what he was thinking. However, in all honesty, since he mentioned my name and referred to to an agreement against which I am supposed to have gone, I want to formally deny this charge. All I said in English was:

[*English*]

All I agreed to was that I would not say no to the putting of the motion, and that nobody on our side would say no. If the hon. member is pretending that he talked to me about not debating the motion, I am saying to this House that he is not telling the truth, and I deny it.

Mr. Speaker: Order. The House will realize the very great difficulty that we are in here. First we have the difficulty when in fact one of these motions is accepted. It is a difficulty we have faced two or three times in the past. None of us is clear on how it can be handled. I have to take the best course I can, pursuant to the rule, and it is the same course I have taken in

the past. If we were to differ from that course we would need the consent of the House.

The other difficulty we face is that, obviously, before two o'clock there had been some discussion about one aspect of the rule with regard to whether or not consent would be withheld or given to the presentation of the motion. As often is the case in the eyes of members of the House—and, I am sure, in the eyes of many others—the two are equated. The two are considered to be synonymous, the consent for the putting of the question and the consent for the passage of the motion. In fact, they are two very separate questions.

There has always been a general impression that consenting to the putting of a motion to the House is thereby agreeing to the passage of the motion immediately without debate. That is not the case and never has been. It is a difficulty that we face every day in the interpretation of this rule, and it is a difficulty that has even, it seems to me, introduced itself into a discussion between two members—who have each taken I am sure, quite righteously, entirely different interpretations—which they had before the presentation of this motion. Surely it would be helpful even to those kinds of conflicts if we could clarify some of the many difficulties which face us in this Standing Order.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Hnatyshyn: Mr. Speaker, it being Thursday, it has been the tradition that a question be placed, under a point of order, before we go into routine business, as to what the government's intention is with respect to the business for the next week. I am sure that I could come up with some speculation as to what it may be, but it would be better to hear it out of the mouth of the government House leader, who is probably now giving some undertakings or obtaining them.

I would ask the government House leader if he would tell the House what the government's intention are with respect to business during the course of the next week. It is Thursday, the government House leader is back from Rome, over his jet lag and able to consider the business of the House, I am sure. Possibly he could stand up and tell us what he has in mind for the next week.

Mr. MacEachen: Mr. Speaker, I cannot say what the business is today until I have reached motions, when I want to have a discussion with the hon. gentlemen opposite with respect to the business today. Quite apart from the disposition which may be reached with respect to the borrowing authority bill, I want to indicate that the Old Age Security Act, the child benefits act, and the Health Resources Fund Act will be the next package of legislative items. Of course, as my hon. friend realizes, we have already agreed that Monday shall be the final day for debate on the Address in Reply to the Speech from the Throne.

Introduction of Bills

ROUTINE PROCEEDINGS

[*English*]

CRIMINAL CODE

TABLING OF CORRESPONDENCE WITH PROVINCES ON FIREARMS CONTROL

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, pursuant to Standing Order 41(2), and further to my reply in this House last Friday to a question by the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) on the government's plans concerning the implementation of the gun control legislation, I would like to table, in both official languages, letters and attachments which I sent recently to all my provincial colleagues responsible for the enforcement of the Criminal Code and, as well, to the two territorial commissioners, reviewing arrangements for Canada's first firearms amnesty to be held from November 1 to 30, 1978.

I might also indicate that I have made that correspondence available to my critics in the opposition parties.

* * *

FEDERAL-PROVINCIAL RELATIONS

TABLING OF CORRESPONDENCE WITH NEWFOUNDLAND ON SHARED COST PROGRAMS

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like to table pursuant to Standing Order 41(2), copies in both official languages of correspondence with Premier Moores of Newfoundland concerning publicity of shared cost programs.

* * *

STATUTE LAW (SUPERANNUATION) AMENDMENT ACT, 1978

MEASURE TO CHANGE RETIREMENT BENEFIT PROVISIONS

Hon. Jean Chrétien (for the President of the Treasury Board) moved for leave to introduce Bill C-12, to amend the Supplementary Retirement Benefits Act, the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Members of Parliament Retiring Allowances Act.

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

● (1622)

ELECTRICITY INSPECTION ACT AND GAS INSPECTION ACT

MEASURE TO AMEND

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs) moved for leave to introduce Bill C-13, to amend the Electricity Inspection Act and the Gas Inspection Act.

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

Mr. Speaker: Motions.

* * *

BUSINESS OF THE HOUSE

AGREEMENT ON CONSIDERATION AND PASSAGE OF BILL C-7

Mr. MacEachen: Mr. Speaker, I should like to make a brief comment on the disposition of Bill C-7.

An hon. Member: Withdraw it.

Mr. MacEachen: Following the spirited, if illogically based, speech of the Leader of the Opposition (Mr. Clark) in the debate yesterday, I received a communication from the hon. member for Grenville-Carleton (Mr. Baker). It is not a private letter because it was posted in the press gallery within 15 minutes of its arrival at my office, so I trust I will not be breaking any tradition of confidentiality by quoting—

Mr. Clark: That is known as open government.

Mr. MacEachen: —the third paragraph which may lay a foundation for the later discussions I had with party representatives and for the proposal which I trust will be agreed to as expediting the business of the House.

The hon. member for Grenville-Carleton wrote as follows:

> Following upon the leader's presentation, I am writing formally to request that you agree to withdraw Bill C-7 and to bring in a new bill in place of Bill C-7, limited in its scope to a borrowing authority for the fiscal year 78-79 as set forth in Bill C-7.
>
> In return, we are prepared to permit the introduction of this bill later today, or tomorrow if necessary, for first reading, to give second reading to such a new bill without debate immediately after its introduction and to refer it to a committee where it will be given speedy consideration.

I draw attention especially to the final paragraph because it is the one that attracted me particularly. It reads as follows:

> We make this suggestion to you as a way to expedite the business of the House and the committee in which we have a mutual interest and I hope that it will meet with your favourable consideration.

I was very pleased to receive this letter and I communicated to my colleague that I would give it consideration and be in touch with him as soon as possible. I have had discussions with the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), the hon. member for Winnipeg North Centre (Mr. Knowles), and the representative of the Social Credit party.

[Mr. Chrétien.]

I believe there is general agreement to my proposal that second reading of this bill will be concluded without further debate and that the bill will be amended in the standing committee to confine its application to the current fiscal year. It is not necessary to withdraw the bill. We can achieve the objective of confining the operation of the bill to the current fiscal year by particular amendments to it. We are agreeable to doing that, on the understanding that the committee will report not later than November 10, and that it will have no fewer than three meetings in that period, and that report stage and third reading will be completed in a period of not more than five hours.

I should add that I am quite agreeable that we have discussions to determine a mutually agreed upon time for votes that might occur as a result of the proceedings at report stage and third reading.

I suggest that, if this proposal is accepted, we might have the division on second reading today at 5.45 p.m. in order to ensure that those members of the House who have attended the funeral of our former colleague, the hon. Mr. Greene, will be present for the vote.

I hope this is a faithful representation of the discussions and, if it is agreeable to hon. members, it could be made a House order.

Mr. Hnatyshyn: Mr. Speaker, I just want to comment briefly on the proposal put forward by the government House leader. First of all I should point out that the suggestion made by my leader yesterday, and subsequently transmitted to the government House leader by our House leader in a letter, underlined the fact that one part of the bill causes us particular concern, that is, what has been termed the "blank cheque" provision of $10 billion for future spending.

My leader pointed out very strenuously, as have the hon. member for York-Simcoe (Mr. Stevens) and others, that we still have some substantial and valid objections to the remaining provisions in the bill with respect to the $7 billion. It was on this basis that we had the discussions.

It was part of my understanding that the government House leader indicated he would ensure the attendance of the Minister of Finance (Mr. Chrétien) at the standing committee so that he could be questioned. The government House leader is quite right in saying it was understood there would be no fewer than three sittings. I should make it quite clear that we came to this agreement on the basis that government members will not indulge themselves in points of order, questions of privilege, or other procedural tactics which are irrelevant, and that members will be able to question and cross-examine the Minister of Finance during the standing committee deliberations. I think it is fundamental to this understanding that we have a clear and unequivocal undertaking with respect to our right and ability to question the minister on the remaining provisions of the bill which are fundamental and very important to us.

The Minister of Finance is in the House, so perhaps he could give us an undertaking that he will be present at those

committee meetings. I want to be quite clear that this is the basis upon which we put this matter forward. I say that, not suggesting there will be any such tactic, but sometimes enthusiasm takes over where logic should prevail, and occassionally—

An hon. Member: You should know.

Mr. Hnatyshyn: We want to get this business through and we put this forward on a serious basis in order to help expedite the business of the House and to get the government off a sticky wicket with respect to the $10 billion. We put it forward in good faith in order to get the bill through in the minimum amount of time. It is essential that the Minister of Finance be at committee and that we be given the opportunity to examine and cross-examine him on the remaining provisions of the bill.

I believe it was the understanding given by the government House leader that, as far as he had any control over this matter, he would counsel his colleagues not to indulge in excessive debate or other tactics. The Minister of Finance is here and he will be able to confirm that he will be at those particular meetings.

● (1632)

Finally, as far as the understanding is concerned, we are agreeable to the five hours but that any votes that might arise by virtue of the discussion and amendments brought forward in the report stage will be taken at a time mutually convenient after discussion on this matter.

Mr. Pinard: The rules provide for that.

Mr. Hnatyshyn: Maybe the parliamentary secretary, who was so good at undertakings, and who would not participate in this debate now, wants to make an interjection. But I am trying to recall publicly what was my understanding of the arrangement, that the votes would not be considered as part of the time involved in the five-hour debate. In other words, the five hours would be attributable and available for debate and not be included as far as—

Mr. Speaker: Order, please. I hope that all hon. members will recognize that if we are trying to come to some kind of agreement here, which I expect will be made the subject of a House order, the matter has now become so complicated that it will be difficult, if not impossible, to frame an order in extemporaneous language.

If the parties want to finalize the terms of an order, that perhaps ought to be done privately. But to attempt to do this as we move along from moment to moment, adding different paragraphs, conditions, and undertakings from the one side to the other, into the final product, I simply want to point out makes a practical procedural difficulty. If we were to attempt to phrase some sort of an order, there is a limit to how much we can incorporate in it extemporaneously.

Mr. Hnatyshyn: Mr. Speaker, the reason I rose to explain my understanding of the undertaking of the government House leader was due to the fact that he inadvertently did not say it was his understanding the Minister of Finance would appear before the committee.

Mr. MacEachen: That is all right.

Mr. Hnatyshyn: The proposition that he makes is satisfactory to us. He is confirming that now, sir, and he did not make that clear when he made his proposal. I simply want to make that quite clear, that that was an essential and integral part of it, and I gave it some background. With those very few caveats and observations, we are prepared to go along with the suggestion and the recommendation put forward by the government House leader.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I often go to the press gallery and look at the notice board because it is a good way to find out what is going on around this place. It just so happens that I did not go last evening, so I have not seen the letter that was written to the government House leader by the hon. member for Grenville-Carleton (Mr. Baker). However, I was clued in a little before lunch time today as to what was happening, and although I have not had an opportunity to consult with all of my colleagues, I have consulted with enough of them to be able to state our position.

Our position, Mr. Speaker, is that we are prepared to agree to the proposal that has now been made by the government House leader.

May I state it as I understand it, hoping that it is the general proposition. It would be, first, that the debate on second reading of Bill C-7 be now regarded as concluded which, of course, would do away with that motion under 75(c), of which notice was given yesterday. It is also understood that any vote on second reading would come at 5.45. The bill would go to the Standing Committee on Finance, Trade and Economic Affairs with the understanding that in that committee the government will move for the deletion of the clauses that relate to fiscal year 1979-1980.

The rest of the understanding is that when the bill comes back to the House, and it must come back by November 10, that the debate at report stage and third reading will not exceed five hours, and that any time required for recorded votes would be outside of the five hours.

I should like to say that I prefer that way of putting it, that is, five hours of debate, rather than saying one sitting day, because one sitting day can sometimes be messed up by a long debate on procedural points, references to Standing Order 43 and so on, and the first thing you know a sitting day can be an hour and a half or two hours.

So, Mr. Speaker, if you do not mind my having taken this time to say it, I have been trying to spell out what we understand to be the agreement, and we agree to it.

Mr. MacEachen: Mr. Speaker, I think it is important enough that we do not have later misunderstandings as a result of our discussion. I do not believe the hon. member for Winnipeg North Centre (Mr. Knowles) referred in his otherwise admirable summation to what would happen in the

standing committee, the number of meetings, when it would report, and so on.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it is that in the standing committee there will not be fewer than three sessions. In other words, the government cannot ram it through in one or two.

Mr. Clark: And the minister will be present.

Mr. Knowles (Winnipeg North Centre): And the minister will be there, the government says, in the normal way. I gather it is understood that the minister will be there for those three meetings. That is not a prohibition against there being more than three meetings. The understanding is that there will be no attempt to do it in fewer than three meetings.

Mr. MacEachen: Mr. Speaker, I think there is a limit to what we can put in this order. I have undertaken in reply to the very statement that the hon. member for Rosetown-Biggar—

Mr. Hnatyshyn: Saskatoon-Biggar.

Mr. MacEachen: Yes, I am sorry. I remember the former member for Rosetown-Biggar. He was so much better.

Mr. Clark: Simply closer in age.

Mr. MacEachen: —that the minister would appear before the committee in the normal way. If only to preserve some relative dignity in the House, I do not think I am going to undertake that no matter how many meetings—I think there is a steering committee,—there has to be a certain element of good will in the operation of this House, and I undertake that the minister will co-operate within that spirit of accommodation with which this whole agreement has been worked out. I do not think we ought to go beyond that.

Mr. Speaker: Order, please. I see the hon. member for Scarborough East (Mr. O'Connell) rising. We are not in a debate.

Mr. Knowles (Winnipeg North Centre): This is a negotiating committee.

Mr. Speaker: The hon. President of Privy Council (Mr. MacEachen) has risen on motions to put what has been laughingly referred to as a brief discussion on this subject. The suggestion is that an order be made at this time, which obviously requires the consent of the House, first of all that the order be presented by unanimous consent at this time because it is being presented without notice.

As I understand it, the order contains the following terms: that debate of Bill C-7 be concluded now; that when the question is put under Orders of the Day to terminate that debate, if it leads to a recorded division that division shall be taken at 5.45 o'clock this afternoon; that the bill be referred to the Standing Committee on Finance, Trade and Economic Affairs; that while in committee the government will move to amend the bill in such a way so as to restrict its scope to the fiscal year 1978-79; that the minister will co-operate with the work of the committee in the usual way; and to be more specific, but not so as to restrict the generality of that proposition, that not fewer than three meetings of the committee will be used for this bill and the minister will be there for those; that upon its return to the House not later than November 10, five hours of time will be allocated for the consideration of report stage and third reading of the bill, with any vote to be taken to be exclusive of that five-hour period of time.

I believe that is the proposition put before the House. That order can be put only with the consent of the House. Does the House give its consent for the putting of that motion?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Speaker: It is so ordered.

• (1642)

Mr. MacEachen: Mr. Speaker, on the question of the way Your Honour dealt with the portion of the summation with regard to the $10 billion for fiscal year 1979-80, that is the intention. There is another provision which I have not examined which may have application to that year, but it does not relate, as the hon. member rightly observes, to 1979-80. I would like it understood we are dealing with the proposition of the Leader of the Opposition (Mr. Clark) with regard to the borrowing authority 1979-80. However, there is another provision which may have application to that year which is not under discussion, but which your summation may have included, I am sure inadvertently.

Mr. O'Connell: Mr. Speaker, I do not want to mar in any way the coming to an agreement that has now been reached. However, I must rise on a question of privilege. I hope it is clearly understood that the order of this House does not restrict private members like myself who may be sitting on that committee from the full exercise of their rights on that committee. I object very strenuously to the smuggling in by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) of some suggestion that the members on this side should not perform their full functions on that committee. I trust in all of those other summations that it is very carefully deleted, because I certainly will perform my full function there. I resent the suggestion that we delay or raise points of order. The history of those committees goes the other way.

Some hon. Members: Hear, hear!

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that those questions be allowed to stand.

* * *

[*English*]

POINT OF ORDER

MR. PAPROSKI—REFUSAL TO ANSWER QUESTIONS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, this has to do with questions on the order paper. In order to expedite answers to questions on the order paper, and in view of the fact some questions have been on the order paper for a matter of months and even years without the government feeling any obligation to answer them, will the parliamentary secretary do the House the courtesy of giving a list of questions he refuses to provide answers to, and possibly we can take that into consideration?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Yes, Mr. Speaker, I merely refer the hon. member to the order paper and as for the remainder, our record is self-explanatory since we answer an average of 90 per cent of the questions per session.

Mr. Speaker: Are the remaining questions allowed to stand?

Some hon. Members: Agreed.

* * *

[*English*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-2, an act to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria and Canada and Italy for the avoidance of double taxation with respect to income tax, to which the concurrence of this House is desired.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Wednesday, October 25, consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: According to the order the House made earlier this day, the question is on the motion of Mr. Chrétien. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Shall I declare the motion carried on division?

Some hon. Members: No.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: In accordance with order made earlier this day, the members will be called in for this division at 5.45 o'clock this afternoon.

* * *

[*Translation*]

OLD AGE SECURITY ACT

AMENDMENT TO INCREASE GUARANTEED INCOME SUPPLEMENT

Hon. Monique Bégin (Minister of National Health and Welfare) moved: That Bill C-5, to amend the Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

She said: Mr. Speaker, this is the first time I rise on second reading of a bill in the House, a piece of legislation I personally submitted to hon. members for consideration and I do hope to have their support. During the budget debate in April last, I had started discussing poverty in Canada and the urgency of doing more to increase share of national income for our most

needy Canadians. I realize that in an affluent country concerned about losing its recent wealth, to which most Canadians are entitled, it was not proper to talk about the state of poverty of some of us. I felt however it was urgent to refer to it specifically because the feelings of concern among some sectors of the Canadian community could scare us and make us lose sight of existing problems whose urgency is quite obvious.

On August 1 last, the Prime Minister made it clear that he would do more to protect senior citizens against the adverse effects of inflation. So I am most happy today to introduce two amendments to the Old Age Security Act, one about the annual guaranteed income supplement and the other regarding the spouse's allowance. The supplement is paid to those who have hardly any or no income at all other than their old age security pension. At present, in October, 1978, this monthly supplement may mean up to $205.22 for a couple of pensioners and up to $115.55 for a single pensioner, alone, or whose spouse does not yet qualify for any pension or who is not eligible, so to speak, for the general old age security, as well as for those who get the spouse's allowance. To qualify for this supplement, single, widowed or divorced pensioners must have an income under $2,784. Married pensioners whose income is less than $4,944 will qualify too. A married couple with a single pension will be eligible if the income does not exceed $7,544.87.

[*English*]

The proposed change to the GIS, the guaranteed income supplement, will increase the total benefits to each household currently receiving GIS by $20 a month effective January 1, 1979. As far as I know, this is a new characteristic in our program. It means that the monthly benefit for a single GIS recipient will be increased by $20. For a couple, each member of the couple will receive an additional $10 per month, for a total of $240 for the coming year. This total will be indexed every three months according to the cost of living in a similar way to what we do now with the pension and the supplement.

This change will give a break to those who are referred to in the statistics as "unattached" elderly people. It may appear to be an injustice to give more money to those who live alone than to a couple on pension. However, I am sure the House will agree with the justice of the proposal.

At the moment, those in Canada who live alone and are the recipients of a pension and a supplement receive approximately 50 per cent of the amount a couple is entitled to receive. In fact, it is 52.4 per cent.

● (1652)

First, the cost of living for the person alone, single, widow, or in whatever circumstances, is much more than just half the pension of a couple. The cost of living alone is approximately two thirds of the budget of a couple or family. For instance, the basic one-bedroom apartment, the cost of the telephone bill, electricity, hydro, will be the same for a person alone living on a supplement as for a couple. Therefore, it is a matter of great urgency, it seems to me, to bring our program in line with the realities of the family budget. It is the first time we are taking such a measure.

When the economy is in better shape I hope to be able to come here with further such measures and I hope we shall never hear that measures to help older people living alone are a disincentive to marry or an incentive to divorce. I am only talking of relief to the family budget by which we bring up the pensions and supplements going to unattached, elderly Canadians. There is no way they can live as cheaply as two can live. This must clearly be said of present and future steps to increase benefits to elderly Canadians. Right now, this proposal of $240 additional money per year as of the coming January will bring them to approximately 54 per cent of a family's budget, that is, 54 per cent of what a couple receiving a pension can be entitled to. It is a first step. It is surely not a complete correction of the problem but I think it is a step in the right direction.

It is important, it seems to me, to ask who will benefit from the change in the GIS. I should like to use this opportunity to put before members of the House and other Canadians the fact that in our rich and affluent society, which we keep forgetting, in times of better circumstances for the majority of Canadians, approximately 60 per cent of all the pensioners in our country will benefit from the new GIS provision of $240 a year, that is 1,350,000 elderly Canadians. We keep forgetting there is such a big number needing our help, who live mainly upon pensions paid through the money of the taxpayers. I am not sure this fact of the poverty of the elderly Canadians is known to us.

Sixty per cent of all the pensioners in Canada receive some supplement, some assistance in addition to the basic pension because they are in poverty by all standards of definition.

We should consider some figures here. Over the last 20 years, consistently more than 50 per cent of elderly Canadians have been in the poorest one-fifth of our population.

Over one million Canadians, in fact 1.3 million, rely almost entirely on public funds as their only income. For a couple this amounts to $6,410 a year at the most, and the $240 additional money will for the first time bring them just above the poverty line. As to the single elderly person in such a situation, survival must accordingly be achieved on $3,363 a year.

[*Translation*]

Now, Mr. Speaker, I would like to ask honourable members, my colleagues and all Canadians how many of us would be able to survive without financial help on $3,363 a year. We simply cannot figure out how these people can make it and it is high time and most urgent that we realize the state of poverty the majority of Canadian pensioners live in. When we grow to that age, we hope that either the pensions will be a lot higher than they are now or that Canadian pensioners, because of different circumstances, for instance access to good private pension plans, will not be in a situation where 60 per cent of them will have the two public pensions of the government as their only source of revenue.

Now my question is this: who will benefit from the changes in the GIS? Besides the figures I gave earlier, that is the 1,350,000 Canadian pensioners who, starting next January, will be entitled to $20 more every month, indexed every three months to the cost of living, there are 100,000 others who, to this day, are not entitled to the guaranteed income supplement. Allow me to take a couple of minutes to explain that point.

[*English*]

The 1,350,000 Canadian pensioners who will receive the new $20 per month as of January include 100,000 who right now do not have access to any supplement. In other words, not only will it go to 60 per cent of all Canadian pensioners but it opens the doors to qualifying for the GIS to another 100,000 Canadians. These 100,000 will qualify for assistance and therefore part of the $20. By the way, the $20 will go in full to pensioners now in receipt of assistance. This is because if we raise the annual GIS by $240 we automatically, to effect such an increase, have to raise the ceiling on income. The maximum incomes pensioners can receive and still qualify for some assistance under the GIS will increase by $480 a year. For every additional dollar there is a corresponding $2 in the allowed income and the integration of an increase to our benefits increases immediately the total ceiling under which people can qualify for supplement.

I am pleased to stress that 100,000 more Canadian pensioners will now have access to some assistance in addition to the basic pension.

Some hon. Members: Hear, hear!

• (1702)

Miss Bégin: Perhaps I could put on record a list of who these Canadians are. This provision will help 662,000 unattached individuals. It will help 200,000 couples. It will help 21,000 couples when one only of the two partners qualifies for the pension, and it will also go to 72,500 couples in receipt of the spouse's allowance. The new pensioners I have just referred to can be described according to the same spectrum of categories.

The cost of the program is very easy to figure out. It amounts, including a margin of uncertainty of between 9 and 10 per cent, to $290 million of additional expenditure in the coming calendar year, 1979. This cost is going to be absorbed into the government budget and will not mean any additional tax.

When I spoke in public of these new provisions in the fall, newspapers quoted a few times the word "robbery" attached to the discussion of the provisions for indexation included in the old age security. I think I owe the House an explanation which I shall give this afternoon. We are often told, virtually always by those still working and commanding high salaries, that Canada cannot afford indexation. I just want to refer members to two sources of such statements.

Very recently the Canadian Institute of Chartered Accountants stated that the indexation of social service programs had led to the fall in the value of the Canadian dollar—a statement, which, of course, I do not accept at all. Also, the Canadian Construction Association stated through its president that we cannot afford our social programs. This sort of grand generalization is particularly detrimental to social programs directed at those Canadians who live on fixed incomes, the golden age Canadians, our senior citizens, the pensioners in our country.

Surely those who make these statements who are still in the productive stage of their life have access to increases of 6 per cent, 8 per cent, 10 per cent, or even more, in their wages every year. That is fine; they still have bargaining power. But they forget that those Canadians who have ceased to have that bargaining power must live on fixed incomes which are usually voted by parliament. They forget that this country is extremely rich in natural resources which are being exploited but the potential of which is not yet fully known. That is very obvious to older Canadians who have seen change more than we have, and who keep telling us to have faith because this country can offer so much. It seems to me that we keep forgetting that.

We look at the immediate advantages to which most of us have access, or which we have acquired in the past ten years or so. We are afraid that in these times of economic difficulties we might lose some of these recently acquired privileges and we are ready to protect our own assets immediately at the cost of the indexation of social programs, and in particular the indexation of old age pensions which at first appear to us to be hugely expensive. I refer to the Canadians who carelessly state to whomsoever wishes to listen to them that we cannot afford indexation. I wonder how they can look at themselves in their mirrors.

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

Miss Bégin: That is why I refer to this as a subtle form of robbery. I hope to be able to present publicly very soon a paper putting forth the problems of the indexation of pensions in general, including private pensions. I am not sure that it is normal in a country like ours for the government to index our own pensions and not to take care of 60 per cent of our older citizens who have no other source of income but the two pensions from the government, that is, the general universal pension and the supplementary pension. I do not understand why the share of the burden of providing for our old age citizens is not distributed in a better fashion and why some of it is not shared by the private sector, but I suppose there will be many other occasions when this matter can be discussed.

Before leaving the subject of indexation I should like to refer to something which historians might have already recorded, which many citizens and members of the House might have witnessed, and which I now offer as an hypothesis. The indexation of social programs was an innovation and was quite imperfect at first. It was a step toward progress in the development of social policy, and that first step was the indexing of pensions. Having been here for six years I think that many of us in 1972, 1973 and 1974 have witnessed the full and automatic indexation of pensions every three months which

was written into the law. It is one of the greatest developments in the social policy of our country and is now applied to all our social programs. Basically, we owe this to our senior citizens, who through well organized and numerous clubs and groups, have put pressure on members of the House and on the government, and rightly so. I suppose that is the name of the game.

I want to acknowledge the social role played by the senior citizens in our country who have made the general public aware of the concept of indexation which, five or six years ago, was a complicated concept which only economists understood. The word "indexation" was not generally used, but now it is a word in our everyday language, a word which workers recognize when they bargain for their settlements, which journalists use in their daily news reports, and which is very much part of the Canadian language. So I want to pay tribute to our senior citizens who have put on the map, forever I hope, through acts voted by this parliament, the concept of indexation of all social programs.

Some hon. Members: Hear, hear!

Miss Bégin: I often hear questions about the huge cost of our pensions, as well as other arguments against indexation which I would like to refute today. One argument I hear is that very soon there will be too many old people in Canada and that no one will be left to pay their pensions. I should like to put forward briefly some statistical facts. I do not think people should use these figures as an excuse for what I would call future panic. They think that very soon in the future we will have a vast dependent population, with no one working and earning left to support it. This is absolutely incorrect, although it is true that every year the percentage of people in our population who are over 65 is rising.

● (1712)

At the time of the last census in 1971, senior citizens accounted for 8.1 per cent of our population, or over 1.7 million people. By 1981, nine out of every 100 people will be 65 years of age or over. By the year 2001, this age group will account for one-tenth of all Canadians, for a grand total of approximately 3.4 million people. If we look at the visual representation of our population, the graph, we will see that it is not a panic situation. Even if it were one, we would have to face that situation and find solutions. But there is no reason to panic.

The truth is that there will be fewer dependent age people in the future. Social scientists refer to dependent age people as those under 18 or over 64 years of age, and therefore not in the labour force. The peak in this regard was in 1961 when there were 47 people of dependent age for every 100 Canadians. By 1971 the figure had dropped to 44. It dropped further last year to 40, because of the decreasing birth rate. It is safe to predict that it will be between 38 and 40 for the coming years and well into the next century. That means that the increased cost of better social services and health care for older people will be more than offset by the savings at the educational level and all programs relating to children.

There is absolutely no reason to panic and psychologically visualize Canadian senior citizens as a burden. Of course there will be more senior citizens, but one must remember the children of the baby boom who will be entering the labour force for decades. These workers will ensure a decent living for the senior citizens and, in turn, one for themselves when they reach retirement age.

The universality of old age pensions also was questioned in some quarters. The basic pension program should remain universal for all Canadians. It is the cornerstone of our system of retirement. All senior Canadians have contributed to the growth and development of the country. Surely it is a general feeling that all should have access to a basic universal pension, no matter what their income.

The first part of the bill proposes to provide $300 million a year to senior citizens who are in need, who receive one of the basic pensions or one of the pensions which provide assistance, the guaranteed income supplement or the spouse's allowance. The second part of the bill deals with the spouse's allowance, which often has been called a problem. Three years ago the spouse's allowance did not exist.

During debates in the House we witnessed pressures to lower the age of compulsory retirement to 60. Those pressures were resisted, and rightly so. At the present time a Senate committee is studying that question, and Canadians have been placed in a position of making their views known. We will witness a move toward flexibility of retirement age, rather than its being compulsory. Also we will witness a movement in favour of labour participation in the work force by many Canadians who are over age 65 and now realize, as governments do, that an arbitrary age of retirement at 65 without any transitional period affects people physically, psychologically, and does not help at all.

In October, 1975, a spouse's allowance program was introduced. It was meant to meet the needs of many married Canadian couples who suddenly lost one full salary and were required to live on a single pension. This program was passed by parliament. It applied to the spouse who was not yet 65 but at least 60. In all cases where families were in need, the spouses would receive this allowance. It is similar to the GIS which is offered in addition to the old age pension to those in need. Approximately 75,000 Canadians, most of them women, are in receipt of this additional pension. After three years of operation, we concluded that the program needed to be corrected on an emergency basis. That is one area covered by this bill.

At the present time, a partner or spouse loses the allowance and the first pension after the month in which a pensioner dies. I do not apologize for that. I know it creates hardships for many Canadians. All Canadians in need, be they under or over the age of 65, have the benefit of welfare and social assistance payments at the provincial level. That assistance is waiting for them as a right, not as a privilege. Approximately $1 billion of taxpayers' money is paid to the provinces every year in order

to cover only 50 per cent of the welfare payments made to individuals. Even without this new proposal, families have been able to go to provincial welfare offices to apply for assistance over the last three years.

Many Canadians, particularly senior citizens, still consider welfare to be a form of help which does not respect their dignity. One must remember that welfare payments are a recent social development in all countries. These senior Canadians have lived during the years when their lives and careers were based on pride, dignity, and self-sufficiency. Their neighbours and their extended families provided for them during economic crises. A more recent development in our society led to the establishment of social welfare payments. Senior Canadians in need are entitled to such payments; it is their right to receive them. In fact they have paid for this right, and their children are continuing to contribute moneys. I regret that a stigma is still attached to welfare payments and social assistance.

At the time of the establishment of the spouse's allowance, the federal government paid for approximately 75,000 senior Canadians instead of the provinces. Many people, to offer a solution to the hardship created by this sudden loss of two pensions in the instance of the death of a partner who was a pensioner in his or her own right, suggested that we keep these people on until they reached age 65, or that we put all people in need between the ages 60 to 64 on pensions. I rejected both avenues, and I would like to explain why.

● (1722)

[*Translation*]

In one case, then, we would have taken the pensioners' roll and lowered to 60 the age of eligibility for all the needy. Such an option, Mr. Speaker, can be ideal. It does not however take into account the fact that many Canadians are beginning to have doubts about retirement age; they want it to be optional and flexible. Canadians would rather not have a compulsory retirement age, namely 65. They would prefer to choose their own, a few years sooner or later, according to their personal circumstances.

I do hope we can find a way to distribute pensions because, to my mind, therein resides the whole practical problem of distributing pensions that leave room for the principle of flexibility and choice in one's retirement age. But we are not there yet. I shall be very anxious to get the recommendations of the Senate committee on the matter. But to say today that everyone of 60 to 65 who is in need should receive the federal pension automatically would cost the state $630 million more each year. In times of economic restrictions, that argument becomes important for the very simple reason that $1 billion already go each year to the provinces from all Canadian taxpayers, through the federal government, to pay for 50 per cent of the costs of all social welfare programs.

Needy people between 60 and 65 have to apply to their welfare office and withdraw the amounts for which they are eligible. So the question becomes rather whether this should be paid for by the federal or by the provincial government.

We are now covering the spouses of pensioners who have already a right to their retirement and who are in need, which makes about 75,000 persons. If, because of the present state of our economy we cannot cover all the needy people, no matter what their marital status, we think about what we can do. The other solution is to keep on the list of eligibility the widow who lost both pensions after her husband's death, until she is 65. I examined the situation, Mr. Speaker, and I rejected this solution for the sake of fairness. I think the House will understand my reasons for this; I rejected this solution because it is unfair to the neighbour who is single, and to the other neighbour who has been a widow for a long time, or to the separated woman or the single man who is not eligible for this pension.

[*English*]

Mr. McGrath: It wasn't fair in the first place.

Miss Bégin: The hon. member has asked why this was so in the first place. The opposition will recall that when this idea was introduced and passed by this parliament three years ago—the spouse who qualifies for a pension because of a partner who is 65 years of age—this was at a time when we were still negotiating a guaranteed annual income for all Canadians. That would have been automatically taken care of by, if I may use the word, negative income tax or other techniques. We were very confident that an agreement would be reached between the provinces and Ottawa. Some months later, however, some provinces refused to embark on such a huge, brand new social approach to solving problems of poverty in Canada, and consequently we did not settle on a plan for a guaranteed annual income. I hope that I will see the day when such a program is instituted, but it will not be in the near future. Therefore it would be very unfair to exploit the expectations and hopes of people.

In good faith we established a program to help Canadians in this very bad situation. The approach taken was a pragmatic approach. We asked: what is the most urgent need for people in this situation? The answer was, in cases where a married couple are living on one pension and the other spouse does not qualify, to give these people assistance.

Now we face another problem, and that is the hardship created for a spouse upon the death of the mate. In cases such as this we propose that we keep the individual on the equivalent of OAS, GIS and, of course, the additional $20 which is proposed in the first part of the bill for a further six months after the death of the partner. The six months interval is not perfect. The ideal would be to take on pension all Canadians in need between the ages 60 to 65.

This is a cost which the federal government cannot afford right now. It is money which is given to the provinces to provide this benefit and the cost amounted to $1 billion last year. We are ready to enter into negotiations with the provinces to make the necessary changes to include Canadians

from age 60. We hope that we will also be able to work out a system where we can offer a choice to an individual with regard to the age of retirement. If that is what hon. members opposite wish to have, I am sure the official opposition will propose it. It means federal-provincial conferences and negotiations in areas of jurisdiction which are provincial right now.

I propose the realistic solution of keeping the partner on benefits for six months. How did I arrive at six months? It is enough time to give the widow—I say widow because most often it is the woman who is in this situation—or widower, as the case may be, time to settle the estate even if it is small. Members of this House know that the government's definition of income is quite generous. For example it does not consider as income savings in the bank or the equity in the little home. The death of a partner in most cases does lead to—

● (1732)

[*Translation*]

—and I am going to say it in French. The death of a spouse naturally brings up the question of the house in which they live. Most elderly people we are talking about live in a small house which they own. Six months may not be enough to sell the house. Yet things can get started. One can find residence in a small apartment, a place in a home, in a residence, arrangements can be made with the children, a bank account can be closed, saving bonds can be cashed—

[*English*]

For instance, they can make the application to have the dossier processed to obtain the CPP survivors' benefit, which takes 60 days. I think six months given to the spouse who survives the partner who was a pensioner in title gives the time needed for readjustment. That is what I am asking of hon. members, knowing very well that it is not an ideal solution to the problem. It is a solution, however. I challenge any hon. member to say that six more months is not something that is good for the spouse who is in receipt of the spouse's allowance.

[*Translation*]

Mr. Speaker, I would like to close my remarks by making a plea to my colleagues from all parties for the cause of the elderly, particularly old women who live alone and in poverty. When we talk about this bill which proposes two amendments providing nearly $300 million more for elderly people in Canada, we are talking about some 800,000 women who are old, poor and live alone. I know this is a case of urgency to which nobody can remain indifferent. As soon as the House passes this bill, it will enable the Senate to deal with it and our parliamentary system to give it royal assent so it will then allow the continuation of the spouse's allowance for an additional period of six months. This is a matter of urgency which I bring to the attention of hon. members.

As for the second program which will benefit 1,350,000 Canadians, if such is the desire of the House, it will come into force starting January, 1979, that is in two months, and I would urge the members of all parties in the House to give their support for a quick passing of Bill C-5.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty pursuant to Standing Order 40 to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Fort William (Mr. McRae)—Transport—Movement of grain on Great Lakes—Lengthening of Seaway season; the hon. member for Moose Jaw (Mr. Neil)—Agriculture—Sale of government elevators; the hon. member for Broadview (Mr. Rae)—Finance—Tax recommendations of Economic Council of Canada.

GOVERNMENT ORDERS

[*Translation*]

OLD AGE SECURITY ACT

AMENDMENT TO INCREASE GUARANTEED INCOME SUPPLEMENT

The House resumed consideration of the motion of Miss Bégin that Bill C-5, to amend the Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, first I would like to say that we, on our side of the House, firmly intend to support this bill, but as concerns social welfare, how many times did the minister note this afternoon in the House of Commons that she cannot do much because of the economic situation? It is true that, compared with previous administrations, including Liberal administrations, the minister has not been able to do much. Why, Mr. Speaker? Because for the last ten years we have had the worst economic administration in our country since confederation!

[*English*]

It is pretty hard to speak for long about this bill, Mr. Speaker, because it is merely tinkering. How many times has the minister said today that she cannot do much because of the economic situation facing Canadians? She said it three times. Because of ten years of the Prime Minister's mismanagement and socialism that has brought this country to its knees, because of $150 million waste in the UIC, because of millions of dollars worth of government space going unoccupied, because of the worst economic mismanagement since confederation, this government cannot do much in the domain of—

Some hon. Members: Oh, oh!

Mr. Grafftey: Compare this administration with past administrations. What major piece of legislation has this government been able to bring before the Canadian people in ten years because of the worst—I say the same thing that the people back home are telling me—the worst economic mismanagement since confederation? Ten years of this Prime Minister's socialism has brought this country to its knees.

The Acting Speaker (Mr. Turner): Order, please. I suggest that the hon. member get back to the bill under discussion, Bill C-5.

Mr. Grafftey: The hon. minister said today that because of the economic situation in the country, she could only tinker and bring in a $20 raise, or a $10 raise, or a six months' raise for old people and spouses. If this country is bleeding economically it is because of ten years of the worst economic mismanagement it has seen since confederation.

The New Democratic Party likes to lecture us about a social conscience. The minister has said on many occasions that this party does not have a social policy. We have a social policy, Mr. Speaker. One only has to look at it to see under our present leader how humane, decent and compassionate it is toward the handicapped, in the area of housing, the aged, etc. If we cannot do too much today, as the minister has admitted we cannot, it is the extravagance, waste, and economic mismanagement by this administration that has handicapped her.

We are a Progressive Conservative party—progressively humane and decent in social policies. Surely hon. members opposite must recognize that in order to invoke progressive, humane, social policies there must be conservative, expansive, and constructive economic policies. Under their economic mismanagement the pie has got smaller and smaller and smaller. Today, at the end of a dying parliament, supported by a government that would in the name of God go away, the minister is handicapped, handcuffed, and put in a corner and she can only get up and tinker.

[*Translation*]

I want to take this opportunity this afternoon to congratulate the hon. member for Kingston and the Islands (Miss MacDonald). Of course, the policy of our party—and the minister discussed this matter a few minutes ago—states that the partner of the 64-year old widow who is left behind after the death of her husband, at the age of 67 for instance, must receive what we call the spouse's allowance until she is 65.

[*English*]

I know that deep down the minister wishes she could pay the spouse's allowance earlier. Her arguments today were pretty good and she made a good defence on a sticky wicket. If this government had managed the economy properly the minister might be able to support the proposition put forward by the hon. member for Kingston-The Islands (Miss MacDonald). She is boxed in, however, and can only tinker as she has today.

[*Translation*]

It would be difficult for us to vote against an increase of $10 or $20 or against a six-month extension of benefits for widows, but government members will certainly admit that this is only a band-aid solution.

[*English*]

I challenge this government to name one significant social program it has invoked in the last ten years compared to those of previous administrations in this country. Just name one.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. The hon. member has the floor for the purpose of making a speech. I suggest we all listen to him.

Mr. Grafftey: The UIC is very apropos. We are told today that this great innovation of the present administration has shown a $150 million wastage in one year. The Minister of National Health and Welfare (Miss Bégin) now has to get up in the House of Commons and pretend she is doing something brilliant by offering a $20 increase in the GIS, a $10 increase in the GIS or an extension of six months for the spouse's allowance. Does the minister really think this is such a great innovation? Can she go to the people of Canada in this dying parliament—and thank God, it is dying—and say this is a great social—

Miss Bégin: Nobody said that.

Mr. Paproski: Yes, you did.

• (1742)

Mr. Grafftey: Mr. Speaker, the hon. minister said three times in her speech that because of the economic situation in this country, this is all she can do for the old people and the handicapped. It is all she can do because of the economic mismanagment of this government, the worst economic mismanagement since confederation.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Grafftey: By articulating Conservative economic programs we are confident that the pie will get bigger and bigger and we can help those people who need help in this land with progressive social programs.

Some hon. Members: Hear, hear!

Mr. Grafftey: But in the name of God, until this government moves this will not happen. Because of economic mismanagement the government have embarrassed the hon. lady today.

Some hon. Members: Oh, oh!

Mr. Grafftey: There has been millions of dollars of waste. Of course, the hon. lady is going to have rapid approval of this bill. What else can we do?

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. I suggest we listen to the hon. member.

Mr. Grafftey: Of course the hon. lady will get rapid approval. This is certainly not enough, $20 here, $10 there, and an extension of six months. I know the hon. lady's social conscience well enough to know that she would have liked to do much more for the old people, the disabled and the handicapped of this country who are the very people who have suffered most.

Some hon. Members: Hear, hear!

Mr. Grafftey: These are the very people who have suffered the most from the economic incompetence and waste of this government.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Grafftey: Of course she can count on our support, but we deplore the fact that in ten years no major social programs have been introduced on the floor of this House. We tell the Canadian people that only when this government goes and we have a chance to govern and make a bigger pie with our economic policy—

Some hon. Members: Oh, oh!

Mr. Grafftey: —will we be able to invoke humane, decent, and progressive social policies.

I thank you, Mr. Speaker. But how much longer can anyone speak on a bill like this?

Some hon. Members: Oh, oh!

Mr. Grafftey: Normally the lead speaker from this side of the House is allowed 40 minutes, but this bill only deserves ten minutes from the lead speaker. It is a band-aid, it is a sop, it is peanuts. And in the name of God this government must go so we can invoke progressive, constructive economic policies to help the disadvantaged people of this country.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. It being 5.45 p.m., pursuant to an order adopted earlier today it is my duty to interrupt the hon. member in order that the House may proceed with the recorded division on Bill C-7.

[Mr. Grafftey.]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80, and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. Chrétien), which was agreed to on the following division:

(Division No. 7)

YEAS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Dawson
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupont
Duquet
Ethier
Faulkner
Fleming
Foster
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jamieson
Johnston
(Westmount)
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Lapointe
Lavoie
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marchand
Martin
McIsaac
McRae
Milne
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Pelletier
Philbrook
Pinard
Portelance
Prud'homme
Railton
Raines
Reid
Roberts
Rooney
Roy
(Timmins)
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stewart
(Cochrane)
Trudeau
Turner
Watson
Whelan
Wood
Yanakis
Young—118.

NAYS

Messrs.

Alexander
Andre
(Calgary Centre)
Baldwin
Benjamin
Brewin
Broadbent
Cadieu
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax-East Hants)
Crouse
de Cotret
Dinsdale
Douglas
(Nanaimo-Cowichan-
The Islands)
Epp
Firth

Messrs.

Fraser	Laprise	Nowlan
Gillies	La Salle	Nystrom
Graffrey	Lawrence	Orlikow
Halliday	Leggatt	Paproski
Hamilton (Qu'Appelle-Moose Mountain)	MacDonald (Egmont)	Patterson
		Pigott (Mrs.)
Hamilton (Swift Current-Maple Creek)	MacDonald (Miss) (Kingston and the Islands)	Rae
		Ritchie
Hare	MacKay	Roche
Hargrave	Malone	Schumacher
Hnatyshyn	Mazankowski	Scott (Hamilton-Wentworth)
Holmes	McCain	Scott (Victoria-Haliburton)
Jarvis	McCrossan	Shymko
Kempling	McGrath	Siddon
Knowles (Winnipeg North Centre)	McKenzie	Stanfield
	McKinley	Stevens
	Muir	Symes
Knowles (Norfolk-Haldimand)	Munro (Esquimalt-Saanich)	Wenman
		Whiteway
Korchinski	Murta	Wise
Lambert (Bellechasse)	Neil	Woolliams—72.
	Nielsen	

● (1812)

Mr. Speaker: I therefore declare the motion carried.

Bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: It being after six o'clock, I do now leave the chair until eight o'clock this evening.

At 6.15 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

OLD AGE SECURITY ACT

AMENDMENT TO INCREASE GUARANTEED INCOME SUPPLEMENT

The House resumed consideration of the motion of Miss Bégin that Bill C-5, to amend the Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we have returned to the debate on the second reading of Bill C-5, which contains two proposed amendments to the Old Age Security Act. Sometimes I have the feeling that the very walls of this chamber must be so accustomed to speeches by me on the subject of pensions that those walls themselves should almost play my speeches back. But I hasten to assure not only the walls of this chamber but the members of this House that there are many more such speeches still to come.

If hon. members on the Liberal side imagine that they know what I am going to say about this bill, namely that it is good as far as it goes but that it does not go far enough, I assure them I will not disappoint them. That is precisely the position my party and I take respecting Bill C-5. The things which are in it are good and move in the right direction, but they do not go far enough. However, because the things in the bill move in the right direction, we shall be voting for it.

In view of the fact that the bill is set up in such a way that although the $20 increase in the guaranteed income supplement will not come into effect until January, 1979, but that the change with regard to the spouse's allowance will come into effect as soon as the bill has had royal assent, I feel the minister's request that we not delay the handling of this bill is one to which we ought to respond. It is my hope that the various stages through which the bill must go will not take very long.

Before I talk about the bill itself, the things in it which are good and the failure of the bill to go far enough, I confess I want to say a few words about the Minister of National Health and Welfare (Miss Bégin). I realize that opposition members, to be in character, must see no good in any member of the present cabinet. It is not very difficult to take that stance in respect of most of the members of the cabinet. But there are two or three—I do not think I would go much higher than that, though there may be four—who, in my view, have their priorities straightened out. One of those ministers is the present Minister of National Health and Welfare. I hope that is not the kiss of death; I would not want to do that to her!

● (2012)

If the rumours are correct that a cabinet shuffle is in prospect, I hope the Prime Minister (Mr. Trudeau) will not move the present minister. I have noted with intense interest the speeches she has made. In fact, I have read, if not in full, certainly I have scanned them, all of the speeches she has been making all over the country, and it is clear that she is aware or has become aware of the shortcomings of some of our social programs. She is proud of the programs that have been put in place, and she has the right to be proud, but her awareness of the inequity of income distribution, her awareness of the high proportion of our people who are in the lower income brackets, and particularly her awareness of the difficult time that many of our older people are having, make her one whose voice in the cabinet is very important.

The spokesman for the official opposition who took part in this debate just before the vote we took at 5.45 referred to the fact that the Minister of National Health and Welfare is limited by the policies of the government in what she can do. It was a critical statement he made, but I think even that criticism carried with it the implication that if she could do better, she would.

I compliment the minister on the speeches she has been making and on the efforts she has been putting forth to try to win some significant improvements in our social legislation. I have referred to her discovery about the large numbers of our people who are in the lower income brackets. She had something to say about that this afternoon.

I want also to refer to her discovery—and maybe this comes about because before she was in this department she had the portfolio of the minister of national revenue—that our income tax structure is one in which there is a host of hidden benefits

for the wealthy. She has made a move to counter that by winning certain changes in respect of family allowance payments, and we will get to that when we get to another bill. Her proposal, even if it is in the name of the Minister of Finance (Mr. Chrétien), that there be income tax credits—and by "credits" we understand that to mean not just figures on a page somewhere, but actual dollars being paid out—granted to persons whose incomes are below certain levels is an indication of the awareness of the minister that there is an awful lot that is wrong with our income tax structure. It is, as I say, full of hidden benefits which exemplify the biblical statement that to them that hath is given. I commend her for having made a start in that direction.

I was interested in her reference this afternoon to the guaranteed annual income or to a negative income tax, or something like that. It was in character for her to blame the provinces for not having been willing to agree to it, but at least she is aware of that sort of thing.

I have no hesitation in commending the minister for the speeches she has been making and for the battling she must have had to do in cabinet to get some improvements in social legislation at this time. After all, the government tells us this is a time of restraint, and there are cuts being made, all over the place. If in such an atmosphere one minister is able to bring before the House an increase in certain social payments, it is obvious she did not accomplish that by suggesting it just once; she must have had to fight for it for a long time. I commend her for that, and if she can stand life in that cabinet much longer I hope she wins further gains.

I want also to commend the minister for taking the time this afternoon to dispel some of the myths about pensions and pension policies. I think she dispelled only two or three this afternoon, but she made at least one speech in which she lists seven of them and dispels them all. I am glad she took the time to point out that the campagin some people wage against pension indexing is completely without foundation. She was quite clear on that, and that just as other members of our society have the right to expect an increase in their incomes to keep up with the rising cost of living and, perchance, to keep up with a rising standard of living, that right should also be extended to pensioners.

I am glad that she took the time to point out that the arguments some people make that if we keep on doing so much for pensioners—and those words "so much" are not mine, but words other people have used—the day will come when everybody will be my age or older and there will not be anybody left to do the work. The minister gave statistics this afternoon to set that right. I have said many times in this House that perhaps the best legislation the Parliament of Canada has passed in my lifetime has been legislation in the social field. I am not going to give that fatherly or avuncular lecture I sometimes give about conditions as they were before I came to this House, but I will take a moment to say that I did have the good fortune of being alive and active in the 1930s, so I have a memory of what life was like for older people before there was extensive government intervention to see that they got their rights.

I happened to be just 34 years of age when I came to this place back in 1942, and it was not very long after, largely because I succeeded the late J. S. Woodsworth who had something to do with the first old age pension legislation, that I became a spokesman for the older generation of that day. Now that my friends who were in their thirties when I came here are, along with me, members of the older generation, I am glad and honoured still to be one of their spokesmen.

• (2022)

So, Mr. Speaker, even though as a member of the opposition I am supposed to get up and condemn any minister for what was said at the beginning of a speech, I have to say that to me it was a delight to sit here this afternoon and hear the minister speak with pride about our pension legislation, to make it clear that it is here to stay, that things like indexing have to continue and that we have to continue to make other improvements for our older people.

There is no doubt that we have done a lot in the years since I first came here. In those years about all we were doing—and it took all of our efforts—was trying to get the amount of the opinion increased. When I came here the pension was only $20 a month payable at age 70 and then only with a means test. For years we worked hard on getting the amount increased, on getting the eligible age brought down and on winning universality. We have moved on from that to hospitalization and medicare, first for older people and now for everybody. We have moved on to housing for our senior citizens. I am particularly proud of the good job that was done in that field in my province during the years that Premier Schreyer was the leader of the government. We have established programs like, "New Horizons" and we have made all sorts of changes that have really been revolutionary.

I said that I was not going to repeat some of the things which I have said so many times here, but at this point I feel I have to say again that I well remember those days when our parents or our grandparents were at home in the back room, kept alive but that is all. They were not out in society They did not have clothes to wear or car fare. Car fare was something you spent on streetcars in those days, in case some members come from cities where they do not have streetcars.

Today many older people have their own apartments, and even if they are at bingo, at least they are out. I saw a sticker on a car the other day that I thought was very interesting. It said, "Support bingo, keep grandma off the street." I say that in the jest which the sticker intended, but I think that even in reciting it I can convey to hon. members—in fact, I am trying to impress upon them—that we have changed quite radically the life of our older generations. It just does not compare, the life of older citizens today, with what it was when I first became active in public affairs. To me this parliament has been worth it, to me our party has been worth it, if we have done nothing else. To me the years I have spent here have been worth while even if that was all we had achieved.

If I am taking a moment or two like this to speak with pride about what we have done, it is not just to be historical; it is because I am terribly concerned that there be no retreat from that position, that there be no rolling back. Every time I hear talk about privatizing or cutting government expenditure or the government getting out of the economy, I get afraid of what some of us knew and experienced when the government was not in the economy in the way it is today. I was delighted to listen to the speech which the hon. minister made this afternoon, and she has my support and backing as she continues to try to get social improvements out of the cabinet of which she is a member.

Having said that, sir, I should like now to get to the terms of the bill. I said at the start that members opposite knew before I began what I would say, namely, that the things that are in the bill are good but they do not go far enough. Certainly the $20 per month increase, whether it is $20 for a single pensioner or whether it is $20 for both partners of a married couple, is good. It still leaves many of our people on levels below the poverty line, but the $20 increase is good. I was delighted when I realized, soon after the announcement was made, that the minister won that as $20 across the board for those receiving the guaranteed income supplement, that it was not graded in some way. In other words, if a person is getting $50 or $60 guaranteed income supplement he still gets the $20; or if a person is getting only $1 guaranteed income supplement he still gets $20. Well, Mr. Speaker, let there be no doubt about it—and I am saying this on the opposition side of the House—that is good.

So, what is wrong with the bill if it is so good? Nothing is wrong with it, it is just what it does not do. The minister said this afternoon that 60 per cent of the people of my generation, a generation which is over 65, have little or nothing else. That is attested to by the fact that they qualify for guaranteed income supplement. I have been boasting about what parliament has done in the 40 or 50 years that I have been following these matters, but when 60 per cent of our older people have for their retirement only what they get from old age security and the guaranteed income supplement, this is a terrible condemnation of our economy, of our so-called private enterprise.

These are the people who have worked to build up this country and have made their contribution, and they now have to rely on so little, and they have to listen to speeches about the desirability of privatizing things and getting the government out of the economy. That being the case, that 60 per cent of our older citizens have so little else that they qualify for all or part of the guaranteed income supplement, I want to remind the minister that there is another bracket just above that where people are also in trouble. I am glad that she is by this legislation in effect raising the ceiling.

My arithmetic, which I hope is not far out, shows that when this plan is in full flight the 60 per cent will probably be 65 per cent, the 100,000 or so that were to be added. That 65 per cent of our older citizens have nothing else; they gain nothing because of the greatness of this private enterprise economy, but they are taken care of at the level of old age security and guaranteed income supplement provided for in the legislation of this parliament.

But just above that 65 per cent there will be another, I would guess, 20 per cent of older citizens who are in difficulty. The top 10 per cent or 15 per cent of those of us who are 65 years of age or older are all right. I am basing that statement on statistics that have been produced from time to time by the minister's own department. Quite frankly, I think 10 per cent is quite generous, but people between that 65 per cent level and the 90 per cent figure, another 25 per cent or 400,000 or 500,000 older Canadians—we are not talking just about a few, we are talking about 400,000 or 500,000—have just enough other income that they do not qualify for the guaranteed income supplement. There are certain benefits and perquisites that adhere to the guaranteed income supplement which these people do not get.

● (2032)

I wish, with the skill she has shown in getting money out of a cabinet that is cutting back and in getting something done about some of the unfairnesses in our income tax laws, she would give her attention to that group of people.

I know my simple solution has been rejected, that is, to raise the basic amount of old age security and adjust income tax so that the few at the top will have to pay most of it back. I make that proposal time and time again and I will go on making it, although it is difficult to win. In the meantime, there is that group of Canadian senior citizens, that group from 65 per cent to 90 per cent, which is about 25 per cent of the two million—that is, 400,000 or 500,000—who are having a rough time. They do not all write to me, but many do and they describe their difficulties. That is what is wrong with this bill; it does not meet the needs of those people.

The minister can say to me that she could not get that much money out of the cabinet and could not get a universal increase across the board. I enjoyed the way she told us this afternoon that what the government is doing can be done out of government revenues without any new tax. That is true. It is interesting, however, that every time over the years I have proposed pension increases the government has said to me: "Look at what it would cost; certain new taxes would have to be imposed." When the government decides on increases that amount to a few hundred million dollars, however, all of a sudden taxes do not have to be raised.

I hope the minister will find some way to persuade her cabinet colleagues that further things should be done. I know they cannot be done in Bill C-5. This parliament is not over yet, however, although it has not very many months left. I plead that she give thought to that group of 500,000 senior Canadians who are between those two points, 65 per cent and 90 per cent of the senior citizens of Canada.

I stand by and repeat the plea that I have been making in this place since the early 1940s—that pensions should be universal without a means test and that the amount should be a lot higher.

The clock always seems to move faster when I am speaking than at any other time, Mr. Speaker, so I had better get on to the other aspect of this bill.

The bill also provides for a continuing for six months of the spouse's allowance in the case where a younger spouse has lost the pensioner or older spouse. There is no doubt it is a good thing that is being done. Every month between 200 and 250 persons in Canada, most of them women, have this experience. Every month in Canada 200 to 250 persons, mostly women, lose the older spouse and the spouse's allowance. Indeed, the pension, the whole works, is suddenly cut off. That is one of the reasons I am glad to see this part of the bill is not designed to come into effect in January, but instead as soon as the bill has had royal assent. Let us get it over to the other place and hope they will not treat this pension bill as they used to treat pension bill years ago.

That just solves the problem for some of the 200 to 250 persons, not all of them. It solves it for those aged 64½ until they reach 65, but what about the woman who becomes a widow at age 61 or 62? She gets another six months' pension and then has to go on welfare.

I think what is wrong with the minister's defence of this is that she puts the whole business of spouse's allowance in the context of its having been desirable for the government to solve the problem of two persons trying to live on one pension. She now says that in that context what she is doing is valid, that it does not destroy that, that it does not start giving pensions to widows or single persons. But I still feel and I felt at the time that the whole basis of the spouse's allowance that was passed in this House in June, 1975, and came into effect in October, 1975, was basically wrong when it established a marital test.

This House knows how opposed I am to a means test by whatever name it is called. But I would rather provide a pension between ages 60 and 65 on a means test or needs test basis, if you cannot make it universal or available to all those out of the labour market, which is the way I would do it. Surely the single person, the widowed person, the divorced person, is just as much in need and has as much right to be on a pension with honour and decency, rather than on welfare, as the woman who can say she got a man—this business of saying to a woman between the age of 60 and 65, "If you are single or alone you cannot get a pension; that pension with all its prestige and honour is only for you if you have got a man who is over age 65."

I cannot blame the minister; she was not in the department at that time. I think she was parliamentary secretary to some other ministry and although parliamentary secretaries have certain advantages they have the disadvantage of having to keep quiet about a lot of things. So I cannot blame her.

The minister said one thing this afternoon that I rather liked when she indicated that this was a step which is resolving one problem connected with the spouse's allowance. The problem of the spouse's allowance will not be solved until it is replaced in its entirety by a pension for persons between the age of 60 and 65 on some basis—some basis that does not have a marital test. That is completely wrong. My answer is a universal pension available, if you will, to all persons between ages 60 and 65 who are out of the labour market—universally available, I do not mean universally paid, as it is, to those over 65. That is my answer. If that is too costly and the government is not prepared to do that, then, certainly between ages 60 and 65 the government should make it available to all persons who are in need.

Even the spouse's allowance, the key to which is the marital test, also has a means test with it. I know the spouse's allowance works both ways and the same deal applies to a young man with an older woman for a wife as vice versa, but in 80 per cent of the cases of marriage in this country, the husband is older, and in 90 per cent or perhaps 95 per cent of the cases where the spouse's allowance is applied for, there is a younger wife. I have had lots of complaints from widows who became widowed between ages 60 and 65, but I have never had a letter from a man saying; "My old woman died and I lost the spouse's allowance."

Miss MacDonald: I had three.

Mr. Knowles (Winnipeg North Centre): I guess those 60 to 65-year-old men are more interested in Flora than in me!

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I am sure the hon. member for Kingston and the Islands (Miss MacDonald) who has heard from three men in that age bracket has heard from many times that number of women. That's what this spouse's allowance is, a program of pensions for women between ages 60 and 65 but only for those women who can say they have a man. I am putting it that way rather than in the more formal way of saying they are married and living with a spouse—because it is so ridiculous.

This lifelong advocate of universal pensions, this lifelong opponent of means and needs tests, stands here tonight and says a needs test for everyone between ages 60 and 65 would be infinitely better than the marital test that is there now.

I do not expect the Minister of National Health and Welfare to accomplish a miracle and get this bill amended before it is passed. The present parliament can last only another few months, however, and it would take a lot of hard work on her part to get something more. But I think she would like to have some legislation about next spring that would boost the Liberal stock in the coming election. I suggest she could do that and in fact she might even become leader of the Liberal party—

● (2042)

Miss Bégin: Minister of Finance would be okay.

Mr. Knowles (Winnipeg North Centre): —if she could get out of the government by next spring an amendment to the Old Age Security Act that would provide pensions for those between 60 and 65 without any marital test but simply on the basis of a needs test, so that the single woman or the single man or the divorced woman or the divorced man or the widow who is already a widow or the spouse who becomes a widow

will get the pension on the basis of need and not because of this really cruel, mean and ridiculous test that is there now.

I suppose what I have done, Mr. Speaker, is to fill those walls up there with more of my words on pensions. The issue never really gets resolved. We have done well over the years. I have said it many times and I have said it in my speech tonight that the things being done in this bill are good; they move in the right direction. I give my plaudits to the Minister of National Health and Welfare. I hope my colleagues will not criticize me for doing that. Anyone who gets anything out of this tight-fisted cabinet at this time deserves credit.

I hope she will keep at it and soon get changes in the Old Age Security Act that will do something for the 500,000 Canadians I referred to who have just enough that they do not get guaranteed income supplement, but not really enough to cope with today's rising cost of living. I hope she will do something for the women of this country between the ages of 60 and 65 who deserve better than they are getting under the spouse's allowance as it now stands.

I congratulate the minister for what she has done. I wish her well as she tries to win more for the senior citizens of this country.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, it is not that easy to speak after such an eloquent speech by the hon. member for Winnipeg North Centre (Mr. Knowles). Frankly speaking, it was in sharp contrast with what we heard just prior to the adjournment at six o'clock. The hon. member was quite right in congratulating the Minister of National Health and Welfare (Miss Bégin) for managing to get that improvement to the Old Age Security Act. You will not be surprised, Mr. Speaker, nor will my colleagues in this House if we support this bill.

Ever since we have been elected in this House—and I have personally been here for over 16 years now—my colleagues and I have not stopped calling for amendments to that act to provide a better retirement for senior citizens. As early as 1966 I introduced a motion in the House. I did not have the right to introduce a bill but I introduced a motion, and I think I was the first one to put that idea forward in that fashion in the House. Had it been passed at the time, that motion would have had the effect of giving the pension to all spouses of pensioners and it was in that period that we saw the age of retirement gradually reduced from 70 to 65. It was denied in 1966. I came back on several occasions without having the opportunity in each session to defend that view. But I had an opportunity to do so in 1974, and I came back with the idea.

If I remember well, it was in 1974 that the government started talking about being more flexible on that aspect of the Old Age Security Act. When the government softened its position on that act and recognized that a spouse in need would have access to the pension even under age 65, that is from 60 to 65, well, we applauded that amendment to the Old Age Security Act. But I would have preferred to have that amendment applied to all spouses because it must be recognized that there are not that many spouses below 60. But there are some. Last Monday as I was doing some office work in a city in my riding, Amos, I came across such a case. A lady of 52 whose husband is 66—and that is a fairly wide gap in ages—is not entitled to her pension or any pension of any kind, and that couple must live on the pension he receives from the federal government and a small pension under the Quebec Pension Plan. It amounts to just about what might be given to them by the Quebec Department of Social Affairs. Yet those people will receive less than what a 65-year old couple now gets under the old age security legislation.

• (2052)

Mr. Speaker, people in that kind of situation find it very difficult to make a living and the situation might not be solved before several years. When we urge the minister and the right hon. Prime Minister (Mr. Trudeau) to increase pension funds and to make it accessible to all spouses they always say that the provinces should take care of those people through their social welfare programs. Being aware of the meanness of some provinces concerning those people and the socially handicapped I think that a large percentage or our people are living under the poverty level and I am talking now about the province of Quebec.

The minister said that even with the old age security many senior citizens, a high percentage of senior citizens are living under the poverty level because their pension cannot cover their basic needs in these times of steadily rising costs. But what about couples where both spouses must live in a home for senior citizens when only one of them gets a pension? And what about those socially handicapped under 65 who are unable to work because of disability or illness and who must live on a small welfare allowance?

Mr. Speaker, it is obvious that those people are living in dire poverty and that they find it even more difficult to cope with the cost of living than those who can defend themselves like organized workers in powerful unions. We certainly approve this $20 increase, particularly for couples and persons living alone but if we grant that increase to a single person, for instance, I think we should have given twice that amount to couples living together as obviously it costs them more to make a living. May be it does not cost them twice as much but there is a significant difference and this is something which people will not understand and which is rather difficult to admit.

In her presentation this afternoon the Minister of National Health and Welfare eloquently managed to describe the increase as if it is going to be almost a fortune which will save all those people from misery. I think this is just a catch-up allowance because the quarterly adjustments to the old age security pension in recent years have always lagged behind

soaring prices so that there has always been a deficit in income for old age pensioners.

The $20 increase they get today or next January is only a catch-up allowance. I want now to deal with another aspect of the bill: after the death of a spouse they will continue to pay the old age security pension for six months to the surviving partner who is still under 60. I wonder why six months instead of nine months. That would have made more sense if they did not want to continue until 65. It is as if this government is trying to govern on a temporary basis.

We have seen the sales tax abolished for six months. Now we are authorizing the continued payment of pensions for six months before the next elections which will probably be coming six months from now. The minister would have brought much more applause not only from members in this House but from all senior citizens across Canada had the pension continued until age 65 to all spouses of deceased pensioners. As I said earlier, without producing at this point a whole set of figures, I believe the cost would not be so huge, and although the Minister of National Health and Welfare made serious efforts to obtain that increase from her cabinet colleagues she will have to keep on pressing for something that would completely satisfy all senior citizens.

My feeling is that the Minister of Finance (Mr. Chrétien) meets with much more success with his cabinet colleagues than does the Minister of National Health and Welfare when it comes to increasing every year the interest share we have to pay on the national debt. He has no difficulty obtaining that, because this year the increase is $1.5 billion.

The Minister of National Health and Welfare would have to keep pressing her cabinet colleagues for their needed attention to get that pension without a means test, a very sad situation I believe the minister is aware of. If she does not, maybe she is not in the field often enough to know what goes on. A very sad situation. Every week I meet with a number of senior citizens and it is very sad indeed to find out people who worked all their lives, people who saved to put something aside, either a private pension fund, a bank account or an income producing property. Because of those savings, they are not entitled to the guaranteed income supplement. They feel penalized because they saved. Over and above having paid taxes when they were working and paying taxes on the interests or income from their savings, they are now penalized for allegedly having money. Mr. Speaker, this is very hard to understand and to accept for people who worked and managed to save some money.

I submitted these points to the minister so she could study them carefully and plead this cause with her colleagues for solving this situation once and for all. It is all very nice to say, as my colleague from Winnipeg North Centre (Mr. Knowles), and some other of my colleagues here, that we make two or three fresh attempts each session to drive the nail home, to get this idea across, it is all very nice to say that, but I think that instead of discussing these matters we could be debating other matters just as important, if this question were settled once and for all. So I think that in the present debate we will support it as soon as possible. There is at least one thing I am happy about, contrary to what was done in the past, this bill was not brought forward three or four days before Christmas. It was presented early enough in the session to be studied properly, referred to committee and given third reading so it will become law as soon as possible, that is to say, in January. As to continuing payments after the death of the spouse, let it be adopted as soon as possible.

We wish to assure the minister of our co-operation and support and we want to tell her that we expect even more from her, that she will have to work even harder.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I am glad to have this opportunity to participate in the second reading debate on this bill to amend the Old Age Security Act. Indeed, Mr. Speaker, I consider this legislation as important and even essential. I think that many have overlooked the significance of this measure and in my speech I would like to rouse deeper interest in this question which is of concern to us all.

This measure is important because to our senior citizens it is an indication of our constant concern about their needs and their welfare, even in a period of budget restrictions. We owe it to ourselves to be aware of the plight of those of our senior citizens who have problems and urgent needs. By increasing the guaranteed income supplement, we prove in a concrete way to our senior fellow Canadians that our commitment toward their welfare will stand.

We as members of the House have to deal with bills which sometimes need to be explained. This bill was remarkably explained this afternoon by the Minister of National Health and Welfare (Miss Bégin) and I understand that members of the Opposition have also given other necessary explanations. This bill is important, Mr. Speaker, because as it was pointed out this evening for the first time it will enable many old age pensioners to rise above the threshold of poverty. Of course it is difficult to define poverty which can be quite subjective. Some consider themselves poor with incomes that others consider comfortable. In addition, strictly in terms of income the needs of people vary, depending on whether a person lives in a city, in a village or even in the country. We also have in Canada different levels of incomes and needs according to the areas of our country. This is why the definition of the threshold of poverty is more than arbitrary.

• (2102)

[*English*]

Nevertheless, there have been some measures established which are very useful. Statistics Canada has published such a measure of low income, beginning in 1973. This is based on the premise that families which spend more than 63 per cent of their income on basic necessities such as food, clothing and

shelter are considered to have low incomes. These levels vary by size of area of residence, with the lowest level corresponding to rural areas, and the level gradually increases with the size of area of residence.

Since Statistics Canada figures are always retrospective—the latest ones are for 1977—we have to make some assumptions about the growth rate of these poverty lines, but if we assume that the consumer price index for 1978 rises about 9 per cent over 1977 and that the low income level rises at the same rate, we find that a pensioned couple will for the first time be up to the Statistics Canada poverty line even if they have no income apart from their basic old age security and guaranteed income supplement or spouse's allowance. There are about 40,000 couples in this group. Those with incomes from other sources such as the Canada Pension Plan or private pensions will be better off than this.

Some people will suggest, of course, that $20 is not very much. They may not appreciate how tight the budget is for some senior citizens, and this extra amount may be the difference between not quite making it and having enough to get by.

[*Translation*]

The increase will not be enough to enable pensioners living alone to rise above the poverty line but it will certainly contribute to improving their lot and they will go from 74 to 80 per cent according to the standards of Statistics Canada itself. Pensioners living alone are faced with a particularly difficult situation because unlike married couples or those who qualify they do not share the cost of rent, property taxes, heat and food. One interesting feature of this bill is that unattached pensioners covered by the guaranteed income supplement will receive the same $20 monthly increase as married pensioners.

Since this $20 increase will be most helpful to our senior citizens, I would like to comment briefly on provincial programs which will be affected by this measure. Mr. Speaker, some provinces pay additional benefits to GIS recipients. This extra amount—known as "gain" in my province—adds to their income so that they can at least meet their needs. Given the higher supplement proposed in Bill C-5, there is a possibility of conflict. Should a province not change its ceiling on income level, it would thus deprive many of its senior citizens of this increase. Some provinces sometimes reduce their own contribution to the guaranteed income supplement when there is an increase in the federal benefit. A few moments ago I was talking with the minister to know whether she had received from the provinces the assurance that they would leave that increase to those who really need it. She told me that she did receive that assurance from only two provinces, British Columbia and Ontario, and I congratulate them on that. I hope the other provinces will do the same.

As for housing, Mr. Speaker, the minister also confirmed a moment ago that she had not received from any province the assurance that they would not touch that increase in order perhaps to replenish their coffers or help fill their deficits in housing. And that I find regrettable. I would like the provinces to show as much generosity to try and understand that needy people do need that increase today because of the galloping inflation we now have in this country. Anyway I hope they will avoid the old practice, namely that you have to erode an increase when needy people do need it.

[*English*]

Another potential problem is presented by old age pensioners who reside in institutions. As I understand it, it is a common practice in most provinces to charge residents a proportion of their pension to cover room and board, leaving them with a portion for personal expenses which is called a comfort allowance. Concern has been expressed about these pensioners residing in institutions. I realize that this is a very complex issue. Practices vary from province to province and there are situations where comfort allowances become meaningless because of the physical or mental impairment of residents. However, I hope as far as possible this increase will be permitted to help augment the personal funds of pensioners in institutions.

I might mention also the situation of pensioners living in subsidized rental accommodation. I hope they will be allowed to benefit from this extra $20 a month and that there will not be a rise in their rents to take advantage of this benefit.

I have mentioned the importance of the GIS increase to pensioners. I think we should not ignore this importance as an economic stimulus. An extra $290 million a year will be in the hands of low income elderly Canadians who will be able to purchase more in the way of basic consumer goods. We know they will be spending this money and in helping them we shall be helping producers and retailers as well.

I turn now to the other amendment which is contained in this bill. Its cost to the taxpayer is not nearly as great but it is also a valuable improvement to the program, one which will provide relief for recipients of spouse's allowance who are faced with a particularly distressing situation.

[*Translation*]

Most hon. members know that the spouse's allowance paid the younger spouse of an old age security pensioner lapses upon the latter's death. That is a problem the government had foreseen and accepted when those allowances were first paid, because it is inherent in the nature of the program which itself is limited. I am happy that the minister found a way to improve the tragic situation which must faced by the recipient who, in addition to losing one he or she holds dear, suddenly also loses the financial assistance afforded by the allowance.

[*English*]

The logic of the spouse's allowance is very straightforward. The families with which this benefit is concerned have a direct connection with old age security through the pensioner's spouse and it is reasonable that their immediate income needs should basically be met through this program. I do not agree with the hon. member for Winnipeg North Centre (Mr. Knowles) when he says it is a marital criterion. I repeat, it has a direct connection with the old age security program. It did not make much sense that a couple receiving the old age

security pension might also have to seek provincial social assistance to meet basic income needs.

● (2112)

There are many others in the 60 to 65 bracket who are not eligible for this allowance, including widowed, separated and single persons, and married couples where neither spouse is old enough to qualify for old age security benefits. Also their needs are important, and the minister has expressed her concern on many occasions for such groups and for other Canadians in vulnerable circumstances. But as they do not have this direct and current connection with the old age security program, it seems reasonable that their needs should be met through other programs.

This is a very important point to understand about the spouse's allowance. I have heard a number of criticisms of this program, but almost all of them are criticisms of other programs, most particularly the present system of provincial social assistance. Really they are stating that other programs are not as adequate, effective or attractive as the spouse's allowance and the old age security program in general.

Undoubtedly the good example set by programs like old age security and the spouse's allowance shows that efforts toward general improvements in the over-all Canadian system of social security must continue. But it upsets me to see good programs being criticized essentially because they are better than other parts of the current system.

Because the spouse's allowance is a limited program, however, it has been necessary to terminate the benefit if the younger spouse's connection to the old age security program is terminated, whether it be by separation or divorce, or by the death of the pensioner. We could not in fairness continue this benefit indefinitely when there are no further ties to the old age security program. It would not be fair to do so when so many others in the 60 to 64 age group in similar situations who would also like to benefit from the Old Age Security Act must be told that they are not yet eligible.

On the other hand, the wrenching, emotional experience of widowhood and financial loss is something that we all must sympathize with. The six-month extension proposed by the minister will help those caught in this situation, without going against the essential principle underlying the entire program.

[*Translation*]

Mr. Speaker, I know many hon. members would like us to do even more than what is provided in this bill; I share their concern and wish to help their compatriots. But we cannot use the old age security program to solve all old age security problems in all social areas in Canada. Those problems can only be solved by improving other sectors of social security; I am confident that they can and will be solved. I shall mention only the initiatives already taken, through the changes made in family allowances and the income tax act we shall probably be looking into within the next few days, to help families generally through increases, changes in structure, changes in the programs and in the income tax act.

[Mr. Gauthier (Ottawa-Vanier).]

[*English*]

I would be guilty of exaggeration if I stated that the old age security program is perfect; it does not pretend to be. But it has been adapted to meet many of the changing needs of Canadian society. Let us look at the changes made to the program over the last 15 years. In 1965 the old age security program provided a flat rate benefit of $75 per month for Canadians aged 70 or over. Today, whether retired from the active work force or not, a Canadian aged 65 who meets the residence requirements will receive a basic old age security benefit of up to $164.74 a month. This is an indexed benefit which is revised quarterly to reflect rises in the cost of living and to maintain its purchasing power.

As well, the pensioner with little or no additional income can qualify for a guaranteed income supplement, which now amounts to as much as $102.61 per month for a married individual and $115.55 for a single pensioner. Soon this will be more. The spouse's allowance is also income tested and currently provides for the payment of up to $267.35 each month to the younger spouse aged 60 to 64 of an old age security pensioner. A retired couple in Canada can now receive monthly benefits of as much as $534.70 from the old age security program alone, and with the increase proposed, this amount will be more than $20 higher in January of 1979.

[*Translation*]

The cost of improving benefits is not negligeable. But the importance of the program in meeting the needs of our old people is, I am sure, understood by all. That is why we shall continue seeking to further improve our old age security program, for instance, through the higher income supplements and broader spouse allowances as contained in this bill, without ever forgetting exactly where old age security fits in the context of our over-all Canadian social security system, through which we must continue to meet the needs of all Canadians.

[*English*]

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I listened with great care to what the minister said this afternoon because I do not think there is a member among us who is not concerned with social legislation and policy. I am sure the minister will not be surprised if I say to her that I do not expect to be quite so fulsome in my praise as the hon. member for Winnipeg North Centre (Mr. Knowles). Nevertheless, I am tremendously interested in this bill and in what the minister has proposed.

Every member in the House is interested in the social legislation which comes before us, in any piece of legislation which provides some kind of betterment for those Canadians whose lot is more difficult than it is for most of us. I listened to what the minister had to say and how she explained what she considered to be the major positive thrust of the bill, the increase of $20 a month in the guaranteed income supplement. Also I listened as she gingerly picked her way around the proposed six-month extension to the spouse's allowance, trying to find a rationale for a program which was discriminatory when put into effect and remains discriminatory to this day.

Some hon. Members: Hear, hear!

Miss MacDonald: I listened with wry amusement to her tribute to indexation of pensions, and I wondered how often the Liberal party could swallow itself. I recall the Hon. John Turner's tremendous and strong denunciation of the principle of indexation when it was first voiced by the hon. member for Halifax (Mr. Stanfield).

The two major proposals in this bill are the increase in the guaranteed income supplement and the extension of the spouse's allowance for six months after the death of the elder spouse. Of those two major proposals, I should like to deal specifically with the second one, because it has been an ongoing concern with me since the spouse's allowance legislation was first introduced in the House.

Perhaps the minister will remember that on May 3, 1978 I put forward a motion in the House on behalf of my party which read as follows:

That, in the opinion of this House, the social policy of the government contains severe inequities for elderly Canadians, and in particular the House considers the practice of terminating the spouse's allowance after the death of the older marriage partner to be cruel and unjust.

● (2122)

That was a motion put forward on May 3 of this year. What did government members do on that occasion? They voted against it. They voted in that way because they really did not believe that the termination of the spouse's allowance on the death of the elder partner was cruel and unjust. That is what they said in voting in that way.

That debate, as the minister will remember, was about inequities for elderly Canadians, and in particular it concentrated on the plight of elderly Canadian women. Over and over again in this House I have asked questions and raised the subject of the plight of elderly women and the poverty in which many of them live.

One may ask why I should focus on elderly women. The hon. member for Winnipeg North Centre has already made the point that the spouse's allowance applies far more to women than it does to men. I do not want to deny that many elderly men live in poverty and, indeed, there are even a few men, as I said earlier, who are victims of the cruel removal of the spouse's allowance, and I have heard from some of them. However, the fact remains that it is women who live longer, with the result that there are more widows than widowers.

These women who in their younger years remain in the home looking after the children with no access to a continuing income or a pension plan are the women who in later years, elderly, poor and deprived, have been referred to in this country as the poorest of the poor. This is borne out by the statistics which I am sure the minister knows.

Statistics show that back in the early 1970s, of the widowed population of this country between ages 55 and 65 there were only 1,600 men with no income but there were 18,000 women in the same situation. Statistics show there were some 4,000 men on welfare as compared to 40,000 women. That is why it is the elderly women and their plight in which I am particularly interested, and I want to focus particularly on the spouse's allowance provisions of this bill because spouse's allowance applies particularly to women.

I remember when the bill introducing the spouse's allowance was discussed in committee back in 1975. At that time I expressed my concern about the discriminatory nature of the spouse's allowance and pointed out that it did not cover all of those who should be entitled to it. I particularly asked the minister at that time what he had against widows, and what he had against the people who were being denied the benefits of this program, those people who were already widows and could not apply for the spouse's allowance. I said to him at that time:

What we are doing in this bill is saying that if you have the good fortune to still have your husband alive, and you are between 60 and 65, you benefit by getting a spouse's allowance, but if you had the misfortune to lose your husband, then you are not going to be eligible for such an income.

I reiterate what I then said:

I find that to be entirely discriminatory. I just cannot understand the rationale of it.

I feel compelled to put on record what I said in committee at that time regarding the spouse's allowance program. I do so because on another occasion earlier in this year—one of a number of occasions when I spoke about this matter in the House—the Minister of National Health and Welfare (Miss Bégin) tried to distort my concerns. She attributed my interest in the plight of elderly women to the fact that it had become fashionable to do so. This is what she said:

I did not hear her speaking about older people, older women in particular. After a few very good reports were published by some outside groups, it suddenly became a fad to be talking about the issue. We then heard her voice.

That is what she said as recorded at page 5119 of *Hansard* of May 3, 1978. I want to tell the minister that she had not heard my voice on this subject before because she was not listening. Those who have been listening have heard me speak on this matter over a long time. I want to tell her, as she leaves the chamber that it is—

Miss Bégin: I have not left the chamber. You just say what you have to say.

Miss MacDonald: I shall continue.

An hon. Member: As the minister leaves the chamber.

Miss MacDonald: I want to say to the minister, as she leaves the chamber, that it is not just a fad, and it is not enough to use the word "fad" when you are referring to the plight of elderly women in this country. It is not a fad to those people who have to put up with poverty and deprivation. It is not enough to use the word "fashionable"; it is something which has only now come to her attention. These things have been going on for a long time but what really concerns me is when the minister allows words like "fad" and "fashionable" to creep into her vocabulary with regard to the plight of elderly women. I have to question her concerns as to how deep and genuine they are.

Like the hon. member for Winnipeg North Centre, I have been following the minister's speeches outside this chamber. I have been reading them with some interest. I noticed that she spoke a week ago to the Canadian Association of Gerontology in Edmonton, and it was with a certain amount of scepticism that I read that speech. The minister said in Edmonton:

What we need is nothing less than a new deal for the aged.

I agree that those are fine words "a new deal for the aged". Then she said:

I don't intend to slip away from the challenge that the question of old people puts to the federal government.

She spoke of a new deal and a challenge in Edmonton on Saturday, and then on the following Monday in Ottawa the minister introduced the bill we are now debating, a bill to extend the spouse's allowance for six months. Well, that is some deal—and some challenge.

The new deal for the aged means, according to the minister, that instead of running to the welfare office when her spouse dies, the former recipient of the spouse's allowance can now walk very slowly. That seems to be what the new deal means, and I suppose that is the government's idea of how the spouse retains her dignity and her self-worth. But the department's letter to the spouse will remain the same. Whether it is on the date of the death of the spouse or six months later, she will be told the same thing. She will be told in heartless, cold prose that her allowance is through, that her income is terminated. Unless the widow is 64½ years old and can get her own pension when that six months is up, she will be on her own living with her poverty, scrounging for some kind of support. That is what she is up against, and there are many of them.

An hon. Member: The minister says she will have her estate.

Miss MacDonald: The minister asked in Edmonton:

Who are the old people? What do we owe them?

I can tell the House what seems to be her answer, and that is "Not very much". The minister has come into the House to claim that it is the first objective of the government to concentrate on the basic needs of old people. I thought the first objective of the government, as shown earlier this week, was to borrow money. She went on to say we must work—-

● (2132)

—to ensure that all old people receive enough financial support in order to have a decent life.

I am not sure what the minister considers a decent life, but certainly for the widow who loses her husband and her allowance as well as her husband's pension when he dies or six months later—it makes very little difference—a decent life is denied her completely. The minister must remember that that spouse became a recipient of a pension because she was in need in the first place. She did not have a decent life and so she applied for the spouse's allowance.

I cannot understand it when the minister says that she will be guaranteed, or will carry on, a decent life. I think it is simple justice for the government to add $20 a month to the guaranteed income supplement, thus easing the financial plight of 1.2 million pensioners. Certainly I and my party support that, as stated earlier, and it has been incorporated in our party's welfare policy. But I have to ask: If it had not been for the economic mismanagement of this government, would that not have taken place long ago?

Some hon. Members: Hear, hear!

Mr. Allmand: What about the big homeowner?

Miss MacDonald: For the widow who loses her spouse's allowance and her husband's pension, just think what that increase to the guaranteed income supplement means, that $20 a month increase. That increase means that she is denied an additional $20. That is what it means. It means that her income would have been increased by $20 a month, but because she now loses the income, she loses the increase as well. No, that $20 will not help the widow lead a decent life. It will not help the widow who is 60 to 65 one bit.

The news release covering this bill stated that because of the six month extension of the spouse's allowance "a financial bridge will exist to the widowed spouse until more permanent arrangements can be made". The minister put out that news release very carefully. I looked at the words and that is what it said, that the extension of the spouse's allowance will mean that a financial bridge will exist to the widowed spouse until more permanent arrangements can be made. It went on to explain that the idea is that once the estate is settled, the widowed spouse will be secure with payments from life insurance, pension plans, etc., and the minister reiterated that nonsense this afternoon about there being sufficient time in that six-month period to get the estate settled. She even went so far as to say that the six months' extension could cover the period until the widow could sell her home. I would like to know what she expects her to do, sell her home and move into a boarding house?

Miss Bégin: I did not say that.

Miss MacDonald: That is not the kind of just society we heard so much about.

Mr. Allmand: You would want to help the big homeowner.

Miss MacDonald: As the minister is sure to know, for many widows there is no estate to settle.

Mr. McGrath: Go back and defend your McDonald commission, Warren.

The Acting Speaker (Mr. Ethier): Order, please. I thought we had recognized the hon. member for Kingston and the Islands (Miss MacDonald).

Mr. Paproski: Tell the minister to keep quiet.

Mr. Allmand: There is a lot of hypocrisy over there.

Miss MacDonald: I want to reiterate that although the minister may think that in the case of many widows there is an

estate to be settled and there is an ongoing income to be met in six months' time, for many widows there is no estate to settle and there is no bridge. And if there is a bridge, it is a bridge to nothing or to the welfare rolls. That is what will result, whether it is on the day of the pensioner's death or six months later. That should come as no surprise to anyone who knows that there are less than one million Canadian women who are covered by survivor benefits under their husband's pension plan and there are less than a million Canadian women who have pension plans of their own.

My point is, sir, that it is not the widow who must await the settling of her husband's pension plan, his insurance benefits and his stock market holdings to whom this six months' extension, this so-called bridge, applies because such a widow was not likely a recipient of the spouse's allowance in the first place. No, sir, this pertains to the widow whose husband had no pension, no holdings and probably no insurance, and at best this bridge might help her pay for the funeral before she goes on welfare.

Most of these widows do not want to go on welfare. That is the question. As one of the scores of widows who have written me in this regard said when her spouse's allowance was cut off along with her dead husband's pension:

I couldn't work as I have arthritis in both my knees so I had to go on welfare and it is an awful feeling to be on welfare—a pension cheque, you can hold your head up, but welfare, no.

That is what is important to these women, to be able to hold their heads up.

The minister tried to persuade us this afternoon that people should think of welfare as a right, that everyone is entitled to it and that applying for it should cause no great concern. Well, sir, that is just not the way the world works and it is not the way that a great many people think of welfare.

Mr. Alexander: Now you know where Liberals are losing.

Miss MacDonald: Another widow wrote me:

Not everyone can build the bank accounts! But it took a nation of everyone to build roads, bridges, schools, churches and work the land! Isn't it time we paid them back? Isn't it time we stopped the treadmill and said thanks?

No, Mr. Speaker, I do not think that putting them on the welfare rolls is the answer. I have said it before and I say it again: too many of these elderly people, too many of the people who built the roads, the bridges and the schools, are living in poverty; and of the poor elderly, it is women who are the poorest. Some of them must eke out a meagre existence on less than $2,000 a year. In 1975, the last year for which we have statistics, approximately three-fifths of the unattached females in Canada between the ages of 65 and 69, and four-fifths of those women over the age of 70, had incomes below $4,000. These are the women who are 65 years and over, and yet I suppose they could be termed the lucky ones because they are entitled to old age security. Well, sir, those who are between the ages of 60 and 65 are even worse off.

The minister may tire of hearing me cite these bleak statistics, and I want to assure her that I tire equally of having to repeat them over and over again, but I shall be forced to continue to cite them until the policies of this government have got to the root of the problem, and the government comes up with some kind of solutions that deal with the inequities that are there in society for elderly women.

Some hon. Members: Hear, hear!

• (2142)

Miss MacDonald: I know the minister said this afternoon her six-month proposal for the extension of this program is not an ideal solution. But she did insist that it was a solution. I would like to know, a solution to what? A solution meaning what for six months? What will it basically resolve? Nothing. And yet Liberal party spokesmen continue to put forward band-aid solutions to what is rapidly becoming a cancer in our society—growing poverty among the aged.

Just the other day a Liberal spokesman, the parliamentary secretary for urban affairs, came up with a very unique solution. His solution—and I have heard no minister repudiate what he had to say—was to discontinue all transfer payments to the provinces for social programs, whether for health, welfare or housing, social policy equalization. He would discontinue the whole lot.

This government has its six-month solutions and this bill, but it is not the first of its type. The government is running on a six-month cycle of programs. Earlier this year it put forward a six-month sales tax reduction which, of course, was leading up to the fall election that never was. Now we have a six month extension to the spouse's allowance to the spring election that we are waiting for. I would say that a great deal of what we are being shown tonight and what is being presented in this bill is mere election propaganda which the Liberal party is trying to propagate.

The people who live in poverty in this country deserve something better than to stagger from one six-month program to the next. This kind of proposal will not come to grips with the problem of poverty among elderly Canadians. The minister says that there is not the money to go any further, that she has no means to go beyond that limited six-month period, which will take her into an election campaign. She cries restraint and she tells us how expensive it all is.

It may be expensive, but it is not nearly as expensive as some of the financial fiascos that this government has blundered into over the past number of years, and I would cite only one or two. They invested some $17 million in unoccupied land which they have rented up to the middle of the next century, or there is the $4 million in an unoccupied office building that they paid out back in 1975. There is also the situation we heard about today where $142 million was paid out in overpayments by the Unemployment Insurance Commission. Why do we not create restraint in those areas and use the money that is saved to pay for the spouse's allowance to widows until they reach 75 and can have their own pensions?

Mr. Knowles (Winnipeg North Centre): Sixty-five.

Miss MacDonald: Until age 65, rather, and then they can have their own pensions. That, sir, is a better solution than the six month band-aid which this government has proposed today.

We on this side of the House have said that we will support this bill and the $20 increase in the guaranteed income supplement, which we feel is overdue. It is with great reluctance that I support the extension of the spouse's allowance, since we do not think it goes far enough and we do not think it ends discrimination and injustice. It is better than nothing, but it is not much.

I have maintained throughout that the withdrawal of the spouse's allowance is cruel, unfair and unjust. I still maintain that and I will continue to do so until this practice is ended completely. But after hearing what has been said by the Liberal government in the House today, I can say to you, sir, that it will take a Conservative government, the next government of this country, to carry out that kind of program.

Mr. Herb Breau (Gloucester): We have just had, Mr. Speaker, this evening and this afternoon with the hon. members from St. John's East (Mr. McGrath), Hamilton West (Mr. Alexander) and now the hon. member for Kingston and the Islands (Miss MacDonald), the real Tory approach to politics.

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

An hon. Member: Sit down.

Mr. Alexander: I wish you would shut up for a while, sir. I know you had a tough time in Toronto. I know that I make them nervous, but, Mr. Speaker, my point is just this. I heard my riding mentioned, Hamilton West. I do not know whether the member was sleeping in the House all the time, but I have not delivered a speech this evening, nor have I made a contribution on this bill.

The Acting Speaker (Mr. Ethier): Order.

Mr. Alexander: If they want me to give a speech—

The Acting Speaker (Mr. Ethier): Order.

Mr. Alexander: —I will destroy them because—

The Acting Speaker (Mr. Ethier): Order.

Mr. Breau: Mr. Speaker, I would have thought that the hon. member for Hamilton West knew more about the parliamentary system than to think that that was a question of privilege. For a member from the class of '68, he should know by now that that is not a question of privilege at all.

This afternoon the hon. member for Hamilton West in the question period was asking the government to establish a fraud squad to go after the unemployed in this country. The hon. member for St. John's East, from the great province of Newfoundland, also got up to support the Auditor General and all of the right-wing forces in his party to try probably to take the initiative before members like the hon. member for York-Simcoe (Mr. Stevens) started pressing the government, to go after the unemployed, the poor UIC claimants in this country, to collect money because of errors that were made by civil servants. Then to show this party's phoniness, the member for Brome-Missisquoi (Mr. Grafftey) this afternoon, the hon. member for Kingston and the Islands this evening, and other members of the Conservative party, have been arguing for more social programs and more social spending in the country.

The Conservative party is saying this evening that the government of Canada should spend more of the G.N.P. on social programs. How can anyone stand up in any public forum and pretend to speak the truth, or have the courage to speak the truth, when we all know that it is the Conservative party, the member for York-Simcoe, that great banker from Bay Street, and members like the member for Calgary Centre (Mr. Andre), the other member from Calgary, the oil man, who keep repeating day after day, week after week that too many of the resources of this country are going to government spending and to social programs. This so-called, great party is continuously attacking this government because we had the guts and the courage to persuade the provinces to go into medicare.

• (2152)

I will just say to the hon. member for Kingston and the Islands and her friend, the hon. member for Rosedale (Mr. Crombie)—although I know one should not refer to new members too quickly, and I want to be courteous—that I appreciate the assistance they gave the Liberal party in the recent provincial election in New Brunswick. I should like to invite them to New Brunswick and I would even ask the Minister of Transport (Mr. Lang) to facilitate their travels all across the country. Because when they came to New Brunswick they helped the Liberal party to thrash the Tories to a mere coalition in a few local areas of the province.

That great Tory party is saying that because they still have a few premiers who are Tories in the provinces—although they are about to lose two before long—they could form a better government in Canada. Let me tell them what Tory governments do, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Provencher (Mr. Epp) rises on a point of order.

Mr. Epp: Mr. Speaker, now that the hon. member has vented his spleen for the loss both of New Brunswick and the leadership, I was just wondering when he is going to get back to the bill.

The Acting Speaker (Mr. Ethier): Order, please. The Chair would invite the hon. member to speak on the bill to amend the Old Age Security Act.

Mr. Breau: With all due respect, Mr. Speaker, Bill C-5 asks the House of Commons to authorize payments of moneys for social programs in Canada. I am speaking about the hypocrisy of the Conservative party members who come here this evening, as they did this afternoon—they do it all the time—with some members on the one hand pretending to speak for

the party and advocating more spending, while on the other hand the policy of their party is that they want less government spending, a smaller percentage of the g.n.p. That is the real policy of the Tory party as dictated by Bay Street. The rest is hypocrisy.

I have respect for the New Democratic Party because on this issue they speak out of conviction. The Tories speak out of confusion. They do not know where they should stand. They know it is better for this country to have more social spending and they know it is better for this country to reallocate resources in the economy. The only reason they get up now is to hide what the real power in the Tory party is saying—that you should have less reallocation of resources in the country. That is the real position of the Conservative party.

Let me tell them, if they do not already know, what more Tory administration would do to the poor and the handicapped in this country—the people the hon. member for Brome-Missisquoi was quite properly concerned about this afternoon, and I know he is sincere. In my province when family allowances were increased a couple of years ago, families on welfare found their welfare payments reduced despite the fact they were paid 50 per cent by the federal government. That is what a Tory administration does to poor people in the country. The hon. member for Kingston and the Islands and her friend from Rosedale, pretending to be great spenders and great people who support reallocation of resources, go to New Brunswick and support that kind of Tory administration.

Under the Canada works program, the local employment assistance program and the community employment strategy of the federal government, we look to welfare officers in the country to put welfare recipients on the payroll and try to bring them actively into the labour force. I know of cases of people who are handicapped and cannot work in a normal labour activity. Under the Canada works program they are hired and then they get UIC, but what happens in New Brunswick is that the great Tory administration cuts them off welfare. We have in New Brunswick a housing program to assist low income families. But what happens when federal funds go into assistance for low income housing, Mr. Speaker? The great Tory administrations in Ontario, in New Brunswick, and, I suppose, in Newfoundland, cut them off welfare.

Members who pretend to be on the side of low income people—they know they have to be humane when they face their constituents and have to reconcile their position for the Tory party—advocate a fraud squad to go after the unemployed of this country because a few civil servants make a mistake. I suggest to my friend the hon. member for Broadview (Mr. Rae), whose family I know very well, that he should listen to what I am saying.

This afternoon the hon. member for Kingston and the Islands bootlegged another issue, that of transfer payments and equalization. We listened to the Tory position on equalization as enunciated this afternoon by the hon. member for Halifax (Mr. Stanfield), by the hon. member for Kingston and the Islands on many occasions, and by her great friend in New Brunswick who was thrashed to pieces last Monday—they do not seem to know that the Conservatives in New Brunswick lost three seats nor that the premier only won his own riding by 300 votes. The Tory position on equalization is this: leave it alone; do not adjust it. The result will be that Ontario will be the recipient of equalization next year. That is the position of the Tory party.

On transfer payments and on equalization the policy of this government is that we should divert some of those funds to job creation and development. That is a better policy than just supporting provincial bureaucracies, as the Conservative party wants to do all across the country.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

[*English*]

TRANSPORT—MOVEMENT OF GRAIN ON GREAT LAKES—LENGTHENING OF SEAWAY SEASON

Mr. Paul E. McRae (Fort William): Mr. Speaker, a week ago in this House I had the opportunity in the middle of the strike on the seaway to ask about the efforts being made to keep the seaway open a good deal longer, given the backlog of grain and the need to move more grain to maintain a balanced economy and our balance of payments.

The strike on the seaway was extremely serious and there is no question that it was dealt with in that fashion. It lasted just about a week and then we had legislation overwhelmingly adopted to end the strike and put the ships back in operation. The fact that the House moved so fast, the fact that the economy of the country was in serious jeopardy because of this strike, highlights the extreme importance to the economy of Canada of the St. Lawrence Seaway and, of course, of the port of Thunder Bay.

● (2202)

Thunder Bay is the third largest port in Canada. In terms of grain tonnage we ship two-thirds of all the grain moved from the west out of Thunder Bay. Therefore, anything that closes down the seaway and the operation of the port of Thunder Bay is of vital consequence to the country, and certainly the speed at which we moved to terminate the strike illustrates that factor.

In the last six years many of my colleagues and I have fought hard to improve the St. Lawrence Seaway and to improve the facilities on it, as well as to lengthen its season. We fought to keep the tolls down, even though an agreement between the United States and Canada was in the offing which would have seen the doubling of the tolls over a one-year

period. However, we gained the point that the tolls will be doubled over a three-year period, 50 per cent in the first year and 25 per cent in the subsequent two years. This is very important. I hope that the minister keeps in mind that the excess revenue which comes from this increase in tolls over this three-year period will be used to improve facilities on the seaway. Specifically, Mr. Speaker, to lengthen the season of traffic on the seaway.

Early this summer the ministry announced that a study had been initiated by the department using a firm of consultants to test the economic feasibility of lengthening the season ultimately to 11 months. This is extremely important, and certainly it would have been this year, with a slowdown because of the strike as well as a backlog of grain in the west, if everything had been in position to lengthen the season. But of course, this is not the case.

I understand the report is completed and the draft is in the hands of the ministry. I hope it will be tabled in this House within a month. I am sure it will indicate that there are great cost advantages to lengthening the period in which the seaway is open. We hope the minister will move as rapidly as possible, considering the extra revenue that is now being received.

If we can put class 10 icebreakers in the Arctic to move natural gas, oil and so on through a 12-month season, there is no reason why we cannot extend the life of the St.Lawrence Seaway to ten, 11 or even 12 months. It is important that we put pressure on the department in this direction. We hope that the result of this initial study will be out very shortly and that we will then move into some very progressive measures to keep the seaway open.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I would like to pay tribute to the hon. member for Fort William (Mr. McRae) who for many years has been trying every time he gets a chance to do so to exert as much pressure as he can on the Department of Transport and people in general who have to make decisions concerning the St. Lawrence Seaway to improve that system that is truly vital to the economy of this country.

However, Mr. Speaker, I would like to remind him that since the St. Lawrence Seaway was opened in 1959 the seaway authority has been trying to find a way of extending the shipping season on that waterway. That research which is being carried out at a time when demand is much lower than the capacity of the system is motivated by the simple desire to make the system of locks and canals more effective.

The seaway, as anyone knows in Canada, met with much greater success than had been anticipated initially. So, last year, record volumes of 63.3 million tons of commodities were shipped between Montreal and Lake Ontario, and a record volume of 71.1 million tons was also moved that same year through the Welland canal. So it is obvious, Mr. Speaker, that the best way of increasing the capacity of the seaway and its effectiveness is to extend the shipping season and, hence, the period during which the facilities can be used.

Already, without pomp or ceremony, Mr. Speaker, the season has been extended by a month from 7½ to 8½ months. The season now goes from April 1 to about December 15, and even last year the last ship to leave the seaway or the system did so on December 26.

So the seaway authority is developing an ongoing program to slowly extend the season, adding four weeks. That program will be gradually phased in on the basis of demand and also, of course, the advantages Canada will be able to get out of it.

● (2207)

[*English*]

The cost of this development is naturally increasing as the Seaway attempts to work under adverse cold weather conditions. Studies indicate just enough benefits to warrant this modest and gradual approach. We can therefore look forward to steady work and the long term goal of a season lasting 11 months, one month being used for annual lock maintenance.

A crash program to extend quickly the season because of unusual circumstances would likely be impractical. Much of the experience gained so far by the two U.S. and Canada Seaway entities and by the coastguards, indicates that more than positive thinking is now needed to achieve the objective. Sustained efforts and large amounts of money are required from now on to extend the navigation season further.

This effort must necessarily be a long term undertaking. I wish to stress that the interest of the hon. member for Fort William (Mr. McRae) and the type of pressure he is constantly bringing to bear will certainly assist in having the season extended.

AGRICULTURE—SALE OF GOVERNMENT GRAIN ELEVATORS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, on October 13 I posed a question to the Minister of Agriculture (Mr. Whelan) in relation to the sale or proposed sale of government inland terminals. I specifically asked whether the decision to sell the elevators was his decision or that of the President of the Treasury Board (Mr. Andras) and, second, whether the government would guarantee job security and security of pensions to those employed in the elevator system.

I received no response to the first question. I can only assume that the decision was not that of the Minister of Agriculture but rather that of the President of the Treasury Board. I believe the Minister of Agriculture has more sympathy than that for the farmer and is concerned about the sale of grain in western Canada.

Since 1972 I have pressed for the utilization of these inland terminals. The answer from the Minister of Agriculture, the minister in charge of the wheat board and the officials of the wheat board has always been the same, namely that they blame the line company elevators. They say the line company

elevators did not and do not want the terminals to be utilized to the fullest extent.

These terminals were built in the era of 1914 to 1920 approximately. They are all in pretty good shape at the present time. There are five terminals having a capacity of some 17 million bushels. They can supply half the needs of Vancouver harbour with grain prepared to export condition. I might point out that in Moose Jaw the elevator is operating 24 hours a day.

● (2212)

In the past these elevators have operated at about 20 per cent capacity yet they made a profit. I put a question on the order paper in 1976 asking for a statement of the profit and loss position of these elevators. I found that in the period from 1959-60 to 1975-76 the five terminals made a profit of over $4 million; if you add the profit of the Prince Rupert terminal the amount is brought up by more than $5 million. Yet the President of the Treasury Board in his statement announcing the sale of these elevators indicated that the sale was being carried out for the purpose of saving some $6.3 million. It is interesting to note that Mr. Mantz, the general manager of the terminal elevators, said he could not understand where the President of the Treasury Board got those figures because the elevators would this year show a profit of between $4 million and $5 million.

As I say, the Moose Jaw elevator has been operating since May 1 on the basis of three shifts a day around the clock. They are handling rape, flax, buckwheat and mustard and most of this is coming from the Alberta Pool, the Manitoba Pool and the UGG. All these companies are utilizing the facilities to the fullest extent. They evidently see a need for them and I suggest that the statements by the Minister of Agriculture and the minister in charge of the wheat board to the effect that the pools and the UGG do not wish to utilize these elevators are not correct.

It is unbelievable that the government should be wanting to sell these elevators when they have been operating at a profit. This year the profit will probably be larger in one year than the profits for the last ten years. The Hall commission recommended the utilization of the government elevators but the minister and the Canadian Wheat Board rejected the report. My opinion is that neither the Minister of Agriculture nor the minister in charge of the wheat board has ever sat down to discuss the proper utilization of these facilities. Certainly, in my opinion, they have never discussed the matter with the line companies or with the railways. The farmer-owned elevator companies are concerned about the maximum movement of grain on behalf of their members.

Our transportation and grain handling system is in a mess. Deliveries this crop year are 33 per cent down compared with last year. Surely the time has come to make a realistic attempt to develop and improve that system. I believe these inland terminals must be part of our grain handling arrangements.

I understand these terminals are worth $120 million. What will they be sold for? I do not think a buyer will be found at that price. My personal feeling is that they should not be sold. At most they should be leased. They should be operated at cost. If there is a sale there should be a condition attached that the elevators must be utilized to the maximum, otherwise the sale would be void and the facilities would be returned to the taxpayers and used by the government.

I am concerned also about job security for the employees. If a sale takes place it should be a condition that the job security of these permanent employees as well as their pension rights will be protected.

● (2217)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, it gives me pleasure to respond to the hon. member's question. The Canadian government elevators consist of five inland terminal elevators at Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge, and one terminal elevator at Prince Rupert. The total licensed capacity of the six elevators is 541,870 tonnes. The total licensed capacity by elevator is as follows: Moose Jaw, 154,020 tonnes; Saskatoon, 154,020 tonnes; Calgary, 70,010 tonnes; Edmonton, 65,510 tonnes; and Lethbridge, 35,000.

The amount of grain handled by the inland grain elevators in 1977-78 was as follows: Moose Jaw, 21,163 tonnes; Saskatoon, 140,709 tonnes; Calgary, 55,778 tonnes; Edmonton, 57,413 tonnes; and Lethbridge, 22,000 tonnes. Current projections for the 1978-79 crop year are that the amount of grain handled at each of the inland grain elevators will be higher in 1978-79 than in 1977-78.

The current projection for operating profit for the 1978-79 crop year is that it will be higher than in any of the six previous crop years. This will be as a result of the substantial increase in revenue coming from the increase in grain handling. The net operating profit—before depreciation—in the last six years was as follows: 1972-73, $1,051,375; 1973-74, $765,458; 1974-75, $2,056,081; 1975-76, $2,531,461; 1976-77, $838,377; and 1977-78, $1,301,180.

The five inland grain elevators were all built between 1914 and 1931 with the Moose Jaw and Saskatoon elevators being built in 1914, the Calgary elevator in 1915, the Edmonton elevator in 1924, the Prince Rupert elevator in 1926 and the Lethbridge elevator in 1931. All of the elevators have been maintained in good working condition, considering their age, through a regular program of structural repair and maintenance. The five inland grain elevators are each equipped to dry grain and to clear grain to meet export standards.

The Canadian government elevators have not been utilized to their potential physical capacity. The government has announced that the elevators are to be sold to the private sector. We are optimistic that this initiative will enable these elevators to be used more in line with their potential.

The Department of Agriculture is now drawing up the conditions for the sale of the inland grain elevators. We feel that the elevators must be operated in the interest of the grain farmers of western Canada to assist in realizing market opportunities for Canadian grain.

Adjournment Debate

FINANCE—TAX RECOMMENDATIONS OF ECONOMIC COUNCIL OF CANADA

Mr. Bob Rae (Broadview): Mr. Speaker, the question I put to the Minister of Finance (Mr. Chrétien) yesterday concerned the fifteenth annual report of the Economic Council of Canada. I put to the minister the fact that the Economic Council has recommended this year, as it had last year, that the economy required, at the very least, the following three measures: cuts in income tax, cuts in the federal sales tax, and a federal-provincial capital works program to offset the difficulties that currently last in the construction industry, particularly in our metropolitan areas.

In his answer, the Minister of Finance simply indicated that he would take into account the recommendations of the Economic Council and that he was appreciative of efforts from this side as well as from other quarters to draw his attention to certain recommendations before the budget was brought down.

I think his answer raises two further problems, and they are the ones to which I should like to address myself this evening. The first is the fact that the economic priorities and economic direction of the government have been, it seems to me, severely criticized in the report of the Economic Council. Obviously the council will not put it that way, but that seems to be the implication of their report.

The second problem which is raised by the minister's answer is the totally unsatisfactory way in which budgets are prepared and in which economic advice is given and taken. We in the New Democratic Party have been arguing for many years that it was not good enough to have an Economic Council which would simply make recommendations to the government which could be ignored at any given time. The composition of the Economic Council of Canada depends entirely on the whim of the government. We in the NDP have argued for a form of social and economic planning which would allow a serious canvassing of opinion from all quarters of our society, not only those people who have the power to make representations.

● (2222)

If the Minister of Finance was asked who made representations to him concerning the budget, both formally and informally, I am sure the reply would not include many of the people who do not have power in our society. It is these two problems I wish to deal with this evening, briefly as it may be.

The first problem is that the government, by adopting the Tory policies of cutbacks, has assumed that these policies will somehow administer a boost to our economy, on their own and that they will be sufficient to stimulate an economy with a serious problem of industrial undercapacity and unemployment that causes tremendous human problems of which I am sure all hon. members are aware. The fact is that the cuts brought in by the government were brought in without any consultation, even with the cabinet of the Prime Minister (Mr. Trudeau) and without any warning or systematic planning.

There have been a series of ad hoc emergency measures to deal with a set of long term problems, and they are simply inadequate. One cannot cut $2.4 billion off a budget in the space of two weeks or one month without creating havoc within the government or great hardship and unfairness toward individuals.

In particular, I should like to direct the government's attention to the fact that the immediate implication over a period of a year or two of cutting back the amount of benefit paid in unemployment insurance is to reduce considerably the level of demand in our economy. It will take money out of the economy which would otherwise be there. If I am not mistaken, the estimate of the Minister of Finance indicated that demand would be reduced by $1 billion. While that type of cut might seem attractive to the bankers of this world, certainly it will do nothing to stimulate consumer demand or protect the living standards of ordinary Canadians.

Yesterday in my speech I had occasion to recite the figures from Statistics Canada concerning the fact that more and more families were forced below the poverty line as a result of the anti-inflation measures of 1976 and 1977. I guarantee the number will be increased as a result of measures introduced by the government since August 1978.

Coupled with these cutbacks is the assumption that the private sectors will fill in the gap. It is that myth which the Economic Council attacks directly. It has pointed out that, in order for that to take place, it would require an increase in consumer spending and private investment which has been unheard of in the country for the past 50 years. That will not happen.

The second point I wish to emphasize is that it is no longer possible to continue consulting with different power groups in this ad hoc manner. That does not amount to economic planning and consultation. The government should look at the proposals of the New Democratic Party respecting economic planning, particularly the mechanisms which allow us to consult fairly with all groups, and propose a budget over a period of time which allows the House, and the many groups outside it, to be consulted about the economy of the country.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in its *Fifteenth Review*, the Economic Council of Canada has once again made a useful contribution to the discussion of Canadian economic problems and the policies necessary to deal with them. Of course, this is not to say that I agree with all their policy proposals.

● (2227)

I should like to begin my discussion of the council's recommendation for a $2 billion cut in personal income tax or manufacturers' sales tax by noting that there is much more to the council's discussion of fiscal policy than the specifics of its recommendation. Indeed, the council wrestles with many of the same issues that the minister must face in preparing the budget. It should come as no surprise that the council emphasizes that the policy choices he must make at that time are, indeed, difficult.

On the one hand, expansionary initiatives such as the tax cut could improve the short-term outlook for real growth and

employment. On the other hand, there are also concerns over the exchange rate and inflation. The minister is now in the process of preparing a budget. He will have to form judgment about the relative magnitudes of these various effects of expansionary initiatives and how to weigh them off one against the other. He has some difficult choices to make. He is concerned about employment, but at the same time he is determined to bring down the rate of inflation. To find out what his choices are we will have to wait until budget night.

The council observed that the cumulative increase in public debt relative to national income or to the tax base has raised questions about the government's room for manoeuvring. To shed some light on this issue, the council presents figures on the general government deficit as a percentage of gross national product for Canada and for the other major OECD countries. These figures show that the Canadian general government deficit at all levels, both federal and provincial, while at 3 per cent of GNP, is, indeed, greater than in the United States, but smaller than in other countries such as West Germany, Japan and Italy.

The council interprets the international comparison of government deficits as suggesting there is perhaps room for additional fiscal stimulus. This is not to say it does not regard the deficit as worrisome. Others may interpret the figures differently. The minister will inform us of his interpretation on budget night.

The Economic Council has come forward with its review at a good time. Its tax cut recommendation and supporting analysis must be welcomed as a useful input to the budget making process. It will be given full consideration, just as are all the other pre-budget submissions the minister receives.

In closing, Mr. Speaker, I would simply like to commend the hon. member for Broadview (Mr. Rae) who, in less than 30 hours as a member of this House, has raised two questions, made his initial speech and been on the late show. I would defer to the hon. member for Winnipeg North Centre (Mr. Knowles), but I think that must be some kind of record.

Mr. Knowles (Winnipeg North Centre): And a good one, too.

The Acting Speaker (Mr. Ethier): Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 11 a.m.

At 10.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, October 27, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise, under the provisions of Standing Order 43, to seek the unanimous consent of the House to introduce a motion on a matter of urgent and pressing necessity.

In light of events yesterday before the McDonald royal commission, I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That the government make available to the McDonald commission all documents and other relevant material in its possession and instruct its counsel not to block or object to the production thereof so as to enable the McDonald commission to fulfil its mandate.

Some hon. Members: Hear, hear!

Mr. Speaker: The presentation of such a motion requires the unanimous consent of the House, in conformity with Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PUBLIC DISCLOSURE OF MATERIAL RELEVANT TO McDONALD COMMISSION—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, this is, in fact, something of a similar motion. In view of the motion by counsel for the government at the McDonald inquiry yesterday to block introduction of some 14 pieces of correspondence, and government counsel's further refusal to even permit perusal by the commission of some four documents, I would move, seconded by the hon. member for Broadview (Mr. Rae):

That this House directs the Minister of Justice to instruct counsel for the government at the McDonald inquiry to withdraw objection to production of all material and documents and, further, to withdraw argument against public disclosure of all material relevant to the inquiry.

Some hon. Members: Hear, hear!

Mr. Speaker: Standing Order 43 requires the unanimous consent of the House for the presentation at this time of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

REQUESTED EXTENSION OF SALES TAX REDUCTION—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. All Canadians are gratified that postal service has resumed. However, the length of the latest stoppage in postal service has caused a serious shortage of cash for many businessmen which will take some time to overcome. Therefore, I move, seconded by the hon. member for St. Boniface (Mr. Hare):

That the government waive the October 31 deadline for the remission of the federal sales tax to the federal treasury for 15 days in order to ease the burden being felt by many Canadian businessmen in the wake of the postal strike.

Mr. Speaker: The presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

LABOUR RELATIONS

REQUEST FOR CREATION OF TRIBUNAL TO SETTLE LABOUR DISPUTES—MOTION UNDER S.O. 43

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

In view of the fact that for several years, the Canadian public have put up with the after-effects of numerous strikes in public and semi-public sectors as the result of the legitimate claims of workers, considering also that the mechanisms that have been set up are more or less efficient, I move, seconded by the hon. member for Mercier (Mr. Boulanger):

S.O. 43

That a permanent labour tribunal for conflicts arising in public and semi-public sectors be set up by the minister concerned.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

OVERPAYMENTS UNDER PROGRAM—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. We all know that the Unemployment Insurance Commission is in the process of asking some 15,000 Canadians, including 5,000 Nova Scotians, to pay back $4.3 million due to a mistake of one of its employees. Since up to this date all such recipients have not yet been notified, and since UIC officials admit that so far they have not received any repayment, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

● (1112)

That the UIC cancel these overpayments immediately, given the serious economic straits we are in and given the fact that such an error would have been caught by a properly operating internal auditing system within the UIC itself.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

REQUESTED COMMITTEE STUDY OF OVERPAYMENTS UNDER PROGRAM—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the findings of the Auditor General as contained in the annual report of the Department of Employment and Immigration tabled in this House that there has been an estimated $142 million in overpayments to UI recipients, and in view of the fact that the commission failed to act on the recommendations of the Auditor General in 1976, where he identified $95 million in overpayments, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the public accounts committee be struck immediately and, further, that the 1977-78 annual report of the Department of Employment and Immigration be referred to the Standing Committee on Public Accounts.

[Mr. Lavoie.]

Mr. Speaker: The introduction of such a motion for debate at this time would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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URBAN AFFAIRS

DEFAULTED MORTGAGES INSURED BY CMHC—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43, arising out of a Central Mortgage and Housing Corporation press release that AHOP defaults are up by 300 per cent over 1977 and now account for 53 per cent of the defaulted mortgages insured by CMHC.

I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That in light of this grave situation, the Minister of State for Urban Affairs be asked to make a statement to the House on how his proposed graduated payment mortgage plan based on high incomes and appreciation equity will work, and what plan Central Mortgage and Housing management has to fill these hundreds of vacant houses.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. As the Prime Minister will know, yesterday counsel for the government tried to withhold from the McDonald royal commission certain government documents. The Prime Minister will also recall that on October 25 of this year he said, as reported at page 450 of *Hansard:*

—we would produce and have produced every document asked for.

I would like to ask the Prime Minister, is that still the position of the government, and will the government instruct its counsel to make available to the McDonald royal commission all government documents, all documents in the possession of the government, relevant to the inquiry of the McDonald commission.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I am informed, what happened yesterday before the commission is that counsel for former commissioner Higgitt asked for the production of documents without any notice either to the government or to the commission itself. Naturally, both the commission and ourselves think that this is a procedure which should be corrected.

I repeat my assurance that we will co-operate by making all documents available to the commission. We will, further, co-operate in making public any documents which the commission wants to make public and which are any evidence of wrongdoing. But in order to co-operate, we have to know what is asked for and we must have notice of what documents are to be produced, so that we can consider their classification and consider their declassification if the commission so requires.

It was just a matter of the government and the commission having been caught by surprise with documents that they did not know were going to be asked for. I think that it proves once again the unfairness, in terms of due process of law, of proceeding in this way in public without complete co-operation on the procedures to be followed.

Mr. Clark: Mr. Speaker, I am sure that it was simply by inadvertence, but I think the Prime Minister declined or neglected to answer my question as to whether or not there will be an instruction to counsel to make available the particular documents in question. I would like him to clarify that, and elaborate on the significance of the phrase he used when he said that the government would want to consider the classification of the documents that would be made available to the McDonald royal commission.

• (1117)

Does that mean there are, in the possession of the government, government documents which have a classification that in the view of the government makes it improper or impossible for the government to make those documents available to the McDonald royal commission? In other words, are there some documents that this government will not make available to the McDonald royal commission?

Mr. Trudeau: Mr. Speaker, certainly not documents that it would be improper to show to them. As I said the other day, the government does not attempt to absolve itself of its responsibility for the protection of secret documents and Privy Council secrets. I have said that when the commission feels that such documents which are covered by the necessities of secrecy should be published, and that they show evidence of some wrongdoing, we will undertake to declassify them.

I cannot say in advance that we will declassify all documents in every circumstance and permit them to be made public. We will do so when they show evidence of wrongdoing, in the judgment of the commission, and when in the judgment of the commission it is important to make these documents public. The Leader of the Opposition will realize that probably even the McDonald commission will not want to make all documents public, any more than any other royal commission of inquiry into matters of secrecy and intelligence.

Mr. Clark: Mr. Speaker, there is perhaps confusion here between the question of the production of documents and the question of publication of documents. I want to come to the question of publication later. I want to be absolutely clear, here, on the question of production of documents.

Is it the position of the government that the government will make available to the McDonald royal commission every single document, regardless of classification, which might in any way be relevant to the inquiry of the McDonald commission? I am not speaking here of publication—that is another question—I am speaking of production. Is there going to be any limitation at all upon the documents that the Government of Canada will make available to this commission?

Mr. Trudeau: Mr. Speaker, I am informed that the commission has had access to all these documents. Therefore, it is not a question of not showing them to the commission. The commission has had access to the RCMP files, and presumably knows about these documents. The debate yesterday was about whether they should be produced at that particular stage.

Mr. Clark: A final supplementary question, Mr. Speaker. The Prime Minister and I have a slightly different views of what went on yesterday before the commission. For the record, and in very unequivocal terms, I should like to have from the Prime Minister a categorical assurance that every document that is relevant to the McDonald royal commission that is a government document, or is in possession of the government, will be made available to the McDonald royal commission and that no question of classification will stand as a bar to the production by the government of relevant material to that commission.

Mr. Trudeau: Mr. Speaker, I think that undertaking can be given in a general way. I cannot say in advance that all cabinet minutes can, or should, be put before the royal commission without the government asking itself if this has to be done. If the royal commission makes a case for access to cabinet committee minutes as is the case with the documents which were asked to be produced yesterday, my answer is yes. I saw the cabinet committee minute just five minutes before I came to the House. Certainly, the government would have no objection to producing that cabinet committee minute.

I do not think the discussion in cabinet of every and all subjects should be available to any outsiders of cabinet. I think this is a clear doctrine of cabinet secrecy, and it will be preserved.

INDEMNIFICATION OF COURT COSTS OF MEMBERS OF FORCE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I should like to pursue the uncertainty that seems to have been created. I think it is important, in addressing my question through you to the Solicitor General, to clear up something that happened last

Wednesday, when the Solicitor General told me that to the best of his knowledge there was no government policy that would permit the indemnification or protection of RCMP officers who, acting through the tacit or expressed approval of their superiors, might have transgressed the law.

There has now been made public, as the Solicitor General knows, clear and detailed documentary evidence that such a policy existed, at least within the force, as long ago as 1970.

My question to the Solicitor General is, has he conferred with any of his five or four predecessors in office: if it is not within his knowledge, has he conferred with his predecessors to determine whether it was within their knowledge during their respective terms of office? If so, have they confirmed, or denied, knowledge of this policy? If they have confirmed having knowledge, could he tell us when they became aware of that policy of protection and indemnification?

● (1122)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I stand by what I said on Wednesday, that there is no information that has come to me from either interviews with my predecessors or with officials who have been in place since the early part of the 1970s indicating that there was any knowledge within the government of a policy within the RCMP as described by the hon. gentleman.

Mr. Jarvis: Mr. Speaker, I am sorry the Solicitor General will not tell me if he has consulted with and asked the specific question of his predecessors. I would think it would be incumbent upon him to do so. The Solicitor General is aware, from the documentary evidence, that the protection and indemnification policies resulted from prolonged consultation among the highest-ranking officers in the force, being exactly the same officers who were consulting weekly with this series of solicitors general: the very same officers.

In view of these circumstances, can the Solicitor General offer the House any reasonable explanation whatsoever as to how a policy so important, so fundamental to the operation of the force for which the Solicitor General is responsible, could be in effect as long as eight years without any of this series of solicitors general being aware of it?

Mr. Blais: Mr. Speaker, the hon. gentleman fully recognizes that the matter is one that is presently being studied by the McDonald inquiry in terms of its being internal RCMP policy. That matter, of course, is now subject to direct examination of former commissioner Higgitt and potential cross-examination in the near future.

As I have indicated before, it is not my intention now, relating to matters before the commission, to start commenting on either the direct examination or cross-examination that may be adduced. In terms of what was government policy, my statement is categorical, that to the best of my knowledge there has not been any policy of this government indicating that there was condonation or, indeed, acceptance of illegal activity on the part of the RCMP.

[Mr. Jarvis.]

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask the Prime Minister a question relating to his earlier answers. Since the documents in question at the inquiry yesterday were requested to corroborate Mr. Higgitt's allegations or claims that certain ministers of the Crown knew of certain illegal or inappropriate activities, and since government counsel, on instruction from the government, objected to the introduction of these documents not simply at this time but in general, in part on the grounds that some of the documents were not appropriately in the hands of the RCMP in the first place, I ask the Prime Minister if he would reconsider his earlier answer.

Why did the government instruct its counsel to block the presentation of these documents, which could be used in a fair-minded way to either confirm or deny Mr. Higgitt's allegations, for submission either for public assessment or simply for consideration in camera by the commission?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not given any such instruction and I do not know of any such instructions regarding the particular documents produced yesterday. There is a general policy, which I have tried to explain in this House, which applies generally to the government's attitude before the commission.

I cannot comment on the hearing that went on yesterday, because I did not read what they said. As I say, I was informed five minutes before coming into this House about a certain cabinet minute. I was asked if I would permit its declassification and I said, "Sure": if the commission wants to declassify this particular one, I see no reason not to. That will remain my policy and it is the policy of the government.

● (1127)

Whether the lawyers yesterday were acting on specific instructions in that case, or on my general instructions—ones I have just stated—I do not know. But my information is that it must have been, in this particular case, that they objected because they had not been notified of what documents would be produced. The commission itself was not notified, and it was sprung on the commission.

Once again I appeal to the House and I appeal to the Canadian public to keep the due process of law in mind. One party has a lawyer making some allegations in front of the court. If the opposition is interested in having the truth come out, let us see what the lawyers for the other side will say; let us see what the documents will eventually say, if they are produced; and if they are not produced, let us find out why. But let us not draw the conclusion that the government is trying to hide a document which it did not know would be produced until, apparently, the moment it was produced yesterday. That is all that is being asked for, due process and fairness, and not just jumping to conclusions because a lawyer for one party has suggested that something be adduced in evidence without the other side hearing about it.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, unfortunately, the reasonable note of the Prime Minister's answer does not accord with the facts. Counsel for the government said before the commission yesterday—and I quote him as he is quoted in the press—that he was instructed, presumably by the government, presumably by the Minister of Justice or someone representing the government: he is quoted as having said:

I am instructed to tell you that the RCMP is not an authorized possessor of the documents. The government objects to them even being shown to the witness—

I say to the Prime Minister, that is counsel acting on behalf of the government telling the commission that he has been instructed so to act. I do not think there is much doubt about that, and I find it a little strange that the Prime Minister would not be briefed on this fundamental matter until five minutes before the question period.

I would like to ask the Prime Minister, in this context, going back to the question of the Leader of the Opposition earlier, whether the Prime Minister is now saying that he will be the final arbiter in deciding which documents are appropriate for the commission to see. He is saying it will be for the cabinet to decide what is relevant for the commission to see.

Mr. Trudeau: Mr. Speaker, I do not know from what report the hon. member is reading. I do know, because I was so informed a few minutes ago, that a particular series of documents—four, I believe—were sprung on the commission yesterday and sprung on the government by the lawyer on one side. I am told that the McDonald commission itself expressed annoyance at this way of proceeding, precisely because when something happens in this way, of course, it makes the headlines and raises indignation across the country and from the opposition benches. This is not the way we think things should proceed.

Once again, I do not know from what report the Leader of the NDP is reading, but if my information is correct, that this information was sprung on counsel for the commission and counsel for the government, then obviously there could not be an instruction relating to those documents which had been given to counsel. They had no instructions; they were caught by surprise and they said, "Okay, what other documents do you want? Let us look at them. The government has always co-operated, shown them to the commission and co-operated when necessary and declassified them. Presumably we will do that in the future. But let us know if you want a document to be produced, and let us know if you want us to declassify it, so that then we can get instructions from the government."

This seems a perfectly normal attitude to be taken by counsel for the government, when the government is responsible for protecting the confidentiality of documents.

● (1132)

Mr. Broadbent: I say, with respect, that the Prime Minister did not answer the crucial question—the question I put to him two days ago, too—about the government's attitude with regard to allowing the commission to determine what it should see, rather than having the government decide.

The Prime Minister made the case two days ago in this House—he referred to this question today—that certain conversations or discussions in cabinet are confidential and that he would not, as a principle, reveal such documents to the commission if he thought it was none of their business. But what is at stake here is the credibility and integrity of the government itself.

Would the Prime Minister not agree that it is absolutely essential that the commission should have the right to acquire and have access to any conversations which took place in cabinet which might indicate, for example, that ministers had knowledge of wrongdoing? Would he not agree that ultimately it should be the commission, and not the government, which makes that decision?

Mr. Trudeau: I repeat, if any document can convey knowledge or implication of wrongdoing by the government, we shall co-operate in any way if the commission wants to make it public. To use the expression used by the Minister of Justice, we shall bend over backwards to declassify those documents. But we shall not let the RCMP, the commission, the opposition or the country, have access to all cabinet minutes. We are not going to open all the cabinet minutes for the commission to look into to find out all the discussions which have gone on in cabinet, with the possibility that they are going to find some illegality. Indeed, Mr. Speaker, confidentiality of discussions in cabinet is the most basic principle of cabinet government. It is also based on common sense, which I understand the new member over there has not yet had time to familiarize himself with.

This is the principle I stand by. Any former prime minister would stand by that principle, and I believe any future prime minister would do so. The only alternative is not to have cabinet minutes. If there is not to be free discussion in cabinet, then there should be either no cabinet or no record of its discussions.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

FEDERAL-PROVINCIAL CONFERENCES

INQUIRY WHETHER MPs WILL BE INVITED TO ATTEND FIRST MINISTERS' CONFERENCE

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister.

Since a federal-provincial conference has been scheduled for next week, would the Prime Minister inform the House whether hon. members may attend this conference as observers or whether the sittings will be held in camera? If observers are invited among members of the House, will we have to submit a list of our delegates to the Prime Minister or will there be a special invitation to that effect?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is an open conference, the press will be represented and television cameras will be there. The size of the hall, of course, imposes a certain limitation on the number of persons who may attend but I have written to all parties represented in the House to send one or several representatives to the conference. We will not be able to admit all members from both sides of the House but every party will have at least one representative and several in some cases depending on the number of members representing parties in the House.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION

Mr. Erik Nielsen (Yukon): Mr. Speaker, my question will be directed to the Minister of Justice, but I think there are two very important facts which should be clarified here. First, the example of cabinet minutes cited by the Prime Minister is a red herring, because the documents to whose production government counsel objected yesterday were correspondence, documents emanating from the office of the commissioner of the RCMP when he was commissioner. Second, it is not one party which attempted—

Some hon. Members: Order.

Mr. Speaker: Order. Does the hon. member have a question to put?

Mr. Nielsen: It is not one party which attempted to produce these documents, but—

Mr. Speaker: Order. Will the hon. member put his question.

Mr. Nielsen: Since counsel for the RCMP, and not only for ex-commissioner Higgit, was the lawyer who attempted to produce these documents, how can the government take the position they were sprung on the commission? This was counsel for a body of policemen for whom the Solicitor General is responsible, and presumably he knows the instructions that are given to that counsel. How can the government take that position? Presumably he knows of the instructions given to that counsel. How can he take that position?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): It is very clear from what counsel said to the commission that that was the case, because the possibility of introducing these documents in evidence was not a matter of prior knowledge as far as counsel for the commission is concerned and, indeed, as far as counsel for the government is concerned. At that point, counsel said they would request instructions in connection with an argument about these documents. That was the procedure which the commission itself had foreseen would be taken and, obviously, counsel for the government wanted instructions at that time.

[Mr. Lambert (Bellechasse).]

Mr. Nielsen: Counsel for the RCMP, then, should get together with counsel for the government. They were both working for the same client.

Some hon. Members: Collusion.

Mr. Nielsen: Perhaps I could address my supplementary to the Minister of Justice on the basis of an answer he gave in the House on October 24 when he said, "The material in our possession is available to the commission. That is our position, a position we shall continue to take before the commission." Then he went on to say, "Once these productions are made—"

Some hon. Members: Question.

Mr. Nielsen: "—decisions will be taken by the commission." Can the Minister of Justice tell me how the commission can make a decision with respect to what documents to examine in camera, and what documents not to examine in camera, if the government will not even show the commission the documents upon which they have to take a decision?

Mr. Lang: Obviously, that will not be the position the government will take. Counsel for the government wanted instructions in connection with these documents before being in a position to discuss them. Therefore, they have sought further instructions.

I find it most extraordinary that the hon. member for Yukon should be surprised by the fact that there are a number of lawyers acting on behalf of the government and the RCMP and, in due course, of various ministers and former ministers who may be before the commission. Somehow he regards all these lawyers as though they were one unit. Obviously, the reason for having all these lawyers is so that all the interests can be represented and all the normal, legal and ethical approaches applied. Therefore, the lawyers do not all know, automatically, what every other lawyer knows, though in the usual way of courtesy we would expect some notice about what is sought to be introduced so that the normal seeking of instructions can take place.

* * *

PUBLIC SERVICE

RELOCATION AND RETRAINING OF EMPLOYEES WHOSE JOBS DECLARED REDUNDANT

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the President of the Treasury Board. Is the government prepared to allocate funds for the retraining of public servants whose positions have been declared redundant?

Hon. Robert K. Andras (President of the Treasury Board): Both relocation and retraining assistance will be made available where required and where it will help upgrade or provide a new skill for the person whose job is declared redundant.

ROYAL CANADIAN MOUNTED POLICE

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to direct a question to the Prime Minister in light of the response of the Minister of Justice when he said that all that is involved here is notice of production, which the government did not receive. To the best of his knowledge, were any instructions given by himself or by any of the ministers to object to their admissibility merely on the ground that no notice of production had been given?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know of any instruction being given in that direction, but it seems to me a common sense attitude for a lawyer to say, "Look, you want to publish some secret documents and show them to the commission. If you want us to declassify them in some way, let us know and we can seek instructions." It is very simple.

Mr. Woolliams: A supplementary to the Minister of Justice. Sometimes honesty, particularly in this place, flows from the element of surprise. I appreciate that the Prime Minister has narrowed the issue. Is that the narrow issue? Were instructions issued to object to the admissibility of those documents before the commission on those grounds, and on those grounds alone?

● (1142)

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): No, Mr. Speaker, that was not the basis on which counsel were objecting. They were not objecting to admission so much as they were objecting to not having had time to obtain instructions. When the lawyers were faced with a situation which had not been contemplated, I think it is obvious that they wanted some chance to obtain instructions. They will now be doing that. As a result, by the appropriate point in time when the commission reconvenes, I have no doubt that all this fuss and uproar over the fact of lack of notice having caused surprise on the part of counsel will be behind us, and the commission again will be about the ordinary business of doing its job quite clearly unimpeded by any action on the part of government or its counsel.

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FISHERIES

COMMERCIAL FISHING IN FRASER RIVER, B.C.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. In view of the fact that two meetings have been held by commercial fishermen for testing the unfair and inadequate openings of the Fraser River between the Pattullo and Mission bridges, can he indicate what steps are being taken to rectify the injustice being done to fishermen in this area compared with those below the Pattullo bridge, or downstream?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I do not think it is a matter of justice or injustice. It is a matter of conservation. Because of particular water conditions, fish moving into the normal spawning grounds and streams had difficulty doing so. For that reason, we had to impose stricter measures. I understand meetings have taken place and the issue is now resolved. In fact, I believe fishermen have been able to fish during the current week.

Mr. Patterson: Mr. Speaker, as the last opening was made without effective notice, will the minister ensure that sufficient lead-time is allowed to enable these fishermen to take full advantage of what are fewer and shorter openings in that area?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I will certainly look into this suggestion.

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ROYAL CANADIAN MOUNTED POLICE

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my supplementary question is for the Prime Minister and it concerns the first issue raised. The McDonald commission was set up for the purpose of settling and dealing with public disquiet on the question of RCMP security activities. Given the fact that public wrangling over secrecy or disclosure of documents particularly taking place before the McDonald commission is likely to destroy, or certainly impair, the effectiveness of the commission to undertake its responsibilities, will the Prime Minister follow the example set in the decisions of the highest courts in the United States and the United Kingdom and, in a more humble way, by the recommendations of the joint committee dealing with the question of information in using the words, "accepting the fact that it is not a proper role of a minister to make the final decision as to whether a requested document is covered by one of the exemptions"?

Even if it means the examination of documents in secret, will he make an unequivocal statement to the country indicating that the McDonald commission will be entitled to the final right to decide on the question of publication?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is returning to a series of questions asked of the Minister of Transport and Minister of Justice and myself last week and earlier this week. Our answers are the same.

[*Translation*]

FINANCE

REQUEST THAT ASSESSMENT OF CONSEQUENCES OF BUDGETARY CUTBACKS BE MADE PUBLIC

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance. Yesterday, according to a study tabled by the Quebec government, it was claimed that the budgetary cutbacks will represent a loss of 18,000 jobs in the province of Quebec alone. I should think that before announcing those cutbacks the Minister of Finance had also made an assessment of their consequences. In the public interest, will he give the House the assurance that the assessments he made on the consequences of those cutbacks will be made public to allow Canadians to see both sides of the coin?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in August we announced that a reorganization of public finances in Canada would create a better environment for economic growth. I doubt that the study tabled by Mr. Landry yesterday is really sound. For him to say that Quebec will ask for compensation because we want to manage the country properly is, to my mind, rather ridiculous; he too had to make certain cuts at some point or other, some people lost their jobs and others had to go on unemployment insurance but we did not, at that time ask the Quebec government for compensation.

Mr. La Salle: Mr. Speaker, I imagine the Minister of Finance had assessments made. I think that in the public interest the minister should let us know the results of the assessments of the consequences of budgetary cutbacks and, given the fact that we have heard about the possibility that the savings resulting from those cutbacks might be used in job creation programs, I would ask the minister whether he will soon be in a position to tell the House about the special job creation program that will be implemented with those savings.

Mr. Chrétien: Mr. Speaker, I would refer the hon. member to the statements made by my colleague the Minister of Employment and Immigration in August and to other statements we have made. We have reorganized our job creation programs to a considerable extent. This winter we will spend much more money than we ever have in recent years and we also have brought changes in the social field. These changes are now before the House, more specifically the increase in old age pensions and improvements in the family allowance system. That is the program we had announced: streamlining the public administration, a shift toward job creation, job creation programs and better social programs.

LABOUR RELATIONS

INQUIRY WHETHER GOVERNMENT WILL FORCE PARTIES TO NEGOTIATE BEFORE CONTRACTS EXPIRE

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, my question is directed to the Minister of Labour. Considering that conflicts do arise at times in the public and quasi-public sectors, as occurred in the Post Office, can the Minister of Labour tell the House whether he intends to amend the legislation in order to encourage and to force the parties concerned to negotiate before collective contracts expire?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, this is an excellent suggestion, and I shall be pleased to consider it thoroughly, but I must tell the hon. member that, at this stage, the government does not intend to amend the legislation. The hon. member's suggestion most certainly deserves thoughtful consideration.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

PRODUCTION OF GOVERNMENT DOCUMENTS TO McDONALD COMMISSION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Prime Minister: it follows the answer he gave to the hon. member for Oshawa-Whitby. In terms of the McDonald inquiry, have Mr. Justice McDonald and his commissioners had the opportunity of reviewing all cabinet minutes, documents and correspondence over the period under study by the commission, or has the procedure been that the government simply has supplied those documents which it believed to be relevant to the inquiry?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the obvious answer is that I do not know. I know the McDonald commission was given everything it asked for, and I know we have supplied things it has not asked for to make sure it looked into this matter in depth. Presumably, it has not read everything over the period of the several years covered by the commission. I suppose it would take years to do that. I honestly do not know if it has done that. I know it has been given everything it has asked for, and it will be given everything it asks for; and, I repeat, even more than that. I am told that in many cases the officials said, "You do not know about this particular thing; take a look at this file; it might interest you".

Mr. Leggatt: The Prime Minister has told us that the commission has been given everything it asked for. That presupposes the commission knows what it wants or, in other words, knows what questions to ask in order to receive the material.

● (1152)

Can the Prime Minister at least give the House an undertaking to provide to the commission sufficient staff so that all minutes, correspondence and proceedings of cabinet meetings which occurred over that period can be made available to the commission, so that the commission, can determine what is relevant to its inquiry and come to a fair conclusion? Will the Prime Minister give us that undertaking?

Mr. Trudeau: Mr. Speaker, I am sure the hon. member means well, but if he reflects a little he will realize that his request is not really reasonable. It is not realistic for any royal commission to want to hire aides to go through everything which has passed through the hands of governments, ministers and officials over a period of years. That is why the commission is proceeding differently; it is proceeding by interrogating senior and junior RCMP officers, officials and ministers. The commission is asking them questions which, hopefully, will lead it to acts which are questioned. If some of them are illegal, the commission will take the next step.

If the commission suspects, from what someone says, that there may have been an illegal act, it will want to know about a document which would support or deny such suspicion. Then it will ask for its production. I repeat, we have never refused to produce documents which have been asked for so that the commission could look at them; nor will we. The question of publication is something else again, but in terms of access we will co-operate.

Mr. Broadbent: You didn't yesterday.

Mr. Trudeau: The Leader of the New Democratic Party has a supplementary question. Perhaps you could recognize him, Mr. Speaker.

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CENTRAL MORTGAGE AND HOUSING CORPORATION

RCMP INVESTIGATION INTO HAMILTON PROJECT

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Minister of State for Urban Affairs. Can the minister make a report to the House on the progress of the RCMP investigations into York Place, in Hamilton, and when will charges be laid?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am a little confused by the hon. member's question. The matter dealt with in her question clearly does not come under my responsibility. I do not think I am responsible for the RCMP. I am surprised by the kinds of questions raised by the hon. member, because since the House resumed I have noticed that she has been very quick to rise under Standing Order 43 to bring forward allegations—

Some hon. Members: Order.

Mrs. Pigott: Mr. Speaker, I apologize. My question deals with a Central Mortgage and Housing Corporation project, and that is why I asked the Minister of State for Urban Affairs.

May I ask the Solicitor General about the progress of the RCMP investigation into the Central Mortgage and Housing Corporation project at York Place, and when will charges be laid?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the investigation is ongoing.

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HEALTH AND WELFARE

POLICY REGARDING EXTENDED USE OF SOCIAL INSURANCE NUMBERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is to the Minister of National Health and Welfare: it relates to the ever-growing use of social insurance numbers, which the minister will recall were originally put into place to be used for social service programs.

Can the minister tell the House what the policy is regarding the extension of the use of social insurance numbers in a variety of ways to become glorified identification cards and numbers? Is it the policy of the government to encourage the use of social insurance numbers in that way?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, that question is very bizarre.

Some hon. Members: Oh, oh!

Miss Bégin: The social insurance number was invented and implemented years ago, before the hon. member and I were in this House. It is with surprise that the vast majority of hon. members listen to senior members of this House who are against social insurance numbers. Most Canadians do not understand why one would not be in favour of the social insurance number.

It is quite in order that in the future social insurance numbers will be used more and more. More computers are being used in every department, whether provincial or federal.

An hon. Member: Nineteen eighty-four is here.

Miss Bégin: I simply do not understand the paranoia which is behind the hon. member's question.

Mr. Hnatyshyn: Mr. Speaker, the only thing which is bizarre is the fact that an undertaking was given by the Deputy Prime Minister when he was responsible for the introduction of the social insurance number's program to the effect that it would be limited to social service programs.

Under those circumstances, and in view of the fact that the minister wants to look back, I remind her of the undertaking given, and ask her whether she is now saying that the govern-

ment is encouraging provincial, municipal and private concerns to make further use of this number for identification purposes.

Miss Bégin: Mr. Speaker, I want to answer in a common sense way, and I hope the hon. member will understand. I am responsible in this House for $14 billion per year which is spent by the provinces and by us. I do not want to see people cheating even to the extent of one penny. I do not know the hon. member's definition of social services, but it is a very large and vulnerable field and one bad example or abuse in that field should not be a reason to penalize all the other people in need in this country. I do not want any loss of control, and that is my policy.

* * *

AGRICULTURE

ADVANCE PAYMENTS TO POTATO GROWERS

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, in the absence of the Minister of Agriculture, I would like to put my question to the Acting Minister of Agriculture. I would like to know whether a final determination has been arrived at with respect to payments to Elite and Foundation seed potato growers under the program announced in July. I ask this in view of apparent confusion within the potato industry at this time.

If the answer is no, will those growers in Prince Edward Island and New Brunswick who received advance payments in May and June be required to reimburse the federal government?

Hon. Daniel J. MacDonald (Acting Minister of Agriculture): Mr. Speaker, the Agricultural Stabilization Board is now reviewing the situation, and Elite and Foundation growers could be included under the plan. The hon. member asked about paying back interim payments which were made to all producers upon receipt of an application filled out by them. This was paid to all producers so that they could get assistance in putting in their crops. With their applications they also signed a document saying that if they were not eligible for the full payment they could be required to make a partial repayment. However, this has not been established in any way. I know the Minister of Agriculture is looking at this matter very closely and I think things will work out very well.

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GRAIN

MOVEMENT THROUGH THUNDER BAY

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the minister responsible for the Canadian Wheat Board. The Wheat Board has indicated that grain sale commitments still to be met through Thunder Bay are in the neighbourhood of four million tons and that even if the system was operating at its maximum, which is based on a five-day week—and there are approximately seven to nine weeks left before freeze-up—the total amount of grain which could be expected to be exported through Thunder Bay is between 1.5 million tons and two million tons. Will any sales through Thunder Bay have to be cancelled or deferred in this shipping season?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the Canadian Wheat Board had a very full sales program, including about as much as the board thought could be put through Thunder Bay and the eastern part of the system during the season. The strike of even fairly short duration will obviously have caused some new problems. Lake shipping may be a limitation, although even without that strike lack of supplies at Thunder Bay might have become a problem because of the low level of stocks. That will not now be a problem and what remains is to assess how close to original targets the Wheat Board can come.

I think the board will take the precaution of discussing with its various customers what reasonably can be deferred slightly in order to avoid a critical situation, and I am sure that is going on at the present time. I do not think the over-all volume involved need be very great, but clearly we have to look at all the alternatives, including whether any addition to the time the Seaway can operate is possible, or whether operations can be undertaken on a seven-day week or around the clock. If these alternatives are not already being used in regard to any part of the bottleneck, we will have to see what we can do in order to catch up.

● (1202)

Mr. Murta: Mr. Speaker, I take it from the minister's answer that there certainly is a very real possibility of either losing sales or having sales deferred, I suppose, until next spring or even into the new crop year.

My supplementary question is in the area of what we can do in the time left, the seven to nine-week period of operation of our terminals and the grain fleet. Is the government looking very seriously at operating the loading aspect on a seven-day week basis, including weekends, so that we may maximize to the fullest extent the handling of loads; and could he be more specific by indicating what, in fact, the government is asking the industry to do now and in the immediate few weeks that are left?

Mr. Lang: Mr. Speaker, there are some constraints and some reasons why it is not easy to just automatically move from five to seven days a week, and those include some of the labour difficulties and some of the collective bargaining agreements that are in place. I did indicate in my previous answer to the hon. member that obviously we will be looking at each of these possible solutions and, I said, particularly in the area where bottlenecks occur. In other words, if it is a limitation on lake shipping that is the problem, and not the cleaning of grain at Thunder Bay, then we will not solve our problem by cleaning more grain at Thunder Bay. We will only solve it if

we can turn around lake shipping more quickly, get it back and have more loads and more trips by lake shipping during the remaining time.

That is what we are doing: we are identifying the bottlenecks, then identifying the difficulties which may lie in the way of moving toward the solution, like the seven-day week operation, and we will then try to solve those problems.

ROUTINE PROCEEDINGS

[*Translation*]

INTERNATIONAL TAX AGREEMENT ACTS

MEASURE TO IMPLEMENT

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill S-2 (from the Senate) to implement an agreement between Canada and Malaysia and conventions between Canada and Spain, Canada and Liberia, Canada and Austria and Canada and Italy for the avoidance of double taxation with respect to income tax.

Motion agreed to and bill read the first time.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 47 and 174.

[*Text*]

CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 47—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Canadian Inter-governmental Conference Secretariat?

2. How much was committed on each contract and to whom?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. None.

2. Not applicable.

USE OF GOVERNMENT AIRCRAFT

Question No. 174—**Mr. Cossitt:**

1. With reference to the answer to Question No. 48 of the Third Session of the 30th Parliament which stated in part, that the Minister of Agriculture addressed a Liberal Party meeting in Brighton, Ontario, on April 6, 1977, is it government policy to permit honourary colonels to use Department of National Defence aircraft and specifically will the Prime Minister confirm or otherwise that the Minister of Agriculture was enunciating such a policy by declaring "I use Department of National Defence planes quite a bit because I am an honourary colonel"?

2. With further reference to the answer to Question No. 48 of the Third Session of the 30th Parliament stating in part: "Honourary colonels may travel by service aircraft to attend official duty functions related to Canadian Forces activities", was the Minister of Agriculture performing an official duty function related to Canadian Armed Forces activities when he addressed the Liberal meeting in Brighton, Ontario, on April 6, 1977?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See reply to question No. 48, third session, thirtieth parliament, answered October 10, 1978.

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[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 30 could be made an order for return, this return would be tabled immediately.

[*Text*]

CONTRACTS FOR PROFESSIONAL SERVICES—FINANCE

Question No. 30—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Finance?

2. How much was committed on each contract and to whom?

Return tabled.

[*English*]

Mr. Speaker: Is it the pleasure of the House that question No. 30 shall be deemed to have been made an order for return, and that return tabled forthwith?

Some hon. Members: Agreed.

Mr. Speaker: The two questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[*English*]

OLD AGE SECURITY ACT

AMENDMENT TO INCREASE GUARANTEED INCOME SUPPLEMENT

The House resumed, from Thursday, October 26, consideration of the motion of Miss Bégin that Bill C-5, to amend the

Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Herb Breau (Gloucester): Mr. Speaker, when the clock reached ten last night I was just about—

Mr. Paproski: To get into the bill.

Mr. Breau: —I was just about to give another example of how phony and hypocritical the Conservative position is on the whole question of improving social programs in Canada, and on taking a larger share of the economic pie to help those who are disadvantaged in the country.

Mr. Clark: Such as by equalization.

Mr. Breau: Yes. I am glad now that the hon. member for Rocky Mountain, the Leader of the Opposition (Mr. Clark), brings up the question of equalization because I was coming to that, and I was coming to the position which seemed to be enunciated by the hon. member for Halifax (Mr. Stanfield) yesterday during the question period regarding equalization. I suppose the hon. member for Rocky Mountain, the Leader of the Opposition, takes the same position on equalization as the premier for New Brunswick, his friend, Dick Hatfield.

An hon. Member: The re-elected premier.

Mr. Breau: The re-elected premier with 300 votes in his own constituency and the loss of three seats; that kind of re-elected premier.

An hon. Member: How many votes did you get in the leadership nomination?

Some hon. Members: Oh, oh!

An hon. Member: This is a fifth place speech.

Mr. Breau: The position of the premier of New Brunswick, I suppose, is the same as the position of the Leader of the Opposition and of the hon. member for Halifax, that we should not touch equalization, but should allow it to increase as it is increasing now. Does he know what the result of that would be? Has he looked at what the result of that would be? The result of that would be that Ontario would be a recipient of equalization next year, if not this fiscal year. The position of the Tory party is that Ontario is a have-not province and should receive equalization payments. If we leave equalization untouched, that is what would happen.

What we want to do with transfer payments to the provinces is establish special job-creating programs to bring about development in the provinces, rather than supporting provincial bureaucracies. We want to have programs like the two we had this summer under the Minister of Employment and Immigration (Mr. Cullen) and the Minister of Fisheries and the Environment (Mr. LeBlanc). That latter program was started when my colleague, the hon. member for Westmorland-Kent, now the Minister of Fisheries and the Environment, was the Minister of State (Fisheries) and Minister of Environment. That program was a special job-creation program in the forestry sector, in order to make sure we have reforestation programs, and use the diversion of funds of the federal government in the provinces, not to help Premier Hatfield buy himself a plane, but rather to help people such as those of New Brunswick find jobs.

The concept of equalization held by the Tories is that because the premier of Alberta and the premier of Ontario have jets, the premiers of other provinces should also have private planes. That is their concept of equalization.

We want to use federal spending power to help people find jobs. We want to create jobs and to help in the development of the provinces, and that is what the people want. I am very happy the Leader of the Opposition has brought up the question of equalization. I am still waiting to hear their position on equalization because, like everything else, they try to be on both sides of the fence. There is no Tory position either on the part of that party here, the federal party, or the provincial parties. You cannot find any cohesion or logic in this party, or in the Tory administrations in the provinces either.

An hon. Member: What about the Liberal party in the provinces?

Mr. Breau: I hear an hon. member talking about the Liberal party in the provinces. I would like to tell him that the Liberal party and the people in the province of New Brunswick have just decided to put together again a strong Liberal coalition, and that they told the Tory administration of that province what they think of that kind of government, and that is what is going to happen across the country.

● (1212)

I said yesterday evening that it was very typical of the Tory party yesterday in question period, and in the debate last night, to be phony and hypocritical. The hon. member for St. John's East (Mr. McGrath)—I hope that he is going to speak in this debate—typifies the hypocrisy of the Tory party. I am not saying that he is a hypocrite. He is sincere and probably fighting in his own party to convince the bankers from Bay Street, the member for Don Valley (Mr. Gillies), the member for York-Simcoe (Mr. Stevens), the oil industry people from Calgary and the others in that party, to come to their senses.

A year and a half ago, Mr. Speaker, this government brought a bill into the House to change the UIC. The member for St. John's West (Mr. Crosbie), who had just come to the House at that time, got up and said that "we, the Tories from the Atlantic provinces, are going to filibuster this bill, stop it from going through because it is terrible for the people in Newfoundland and the Atlantic provinces." Then we had a vote on that bill on second reading and, of course, we, the Liberal members from the Atlantic provinces, had conversations with the minister, and with the help of the NDP the vote was forced.

Mr. Knowles (Winnipeg North Centre): Who forced the vote?

Mr. Breau: The NDP. They helped us once again to bring out the hypocrisy of the Tory party. Not one Atlantic Tory MP came into the House and voted on that bill.

This summer the government brought out another proposal to modify the UIC. At the time I was fishing in the Gulf of St. Lawrence with a group of fishermen. The statement of the hon. member for St. John's East, the social affairs critic for that party, was to the effect that the proposals were terrible and that they were going to hurt the people in the Atlantic provinces. He felt that they were cruel and terrible proposals. I thought to myself at the time that he is being his own sincere self again, but let us see if the Tory party has changed. Just 20 minutes later a statement came on the air from the real power in the Tory party, the member for York-Simcoe, who said that the government should have been tougher, that the regulations should be more stringent, that the UIC program is too generous, and that the government is being wasteful.

I do not believe that the Tory party has ever said clearly what it feels the UIC program should be, but I do remember some members saying that a potential recipient should be 25 weeks in the work force before he or she is eligible for UIC benefits—or was it 20 weeks? What is it? Is it 20 weeks, 12, 8, or 40 weeks? I would like the member for St. John's East to get up and tell us what is the Tory position on UIC. What would their policy do to the women in Newfoundland, New Brunswick, and in my constituency, who are between the ages of 60 to 64—a concern of the member for Kingston and the Islands (Miss MacDonald), another example of Tory hypocrisy—who work in the fish plants for ten or 12 weeks of the year.

What would the Tory position on UIC do to the poor people in this country if it were adopted, if they have any concrete position at all? Some people say sometimes that the UIC is wasteful, that it is terrible that with ten weeks of work an individual can get 44 weeks of UIC benefits. The member for St. John's East will be telling us, because we are talking—

Mr. McGrath: Mr. Speaker, I hesitate to interrupt the hon. member. I would like him to continue in the same vein even though he is not speaking in relevance to the bill. All I would like, sir, is an assurance from you that the rest of us will be given the same latitude later on today.

Mr. Breau: Mr. Speaker, I would like to have a lot more latitude. I would like the Tory party to tell us if they have a position on anything. Last night we heard the member for Kingston and the Islands tell the House how terrible we were to the poor women between the ages 60 to 64. What would the Tory party do with the poor people of this country aged 60 to 64, whether they are women or men? What would they do about poverty in this country at any age? What would the result be of a Tory economic policy, social policy, UIC policy, cultural policy, or anything? The result would be more deprivation because we hear from that party all the time that we spend too much of the G.N.P. on social benefits.

We hear from the Tory party continuously that in the ten years of this government, and the five years before that, it has spent too much on the reallocation of resources, medicare or hospitalization. This is the phoniness and hypocrisy of the Tory party, because they know that these programs are necessary and humane. The program of income redistribution, which the Leader of the Opposition was ridiculing the other day when the Minister of Finance (Mr. Chrétien) brought it up, is something on which this party must decide whether they are for or against it.

I challenge any member of the Tory party to a debate under proper circumstances to prove to me that the social security programs brought about by Liberal governments in the last 25 to 30 years have not been a factor in the high growth and productivity of this country.

Some hon. Members: Hear, hear!

Mr. Breau: In spite of the fact that this country had the smallest work force of any of the major industrialized countries in the world between 1945 and 1975, we had the best productivity record because our workers were producing more. That is because we have medicare, workmen's compensation, and hospitalization, so that when people are ill they can be treated and go back to work.

I said last night that at least the NDP were honest in this debate and that they were speaking out of conviction. However, the member for Oshawa-Whitby (Mr. Broadbent) said just recently in this House that there has been more inequality in Canada in the last ten years. I do not think he knows what he is talking about or that he can read, to say something like that. Again, I challenge that statement because one can prove that whether you are talking about people, from a demographic point of view, about the regions of the country, about the economy or in any way, inequality has been combated and reduced in this country. We have more equity and justice in the reallocation of the resources of this country to the poor people than we have ever had.

Mr. Knowles (Winnipeg North Centre): Read the speeches of the Minister of National Health and Welfare (Miss Bégin).

Mr. Breau: I read all her speeches, and I read all the speeches of the hon. member for Winnipeg North Centre (Mr. Knowles) also because he does not say what the member for Oshawa-Whitby says. I suggest to the member for Winnipeg North Centre that he brief his leader so that he does not get up in the House and make the kind of irresponsible statement that there is more inequality in this country than there was ten years ago.

Let us look at the facts. I have a quote from the Ottawa *Citizen*, September 1, 1978, written by Mr. Don McGillivray, a man who is not a friend of the government but at least he knows what the facts are. He says:

Old Age Security Act

In 1970, the highest average incomes were reported by self-employed doctors and the lowest by pensioners. In that year, the average doctor made $34,757, more than ten times the $3,455 annual income of the average pensioner.

● (1222)

In 1976, the year on which Revenue Canada has just reported, doctors were still at the top of the totem pole but pensioners had risen one space up the pole, leaving fishermen as the lowest income earners.

But the space between the top and the bottom had been sharply reduced. The income of the average self-employed physician had risen about 42 per cent to $49,310. But the income of the lowest recorded category had jumped 193 per cent to $10,144.

Mr. Knowles (Winnipeg North Centre): That is a terrible gap.

Mr. Breau: I agree with the hon. member from the NDP. That is why I think the NDP is honest on this issue. I am trying to use them to show and help me prove how hypocritical that bunch is over there.

Mr. Nystrom: Why do you not join us?

Mr. Breau: Mr. Speaker, that is a very interesting invitation, that I should join the NDP. I am not sure I would want to be a member of the NDP. I should like the hon. member for Yorkton-Melville (Mr. Nystrom) to telephone the Premier of Saskatchewan—I am sure his relationship with him is good enough that he could call him on the telephone—and say, "Mr. Blakeney, have you agreed with the federal government that in this bill we are going to give $20 more per household to people receiving GIS? Have you agreed, Mr. Blakeney, that you will not increase low income housing rents? Have you agreed, Mr. Blakeney, that you will not cut people off from welfare? Have you agreed, Mr. Blakeney, that you will not take away that $20 per family?"

Some hon. Members: Hear, hear!

Mr. Breau: In New Brunswick, as we saw last Monday, it does not take long for a politician to be brought to his senses. I was trained in that kind of political action. I would not want to be a member of a party that would attempt to erase inequalities in this country and then not guarantee to the Government of Canada that as with the family allowances a couple of years back, as with the very generous and just housing programs for our low income people, that provincial government administrations, even the NDP, would not take that away from welfare recipients.

The hon. member for Yorkton-Melville says no. I will take his word for it as I know he is an honest man. I know when he gets Premier Blakeney on the telephone and says, "Allan, are you doing this?" He is then going to say, "I am not going to work for you any more."

I should like to illustrate one more point, Mr. Speaker. In her speech yesterday the hon. member for Kingston and the Islands said that on May 3, 1978, she put a motion and the government voted against it because the motion said that government policies were inequitable. First of all, Mr. Speaker, we never voted against that motion because the Tory party did not think that social security programs were important enough to make it a voting non-confidence motion. It was just one of those motions under Standing Order 58(11) where they did not ask the House of Commons to vote. Apparently the hon. member does not know the difference between Standing Order 58(11) and Standing Order 58(10). It was not a non-confidence motion at all. We never voted against that motion. The Tory party obviously would not want to test the confidence of the House of Commons on spending more for social programs, because there are probably enough members of that party with the sense to know and appreciate that governments need to take an ever-increasing role in society. We live in a period where governments should do more for people.

I want to come back to this article written by Mr. McGillivray, Mr. Speaker. It is a beautiful one for the NDP to recall. I challenge the hon. member for Oshawa-Whitby in the proper context—probably the budget debate—on that score. I have analysed a lot of this and I will prove to what extent this government has done something to reduce the inequities in this country. It is true that if you take the highest and the lowest there is a gap—too wide a gap. What that party does not say is that more people went up than came down.

The article continues as follows:

Edward Schreyer, when he was premier of Manitoba—

Mr. Nystrom: Who is the Manitoba Liberal leader?

Mr. Breau: When I read this, I would think Mr. Schreyer is probably a Liberal. He cannot be an NDP because he disagrees with his leader. Let me begin the quote again:

Edward Schreyer, when he was premier of Manitoba, caused quite a stir by saying that the top income classes should not get more than two and a half times the income of the average industrial workers.

But in 1976, the average doctor was getting just 3.7 times the income of the average employee (or 3.2 times after federal taxes were paid) compared to the 5.4 times of 1970.

That is 3.7 compared to 5.4 in only six years, Mr. Speaker. The rest of the article is not important.

There are not only widows or widowers between the ages of 60 and 64 who are poor in this country; there are not only people between the ages of 60 and 64. There are people 14 years of age who are poor in this country, people who are 18 years of age who are poor in this country, people who are 40, people who are 50, trying to put their children through university, and they are poor. I hear people like the Leader of the Opposition talk about this and the hon. member for York-Simcoe. Of course the hon. member for St. John's East never says that because he knows better, but he does not have enough influence in his party to shut them up. That is the problem. That is the difference between this party and that party. There are enough in this party who can say no to the people from Bay Street and to the right wing forces in the country who claim that you should slash everything, have tax cuts for the rich, have mortgage interest deductions for the rich and never mind if the poor have a mortgage or a house because that is not important—there are enough of those on this side of the House.

In the last 15 years we have proved that we stand up for what is right and it does not matter what the bankers say.

I am told that the minister for social services for Saskatchewan is in the gallery, so the hon. member for Yorkton-Melville will not have to call Premier Blakeney after all. He can ask the minister.

An hon. Member: He is a good guy.

Mr. Breau: He should be a Liberal if he is a good guy.

Mr. Nystrom: Mr. Speaker, on a point of order, I wonder if my good friend from New Brunswick would answer just one question.

Mr. Breau: Mr. Speaker, I will answer questions from the hon. member for Yorkton-Melville at the end of my speech.

When they talk about poverty and about reducing inequalities in the country, they should not be phony and put motions like the one the hon. member for Kingston and the Islands offered on May 3, 1978.

If the Tory party want to say that they want to fight poverty; if the Tory party want to say that they want to help the poor people between ages 60 and 64, whether widows or widowers; if they want to say they want to help people 45 years of age, 18 years of age, single, married, whether they have seven or eight children, then they just have to shut up the hon. member for York-Simcoe, the hon. member for Don Valley, the hon. member for Calgary South (Mr. Bawden), and the hon. member for Calgary Centre (Mr. Andre) who keep on saying that the Liberal party in this country has reallocated too many resources to the regions in this country and to deprived people in this country.

If one looks at the facts—any version of the facts—one can see that the greatest increase in government expenditures of the federal government has been in transfer payments. The biggest increase, the biggest share of the NDP—the biggest share of the GNP—

• (1232)

Some hon. Members: Oh, oh!

Mr. Breau: The biggest share of the g.n.p. has been in transfer payments. What are transfer payments for? Medicare, equalization, more universality in education—that is an ideal that we will probably never reach, but it is still something one works toward—Canada Assistance Plan, old age security—that is not for the provinces—but transfer payments to the provinces. Those are the areas where the thrust of federal government expenditure has been for the last 15 years. Then there is DREE, housing for low income people—

Mr. Nystrom: Grants to Imperial Oil.

Mr. Breau: The hon. member for Yorkton-Melville does not like it when the Government of Canada answers to the forces of western Canada who say, "We want to develop more oil; we want to do more for oil exploration." Therefore we have a very good tax system which provides incentive for that. Again, he disagrees with the premier of Saskatchewan who wants more incentives for oil exploration.

Some hon. Members: Hear, hear!

Mr. Breau: There is one deep and profound difference in the House of Commons and in the country. I agree there is a deep disagreement. On the one hand the Tory party has expressed that by saying we are reallocating too many resources of the federal government. On the other hand there is the other group who say that we should do more. It is productive to help poor people, it is productive to make sure that people have good medical treatment—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Provencher (Mr. Epp).

Mr. Jake Epp (Provencher): Mr. Speaker, it is my intention, like the hon. member who preceded me, to speak on Bill C-5, but I have to correct the record on a number of counts. Last night when the hon. member for Gloucester (Mr. Breau) spoke I rose and asked the Chair to direct the hon. member to return to the subject of Bill C-5, and today he has simply proceeded as he did last night.

There are a number of items which must be straightened out because they cannot be left unchallenged on the record. It was a similar speech to the one given by the Prime Minister (Mr. Trudeau) not very long ago. I am the type of person who likes to analyse why people do what they do, and the only interpretation I can come to with respect to the Prime Minister and the hon. member for Gloucester is that they are worried. The hon. member was literally lashing out at everyone and anyone in an attempt to gain some political benefit.

However, I would like to point out to the hon. member, in the event he has not heard, that the Liberal party did not win in New Brunswick on Monday last.

An hon. Member: Three seats.

Mr. Epp: Last night, and again today he spoke as though it had been the Liberals who had won.

Some hon. Members: Oh, oh!

Mr. Epp: The hon. member also says the Hatfield government of New Brunswick lost three seats. May I ask him, with the most respect I can muster, how many seats did the Prime Minister lose on October 16?

An hon. Member: Five.

Mr. Epp: How many did he lose?

Miss Bégin: Is that relevant?

An hon. Member: Get on with the bill.

Mr. Epp: Mr. Speaker, I will get on with the bill if I am given half a chance. I am saying to you, sir, that after the latitude you gave to the hon. member for Gloucester it should

be pointed out that, in the event he has not heard, it was New Brunswick returned a Conservative government led by Premier Hatfield for the third time. This was a first in history for that province, a third consecutive win.

There is another point that must be mentioned to the hon. member, again in the event he has not heard,—"Yes, he did run for the provincial Liberal leadership, and yes, he came last". This makes me wonder if he is trying to vent his spleen on this floor at the frustrations he has. If the hon. member wishes to point out anything further, the seat that was lost in his area was in his own hometown because the Liberals could not get their act together.

Mr. Breau: Mr. Speaker, I rise on a point of order. Would the hon. member permit a question? He does not have his facts right.

Mr. Epp: Mr. Speaker, of course I would permit a question on the same terms as he permitted it. He said, "After my speech".

There is one further point, the most serious one, which must be corrected on the record. The hon. member for Gloucester attempted, in his speech, to give the impression that questions raised by the hon. member for Halifax (Mr. Stanfield) and the Leader of the Opposition (Mr. Clark) indicate that we are opposed to equalization payments.

What must be stated very clearly is that the policy of this party, enunciated by the Leader of the Opposition time after time, is that not only are we committed to equalization payments but in fact that the principle of equalization would be enshrined in a constitution of Canada brought forward by our government in conjunction and with the co-operation of the provinces. That is the issue, Mr. Speaker. This government has unilaterally refused to accept that principle. So when the member gets up to talk about equalization, I suggest to him that he get his facts straight.

The hon. member also likes to mention what the former premier of Manitoba said about the Liberals. I know how desperate they are in that province; in fact they asked him to run for the Liberals. We are well aware of that. But even he saw the handwriting on the wall. He preferred to stay in opposition rather than risk running with the Liberals, so much so that just yesterday in the new riding of Winnipeg-Birch Hill the Liberals have no candidate. This coming Monday the candidate for Winnipeg-St. James, who has defended the leader of the Liberal party in Manitoba many times in court and in other places, is coming before the provincial executive to check whether he should resign his position. I simply say to the hon. member that before mentioning things here as facts, check them first, please.

After Mr. Schreyer was defeated as premier following the policies that he brought in and the economic mess that resulted, what did he do? I find this one of the most hilarious things going. He joined the market economy! He started a business and became a businessman. I wish him good luck. I hope he makes it.

Returning to Bill C-5, it has been stated quite clearly that this party is in favour of this bill. Basically what Bill C-5 will do is increase the per family guaranteed income supplement by $20 per month. I think all of us in this House could say that this is not enough, but I do not know if that is really the issue we are debating today. The fact of the matter is that we cannot spend more due to economic mismanagement. I say that again. The reason it has not been increased is because of the economic mismanagement of this government and the colossal waste this government has brought into the public economic affairs of Canada. I intend to give you examples of that.

• (1242)

I used to sit with the Minister of National Health and Welfare (Miss Bégin) on committees of the House and I know she has a social conscience. She cannot convince me in any way that she is satisfied with Bill C-5, but it is the best she could get. Let us not have people getting up on that side of the House and saying that the $20 is as great as they are trying to make it out to be. It is the best you could do under the economic circumstances.

This bill will result in a public expenditure of $290 million in the calendar year 1979. The minister made an interesting statement yesterday. She said these $290 millions would be spent without additional cost to the Treasury. If that is the case, I take it that the only manner in which she can meet that payment is to make cuts in some other areas within her budget or the budget of other departments. I have looked at the budget cuts in her department and I think the hon. member for Gloucester should be very careful that the government, because of the economic restraints, will make cuts in that region as well, since it is impossible to cut back without either increasing the deficit or reducing the expenditures in some other area.

What I find interesting is this matter of the spouse's allowance. It has been extended for six months after the death of the pensionable spouse. Surely, putting all political biases aside, the hon. member for Gloucester did not think that the motion put forward by the hon. member for Kingston and the Islands (Miss MacDonald) back in March, which would have extended the payment to Canadians to 65, was hypocritical because, despite his rhetoric and bombast, he should be very careful with such an analysis on that count. It is my firm conviction that the minister would have extended the spouse's allowance to age 65 if she had found the resources. The amount of money this will cost seems to vary, depending on which economic factors you take, between $8 million and $12 million.

I want to put into perspective why the minister could not extend the spouse's allowance to age 65. Just yesterday we had a revelation from the Auditor General that in the Unemployment Insurance Commission there were overpayments in the order of $142 million. The minister indicated that the Unemployment Insurance Commission had, on their own initiative, found $65 million to $68 million. Last year the Auditor

General reported that there had been losses in the commission in the order of $95 million. When one puts those figures before members of the House, all of us must recognize that the amount of money which it would have taken to increase the spouse's allowance to age 65 is but a fraction of the waste and mismanagement in this one agency alone. I say to the government members: before you criticize, you had better accept the message people are giving to you, that is, that they have seen too much waste and they want it corrected. This is not government money, it is taxpayers' money, and all the government has is the right to use it as wisely and as properly as possible.

Just today the Minister of National Health and Welfare said she will extend the use of social insurance numbers as a control in social welfare areas. That is fair enough if such is her purpose, despite what we have heard in the past concerning the way in which social insurance numbers will be used. The point I am making is that there have been enough revelations of waste to make it evident that, if that waste had not taken place, that money could have been used for pensions to Canada's elderly and those who find themselves in desperate need.

The other point which needs clarification is the matter of Canada's so-called aging population. Yesterday, in order to prove the point she was trying to make that as social welfare programs are in place, the dependency factor will not increase as we approach the twenty-first century, in order to substantiate that basic premise the minister used the following statistics. She said that in 1971 Canadians over the age of 65—taking that as the retirement age—were approximately 8.1 per cent of the population. In 1981, that number will have risen to 9 per cent, and by the turn of the century, in the year 2001, it will be 10 per cent, or 3.4 million Canadians.

The minister was basing her arguments on the fact that Canada's population will be in the order of 34 million by the turn of the century. I think it must be clearly stated that demographers do not accept that figure. I admit that demography is not an exact science, but great strides have been made in demography, especially in the Department of Employment and Immigration, in its projections of Canada's population. I have taken a personal interest in demography and in the changes that the Canadian population will undergo as we move toward the twenty-first century.

I want to say to the minister that she is using a set of figures that are not being used by her own government. In fact the interdepartmental committee on demography does not accept the figure of 34 million for the year 2001, and consequently the percentage that she mentioned yesterday—that approximately 10 per cent of Canada's population by the year 2001, will be over the age of 65—is not correct.

Immediately after the second world war, in the post-war period, Canada's annual growth rate was in the order of 2 per cent, and that growth rate has been declining steadily since 1959. A figure that is used very frequently by demographers is the fertility rate, that is, the number of children a women would have in her child-bearing years. In 1959 the fertility rate in Canada stood at 3.9 children per female of child-bearing age. In 1977, the latest figure we could get, that rate had dropped to 1.7 children. What I am trying to point out is that that figure is substantially below the replacement value. In other words, we are still having an increase in the population, which will continue to the year 2001, a projected natural increase in the order of 26 million to 26.5 million because of the large number of women of child bearing age, despite the fact that, on a statistical level, we are below the replacement value.

There are two possible conclusions one can reach. First, if the minister's hypothesis is true about the population numbering 34 million by the year 2001, it will mean that the fertility rate will increase dramatically—

Miss Bégin: How do you know?

Mr. Epp: I do not know, but I suggest the minister does not either.

Miss Bégin: I do not pretend I do.

Mr. Epp: The minister did in the House yesterday.

The other factor is immigration. The government, by its own statistics, argues that in order to change the demographic distribution, that is, the age patterns of Canada's population, by the year 2001, we would have to have immigration in the order of 200,000 to 300,000 in order to change dramatically the aging population syndrome. The point is that this party came out with a clear policy stating that, in view of the additional number of young Canadians coming into the labour force and the additional number of women entering the labour force, up to the mid-1980s our immigration should be in the order of 100,000. We said that immigration then, at that time, resulted in about 50,000 so the net increase would be in the order of 50,000 per annum. I find it interesting, after the annual report has been tabled by the Minister of Employment and Immigration (Mr. Cullen), and despite the criticism we received that that figure was too low, that that is the exact figure the department is now projecting for next year. As a matter of fact it is projecting that figure to the 1980s for the very reason we gave at the time.

• (1252)

I know there were a number of members on the other side of the House, including the Minister of National Health and Welfare, who said that figure was too low. I remember sitting in committee with her when she was arguing that immigration levels per year should be in the order of 200,000 to 250,000. Since she left the committee to become a minister, there have been some dramatic changes in thinking on the government's part. It is now in the area of 100,000. So the maximum population figure expected by the department by the turn of the century is more of the order of 26 million or 27 million, and if one allows any leeway for the exactitude of the size for demography I think we can look at a 28 million population as a maximum present assumption. So I believe the factor of 10 per cent should be evaluated by the department as well as the effect it has on the thesis the minister put forward yesterday.

This brings me to the point I am trying to make in my intervention this morning. We all realize there will be an increase in number of Canadians who are known as senior citizens. I deplore the fact that these people have been used political pawns. I hope this bill is not another attempt to buy the vote of the senior citizens.

Some hon. Members: Oh!

Mr. Epp: I say that very openly. I say that because I think everyone in this House recognizes and accepts the fact that those who are senior citizens today did not have the earning power of the present generation. But they were the builders of this country, so they deserve attention which will allow them to live in dignity. I hope that everything we do to assist senior citizens is done on the basis of their right rather than on the basis of charity. This is the point which has to be stressed.

An hon. Member: That's it.

Mr. Epp: I am glad members on the government side acknowledge that principle.

As I said earlier, I am sure the minister would have wished to re-examine the amount of money available to senior citizens if it were not for the restraint program. Underlying this concept is an attitude which is developing and which I believe should be placed on record. It is this. While all of us recognize that senior citizens have a right to a basic pension and that those who do not possess any means should be entitled to benefit under the guaranteed income supplement, what is emerging from these programs is a division of the senior citizens into two classes. I am not talking about those who have the economic means to take care of themselves. I am talking about senior citizens who get the pension and the guaranteed income supplement, all the benefits available from federal and provincial governments. What frequently happens is that people who receive full supplementation qualify for ancilliary benefits from a provincial government.

What has happened is this. There are pensioners who get the basic old age pension and others who get none, or only part, of the supplement, either because they have paid into the Canada Pension Plan or because they were frugal during the years when they earned very low wages. But they had that mentality. Now they feel that because of those savings they are being penalized. They argue that pensioners who were frugal and who are in many ways no better off financially than those who are receiving the full old age pension and the guaranteed income supplement along with the provincial benefits, which vary from province to province depending on particular programs—I realize this is a difficult concept to explain and assess but what I hear from senior citizens in my riding office and elsewhere is to this effect—they are not saying people should not get the supplement, but they do question the penalty which is imposed on them in respect of extra income. While I believe there should be a maximum at which this should be triggered, I seriously question the concept that the person who has a small bank account and who wishes to retain that account and get interest from bonds or whatever, should immediately lose approximately 50 cents of supplement for every dollar of income. One can justify it if one looks at this matter strictly in terms of a socialist policy, but if one looks at it in terms of fairness, remembering that these people have built up the country, it does not seem so equitable.

I suggest to the Minister of National Health and Welfare that we should re-examine this question of whether the triggering of the loss of supplementary benefits should take place as soon as there are earnings.

Let me give an example—I might stress that it is only an example. A senior citizen receives $400 or $500 of interest per year from bonds or from a bank account. If that is the only other income received, should he or she be penalized the full amount by way of a reduction of supplement?

Mr. Speaker, may I call it one o'clock?

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Epp: Mr. Speaker, I will be concluding my remarks in very short order. I mentioned earlier that we are supporting Bill C-5. The bill contains two amendments. One is to increase the guaranteed income supplement by a maximum of $20 per household. The second is to extend the spouse's allowance to six months beyond the death of the pensionable spouse.

It should be clearly understood that larger increases were not in the offing because of the government's mismanagement of the financial affairs of this country. I gave examples earlier. According to the Auditor General's reports of last year and this year, there has been waste in the Unemployment Insurance Commission, and if that kind of waste could eventually be eliminated there would be moneys available for Canada's senior citizens.

I also said earlier that I hope all hon. members will approach the question of pensions as if it were a right rather than charity. Too often increases in pensions are viewed by people in public life as gifts to Canada's senior citizens, when in fact they are earned through contributions to this country prior to old age.

As the lunch hour approached I was trying to make the point that as Canada's population ages, in other words, as the dependency factor for those over 65 increases numerically, we must re-examine what we are doing regarding the basis of guaranteed income supplement payments. Old age security eligibility has been changed. There is a residency requirement for those who were under the age of 18 at the time of change. For every year a person between the ages of 18 and 65 lived in Canada, or was abroad in an accepted capacity of foreign endeavour, such as employment with CIDA, to a maximum of 40 years, that person would get the basic old age pension at age 65. There is no argument there. What I was speaking about was this: the gap between what the person who receives

the old age security pension and the maximum guaranteed income supplement and what the person who gets the old age security pension and some supplement but does not get more supplement because of certain earnings, is not wide enough.

I do not want to take away from those who need money under the guaranteed income supplement, but what is happening as we look at Canada's senior citizens is that individuals who have small bank accounts bonds, some holdings, or a small amount of earnings, are penalized. For every dollar of income they lose 50 cents of supplement.

I have been saying to the government for some time that old age pensioners should be able to earn a certain amount before the supplement is affected, because what is happening is that we are developing a philosophy whereby people are not saving for retirement because they feel they will be penalized. It flows from that philosophy that as all of us approach old age, the thought is that government "will take care of us." The reason we have seen an acceleration of this thought process is that senior citizens who have been independent, who built this country and who gathered for themselves a little nest egg for their old age, suddenly feel vulnerable because of inflation. They just cannot keep up. The expenses senior citizens are required to meet are not at all in keeping with the amount of money they have put aside for their old age. Constantly we remove some of the dignity which is rightfully theirs.

• (1412)

Far too often senior citizens have come to my office and said. "I have a little savings, I have helped build the country, and now I am being penalized." I am not saying that this should be open-ended, that they could earn any amount of money and qualify for a supplement. If that were the case, obviously the entire concept of supplement would be defeated. But let us not penalize those frugal Canadians who are now senior citizens and have some small savings. We should not penalize them to the point where incentives are taken away from those who will be senior citizens in the next few years. That brings out another dimension, the concept of guaranteed annual income.

Only a few years ago the concept of guaranteed annual income had much more political acceptability than it does today. An experiment known as MINCOME has been conducted in Manitoba. A guaranteed annual income was put into place in a specific area of that province. The program cost approximately $17 million. It was a co-operative enterprise between the federal government and the former government of Manitoba. The program ended before the provincial election took place. Perhaps the hon. member for Dauphin (Mr. Ritchie) could speak more completely on this since the program was put into place in his area.

The people on MINCOME were taking away the incentive of people who were earning a marginal amount of money and, with a little bit of government help, would have been independent. They were better off receiving a government cheque, so they decided to go on MINCOME. Even if the financial resources were there, much more study is necessary before I could accept the concept of guaranteed annual income, particularly in view of the experience in Manitoba.

As a spokesman for my party stated yesterday, we are supporting this bill with the reservation that we are unhappy the amounts are not more in keeping with the actual expenses of senior citizens. Obviously they cannot do that because of the government's mishandling of the economy. In the longer term, I should like to see a much more detailed study of the effect government payments, such as the guaranteed income supplement, have on the independence of senior citizens. I hope the minister and her officials take my suggestions seriously. This group of Canadians is an ever-growing one, and demography indicates that this will continue to be the case. It behooves all of us to take a look at some of these developments before they occur, rather than attempt to take care of them after they are upon us. With those words, I want to say that I will support Bill C-5 at the time it comes up for division.

Some hon. Members: Hear, hear!

Mr. Breau: Earlier the hon. member for Provencher (Mr. Epp) indicated that he would be happy to answer a question after he completed his speech. I wonder if he would do so now.

The Acting Speaker (Mr. Ethier): Will the hon. member accept a question?

Mr. Epp: Yes, Mr. Speaker.

Mr. Breau: Referring to the facts about New Brunswick and my home town, I should like to inform the hon. member that we won the seat with an increased Liberal majority of 40 per cent. In northeastern and eastern New Brunswick, we defeated two Acadian ministers who were in the Tory party.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member's question is not relevant to the bill before the House.

Mr. Breau: It is relevant to the bill.

The Acting Speaker (Mr. Ethier): I suggest the hon. member poses a question which is relevant to the bill.

Mr. Breau: Mr. Speaker, my question is relevant because the hon. member referred to transfer payments, social programs and equalization. Because of increased revenues to the provinces of Alberta and Saskatchewan resulting from oil production and increased prices of oil, does the hon. member realize, if equalization payments were left untouched, that Ontario would be one of the recipients of equalization payments next year? If so, does he think that is a tenable situation and a good federal-provincial relationship? Does he think it is fair?

Mr. Epp: Mr. Speaker, I find it rather humorous that the hon. member is trying to ferret in another one of his views. All of us who have studied the situation know that if the present equalization grants were to remain, next year Ontario could become a recipient. The point which my party has mentioned, time after time, is that we would underwrite equalization in

the constitution after agreement with the provinces. That is something which the Liberal party has refused to do. It was an issue in the election. I am sorry the hon. member is so touchy, but I want to commiserate with him as he gropes with the difficulty of trying to save his own backside and retain his seat.

[*Translation*]

Mr. Raymond Savard (Verdun): Mr. Speaker, I am glad of this opportunity to participate in the debate on Bill C-5 to amend the Old Age Security Act.

After the Speech from the Throne, I said I was deeply moved to see our government responding to the needs of the sectors of our population where people most need our help. It is important that our old age policy reflect this intense desire of senior citizens to keep the full status of citizens, to keep being considered as human beings in the fullest acceptation of the words.

Those who have withdrawn from the labour market without benefiting from a policy of economic growth are finding themselves in a very difficult material situation because of the increase in the over-all prosperity and the resulting rise in the standard of living. Consequently, we should try to adjust incomes to the increased prosperity. I congratulate the Minister of National Health and Welfare (Miss Bégin) for her obvious interest in improving our social laws. We all know how concerned she is for the lot of small earners in Canada and she has once again proven it.

The government is often asked to do something about the deplorable situation in which older people find themselves but today, Mr. Speaker, I am very pleased to see that the government I represent is going to help senior citizens by proposing amendments to Bill C-5 to extend the allocation for a period of six months after the death of the pensioner and provide an increase of $20 a month for those who receive a supplement to give the surviving spouse a period in which to adjust. That will result in an additional outlay of $89 million for Quebec in 1979 but we should remember that money will be going back into the economy. Mr. Speaker, an old age policy should first reflect a deep concern for the dignity of older people and also help them maintain their personal independence to the fullest extent possible from a physical, mental and social standpoint.

The measures all hon. members of this House are being asked to pass are extremely urgent. When you think, Mr. Speaker, that in 1961 in Canada 1,400,000 senior citizens were left on their own because the members of their families were unable to take them into their home. The same goes for the province of Quebec where in 1961 740,575 older persons, or 53.7 per cent, lived with a member of their family, either spouses or unmarried children. In Canada, 89,028 older persons lived with people who are not related to them. This is due to a number of factors, namely the lack of sufficient financial resources. I believe we are all aware of it and should care more for our senior citizens' plight since there are now a large number of older people because of a high birth rate in the years prior to 1930.

Mr. Speaker, according to the final report tabled by the Special Committee on Aging in 1966, the elderly population in Canada is rapidly increasing. Based on a 65 arbitrary age, the number of senior citizens was 1.5 million in 1966. It has increased five times since then, which points to a three million figure around the years 1991. Those trends seem economically alarming, and they are matter for concern. Senior citizens are the only ones in the total population not to fully share in the general prosperity, yet they are entitled to more than those who have not contributed as children and teenagers.

The great majority of our senior citizens earned low salaries throughout their lives, they lived through the great depression and its insecure environment, they had little or no leisure, and they now are far from the affluence that would minimize the vital importance of money, because money is a factor in freedom and self-dependency. One of my constituents told me: "I was, I am and I will always be what I have always been". He wants to express his views with all his strength and energy. No doubt we are all aware of the gap in private pensions between men and women. The enormous gap between men and women as concerns pension plans is due partly to the fact that 60 per cent of women workers are employed in support services or in business where the level of unionization is very low.

There is another important factor: many employers have deliberately taken action to exclude women from their pension plans. Some of these actions are very subtle, such as the development of pensions plans restricted to employees whose wages exceed a certain level which very few women can hope to achieve or pension plans restricted to certain categories of employment where there are very few women. Other employers have been brutally frank. In its report on private pension plans in Canada in 1974, Statistics Canada shows that, at that time, 400 pension plans were reserved exclusively for men and provided explicitly that women were not eligible. Of the 400 employers involved, 47 had implemented a separate plan for their female employees, 93 had a plan exclusively for male managers and 270 others were in the transportation or the construction field where very few women are employed.

Another way to restrict female participation is to set different minimum and maximum ages of eligibility for the plans. According to Statistics Canada, in 1974, 1,400 plans had different minimum ages of eligibility for men and women, the usual requirement being 21 for men and 25 for women. Moreover, 1,200 plans provided for different maximum ages, retirement being usually set at 60 for women and at 65 for men. Employment is not a major income source for most senior citizens, but it remains a major element in the life of approximately 10 per cent of women aged between 65 and 70. Some of them are career women, mostly single, who choose to postpone their retirement, but most are women who need the money and must work part-time for very small wages.

During the throne speech debate, I talked a lot about the situation of older people. Therefore, I do not want to go on too long on the subject, but since it concerns me deeply, I did not want to miss the opportunity to show my approval during the debate on Bill C-5. I am convinced that all hon. members will support the amendment moved by the government, which increases the amount of the guaranteed income supplement by $20 for single pensioners and $10 for married pensioners whose spouse also receives a pension and which will be implemented on January 1, 1979.

● (1422)

[*English*]

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to take just a few minutes to participate in this debate on a bill that will make two changes, one to increase the old age supplement by $20 a month, and the other to extend the spouse's allowance for six months after the older spouse dies.

Let me begin by repeating, really, the words of the House leader of this party, the hon. member for Winnipeg North Centre (Mr. Knowles), who commended the minister for moving in a progressive direction. I just wish all the ministers of the cabinet were as progressive as the Minister of National Health and Welfare (Miss Bégin). It is unfortunate that a very conservative influence is now showing up in that cabinet with the hon. member for Crowfoot (Mr. Horner), the Minister of Transport and Minister of Justice (Mr. Lang), and the Minister of Finance (Mr. Chrétien), who are offering her all kinds of static when she wants to move in a progressive direction. I think that is a very unfortunate thing.

One of the things this parliament can be proud of, and which has happened in the last few years, is the progress we have made in the area of social legislation, such as family allowances, old age pensions, medicare, hospitalization, and things like that.

It struck me as being rather humorous this morning when listening to the hon. member from New Brunswick who was talking about how the Liberal party introduced medicare and hospitalization in this country. My seat mate, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), sits here and chuckles. I am sure that hon. member from New Brunswick did not really want to take the credit for medicare away from that hon. member whose government it was that initiated the plan in the first place.

I was very amused by some of the statements made by that hon. member from New Brunswick. I am not criticizing him, but I am just reminded of something that happened in my childhood days when there was a big doctors' strike in Saskatchewan. The hon. member suggested that the Conservative party said hospitalization was too expensive. I am sure it did. I remember that the Liberal party in Saskatchewan always used to say that hospitalization was too expensive. They said medicare was too expensive. The Liberal party which we always had in Saskatchewan always said that medicare was too expensive. We had a committee in Saskatchewan called the "Keep Our Doctors", or "KOD" committee, and that committee continually fought against the medicare plan, particularly back in 1961.

As you know, medicare is a plan that primarily benefits two groups, people with young children, and our senior citizens. It is very humorous, but I think very pleasing and very positive, to note that the Liberal party is now doing a complete turnabout in being very proud of that medicare plan it fought so hard against in our province just a short time ago.

I want to point out this afternoon, when talking about increasing our old age supplement in order to help the elderly, that in the last few years we have come a significant distance in helping the low-income people of our country. What concerns me is that we have not by any means come far enough. We have not redistributed income in Canada in the way I think we must. The gap is still much too wide between the poor and the rich. My hon. friend from New Brunswick, and my friend from Montreal, both agree with that statement. We have to go a lot further. I know the Minister of National Health and Welfare wants to go a lot further in redistributing income in this country.

The concern I have is that in the last few months, particularly since August 1 when the Prime Minister (Mr. Trudeau) was converted in Bonn, and sort of reinforced in Morocco, we have heard about huge cutbacks in government spending amounting to around $2.4 billion. The Prime Minister, in suggesting these cutbacks, I think was looking over his right shoulder. He was looking at the Conservative party and what it has been advocating, in general that government is too big and should be cut back, and government is spending too much money. They have suggested we should have more free enterprise in government, and so on.

● (1432)

I am concerned that the Prime Minister has listened to the conservative forces in our country. When you have cutbacks such as these, where do they cut back? They cut back on the Farm Credit Corporation, housing, and areas like that. We need to build houses for the people of this country to live in, as well as to provide jobs. I know the member for New Brunswick was concerned about these things earlier today. But they did not ground the Minister of Transport (Mr. Lang). As a friend of mine once said, if they had grounded the Minister of Transport for a year we could have kept the weather office in Saskatchewan open for three years. They did not pull the plug in the Prime Minister's pool or fire many senior mandarins or bureaucrats in the government. They laid off a few people, but in the main it has been people on the low income side, a few secretaries and clerks, people like that.

Because of those cutbacks, the Minister of National Health and Welfare has to fight hammer and tongs for a small increase for the senior citizens. I think this is dead wrong. A big issue in the election campaign which is coming up is going to be the whole area of whether the government should be cutting back and taking the meat axe to all departments in this country.

I can only look at what I know best, and that is the prairie provinces. There is the example of Saskatchewan's sister province, Manitoba. I remember Sterling Lyon, the Conservative leader there, when he campaigned against Ed Schreyer and said that the government was too big and had to be cut—"we can't stand the government doing all those things and interfering in people's lives". Mr. Lyon kept his promise. He is a good Tory and an honest one, and he cut back. The unemployment insurance statistics came out about three weeks ago and you can guess where the largest increase in unemployment has been in the last year. It was in the province of Manitoba where the rate went up by between 30 and 35 per cent last month over a year ago.

A large amount of that increase is due to the fact that the Tory government in Manitoba has cut back so radically on its spending, on funding programs for native people, on helping ordinary low income people and on funding to municipalities. We have the former mayor of Toronto here, and I am sure that he is concerned about this trend in the Conservative party being that, I gather, he is a good left wing progressive Tory.

The mayors, reeves and councillors were concerned about electing a Tory government in the Saskatchewan election campaign because they promised all these cutbacks on local government. I am sure that people in the House will be shocked when they learn what Sterling Lyon has done. We know that the inflation rate last year was 7½ per cent to 8 per cent and that operating funds for hospitals in Manitoba were cut back to 2.9 per cent last year. As a result of that cutback, I am sure that their health care is deteriorating and that a good many people have to be laid off. This almost makes Frank Moores in Newfoundland look good. The cutbacks in municipalities meant that many programs had to be cancelled and people laid off.

I am concerned about this most recent trend in our country of governments cutting back on spending. There is an alternative to what this government should be doing, and that is economic planning and resource planning for all people. Instead, however, we have conservative forces that want to attack the most vulnerable, the little people, the old people, family allowances, people on unemployment insurance and the like.

I have commended the Minister of National Health and Welfare for trying to help with pensions, medicare, and so on. We should be looking at what different political parties offer for old people. I could go over a long list of what is happening in the province of Saskatchewan where the old age pension is supplemented by a provincial pension plan. I can also look at medicare.

I was very happy when the Liberal party came around to introducing medicare and hospitalization in Canada. I am sure that if the Tories were in power even they by now would have done the same thing. But what do Tory governments do to medicare plans in this country? In my province we do not have any medicare, hospitalization premiums, deterrent fees or utilization fees.

Mr. Hnatyshyn: Careful.

[Mr. Nystrom.]

Mr. Nystrom: I know that the member for Saskatoon-Biggar (Mr. Hnatyshyn) is very proud, as I am, of the plan.

But what does big, wealthy, Ontario do when it comes to medicare? For a family of four in Ontario, the medicare premium is $456 per year. If it were not for the opposition, the NDP and the Liberal party in Queen's Park, that premium would be higher than $456; it would be over $528 for a family of four. In Ontario the government collects more money from medicare premiums than it does from resource revenues. Even in oil-rich Alberta, with the billions of dollars of oil money that they have, the medicare premium there for a family of four is $196 a year. And to top that off, Alberta has all kinds of special fees and utilization charges that they put on people when they are sick. For example, they still charge $4 a day for each day after 120 days for level three and level four care in nursing homes.

They have the same thing in Manitoba where they just brought in a special deterrent fee of $7.50 a day on extended care patients. They are talking about bringing back medicare premiums in that province. All of this is because the party in power is of the belief that people should pay as they go, that government is too big and that we have to cut back.

This is something that cannot be overlooked in a debate like this because, if you are going to cut back on government spending, it is not the grants to big companies, the tax breaks to companies like Imperial Oil and so on, that are cut back; it is the money which goes out to the small people such as the old age pensioners.

As a wise old man in my riding once said during an election campaign, "The Liberal party may cut your throat, but the Conservative party will cut it deeper." I think that he is right when it comes to the social plans of the party.

I would like the Conservatives to get up in this House and to tell me exactly where they stand with regard to old age pensions, where they stand when it comes to cost sharing programs with provincial governments, to upgrade the care and incomes of the ordinary people, when it comes to medicare, hospitalization, unemployment insurance, and family allowances. I think that they have had it both ways for too long. That party has been asking for all kinds of cutbacks, but suddenly when people in the arts appeared on Parliament Hill yesterday, there was a Conservative spokesman saying to them, "God, this government has cut back too far," and that was the member for Egmont (Mr. MacDonald). When it comes to agriculture, they always have my friend, the member for Elgin (Mr. Wise), sympathizing with farmers and saying, "Well, I don't understand why they cut back by 8 per cent, and cut back on some of these terrific programs." When it comes to social programs such as unemployment insurance, we always have one of the two Bobbsey Twins from Newfoundland, namely, the member for St. John's East (Mr. McGrath), getting up and saying, "My gosh, they have cut back too far; they are going to hurt people down in Newfoundland." When it comes to the public servants where they want to cut back drastically, they have the newly elected member for Ottawa

Centre (Mr. de Cotret) saying, "Oh, no, I'll make representations to them; I'll make sure that they don't cut back."

One of the issues in a debate like this when we are talking about increases in the old age pensions is whether or not the members of this House are really committed to helping the old people. As the member for Winnipeg North Centre said, a $20 increase is a good increase, but it does not go far enough. We must keep the pressure on the treasury benches to increase the old age pension for those who need it.

● (1442)

Every time I go out among the old people in this country I find that a lot of them are living on the poverty line, not getting enough money to buy the nutritious foods they need, and in big cities particularly a lot of them cannot afford decent housing. It should not be forgotten that these are the people who built this country, the people whose sweat, toil and blood made Canada what it is. I think we owe them more than a small pittance in their old age pension cheque.

The second point I want to make is that we agree with the increase in the old age supplement and with the extension of six months for the spouse's allowance when the elder spouse dies. These are good measures. The spouse's allowance did not exist until a few years ago and, while it helps a lot of people, it still discriminates against single people between ages 60 and 65 who cannot work, and against spinsters, widows, and others. When I go knocking at doors in my riding, many people will say to me, "My neighbour can get the spouse's allowance—in other words, a pension; why can't I get it?"

Even if we pass this bill today, what happens to the spouses who were there yesterday and whose husband or wife passed away? And what happens when the six months are up? The old man is still dead. In 98 per cent of cases the survivor is the wife. She gets an extra six months of grace, but what happens then? Is she to go to the welfare office? The spouse's allowance has created a lot hardships, Mr. Speaker.

I know of a case in the city of Melville where the husband was ten years older than the wife. He had been a small farmer who retired to the city and bought a small house with the proceeds of his farm. All of a sudden he died of a heart attack, although he had not been sick a day in his life. His wife had turned 60 and had qualified for the spouse's allowance. She called my office to know what to do, and it was one of the saddest things I have ever witnessed to see her cry. She had lost her pension, her spouse's allowance, and she did not have any savings. All the money from the farm had gone to buy the house in the city. She was too proud to ask for welfare, but at age 60 she had no training or skills to offer. All her life her work had been on the farm and raising a family. I had to advise her to do the only thing possible and apply for social assistance. That is not easy for someone with the tremendous pride she had in the work she had put into our country and into raising a family. The hon. member for Winnipeg North Centre says it happens to some 200 women every month, and I am sure the story I have told could be repeated by every member of the House.

I know if the Minister of National Health and Welfare were the minister of finance—and according to yesterday's *Hansard*, I know she wants to be—she would not be the scrooge the present minister is. We would not then have such discrimination against these old people.

My friend from New Brunswick says the minister is not a villain. I would be interested in knowing who the villain is. Is it the Minister of Industry, Trade and Commerce? I know he changed horses, but he is still riding the same old nag. If it is not the Minister of Finance, I would be interested to know who the scrooge is across the way.

Our party has said for years that the old age pension age should be brought down progressively from 65 to 60 for those people no longer in the labour market. If that were done we would not be discriminating against people on the spouse's allowance who have lost their partners, and we would not discriminate against single people between ages 60 and 65, people who have been widowed and people in that general age group who need help through no fault of their own. I know that many people say that it is too much, that government has grown too big, that government cannot afford that. Still, we can afford that kind of money for empty buildings, and the kind of money for cabinet ministers to fly around in executive aircraft. We can provide that kind of money for tax concessions for big companies, so why is there not enough for the old people between ages 60 and 65 to provide them with their daily bread? The people who would get this money would spend it on consumer items and thus stimulate the economy and provide the jobs that are needed.

I know the Minister of National Health and Welfare is going in the face of many people on the rather conservative side of our society who say that pensions are too big, that indexing should not continue, and that the money should be spent in other places. I happen to disagree with that. I think we need a real stimulus for the economy, and the way to do this is to work from the bottom and put the spending power in the hands of the little people. They spend money on things like shoes, shelter, food, things that stimulate the economy and provide the badly needed jobs.

For these reasons, Mr. Speaker, I should like to encourage the House to pass this bill and regard it as another step toward making life more decent and humane for our older people. They are the real pioneers of Canada; they wanted a country that was strong, that was united, that had equality between people and between regions.

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, it is not my intention to delay this bill going to committee where I hope it will receive speedy passage, but I should like to offer a couple of brief comments. First of all, I want not only to congratulate the government but more specifically the minister. Previous speakers have made the point that the public mood today favours retrenchment and that spending on social issues is not a priority, so it makes me proud to be a member of the Liberal party because the social conscience of the party, which has been its foundation, is still there.

It seems to me that the announcement made by the Prime Minister (Mr. Trudeau) in August, the subsequent announcements by ministers, and the decisions outlined in the throne speech on which we are moving now, the reordering of priorities, and finding the money to help those who need it the most, are most commendable things. This should make it easier to do the things that we know need to be done. We should be sure that those who need help the most are being accommodated.

I should also like to congratulate the hon. member for Winnipeg North Centre (Mr. Knowles). As I told him before the question period today, he always makes good speeches but I thought the one he made last night while I was in the House was excellent. I was also attracted by the comment made by his colleague, the hon. member for New Westminster (Mr. Leggatt) the other day. He said that surely the debate in this House should resolve around ideas and not personalities. I thought the debate last night and most of today has been productive from that viewpoint.

As an aside, Mr. Speaker, I recall the first time I spoke in this House when it convened just after the 1974 election. At that time I commented that members of my family were related to the first woman to sit in the House of Commons, Agnes MacPhail. Some times I get some of the old *Hansard* and read some of her speeches although I regret I do not have more time for this. I say jokingly to the hon. member for Winnipeg North Centre that he has given that kind of speech so many times that I sometimes wondered if he was not using some of her earlier speeches as a text. It indicates how slow social progress really is. It indicates why it needs so many people to be committed to it to keep making demands, because many of the issues the hon. member talked about many years ago in this House are the kinds of legislative action we are taking at this time.

● (1452)

I would also like to join with my colleague, the hon. member for Gloucester (Mr. Breau), in saying to the official opposition that I think this is a moment of truth for them. Many speakers have commented on exactly where they stand respecting some of the social issues, preaching for government restraint and a cutback in programs. But the minute that there is a change they go out and champion everyone who is affected by it. I think this just brings out the tremendous division in their party, between members who come from slower growth areas who are supportive of this kind of legislation, and those who for political reasons, say a very different thing.

The position that members have been taking in the House on some of this legislation has been stated, but I would raise the point of what I think is more serious, and that is what some of them say outside the House. The difficulties that we have in advancing social legislation as a result of some of the very, in my opinion, deplorable positions that certain of them have taken, in terms of trying to convince Canadian people that governments are too socialistic or that we have destroyed the work ethic, and the kind of social objectives I am sure all members on this side support, are not in the best interests of the country.

Last night when the hon. member for Winnipeg North Centre was speaking, he mentioned that he well remembers living through some of the depression years and how elderly people were looked after during that period of time. I am not nearly as old as the hon. member for Winnipeg North Centre, but having been raised in rural Ontario it is not impossible for me to think back to the days when elderly people had a most difficult time. In the neighbourhood where I came from, people by today's standards would be long retired and would be receiving not only old age assistance but also the supplement. Presumably they would be living at a reasonable standard. However, not that many years ago these people were almost totally dependent on the generosity of their families, and lived in accommodation that was not the best. They had very limited opportunity to travel to occupy their minds, and at such time as the farm or other enterprise was taken over, their only occupation was to sort of vegetate. I think Canada has come a long way since then in terms of social legislation.

I am glad to see that we are moving on this bill. It seems to me the present generation of senior citizens deserve support and help almost more than any other generation. If one recalls, senior citizens of today lived through the depression. They were the ones who gave up a lot of economic opportunity to help the war effort, and they have not had available to them any of the programs that people who are middle aged or younger have had. They may not have had the opportunity to prepare for their older years as much as some of us have had.

I am also pleased that we are dealing with this bill at the present time because it gives us an opportunity to show that we do stand for this. I have been concerned, along with other members who have spoken earlier, about the attack on pensions, and the indexing provision in pensions. It is always interesting to note that the people who attack these things, generally speaking are well off and have very little to fear if there is any change in the indexing procedure or any change in the level of pensions. It is good to see that the government is committed to do that, and to increase further those rights.

I want to state, as other members have, that the next move will need to be to look at the spouse's allowance. It seems to me there is agreement on all sides of the House, at least from the speeches I have heard so far on this bill, C-5, that there would be little trouble in advancing that. I think I am correct if I say the cost of providing the spouse's allowance for those people between the ages of 60 and 65 who would qualify would be in the order of $600 million a year, which is some considerable amount. I would hope that in terms of reviewing government expenditures and the validity of government programs etc., before too long the money could be found, money that is being spent in other areas, and redirected to this area. In my opinion, it is a just and necessary social aspect on which we should move.

My purpose in rising was to make one point, and I would like to do that now. Perhaps I could suggest to the minister than when continuing to review the problem of the spouse's

allowance some thought be given to a proposal I have been wondering about for some time.

Many women have come to see me, some were not even 60 years of age, but many of them have been receiving the spouse's allowance. Some women have come to see me whose husbands have died, and who have been left a home but very little money, and in some cases a small mortgage. I think members on all sides of the House would agree that it is a good social point to try to encourage senior citizens to live in their homes as long as it is possible for them to do that, and as long as they prepare food and look after themselves ably, and perhaps with the help of friends and neighbours. I am sure other members have had the same difficulty with representations, trying to find alternate accommodation, and there is never enough. The difficulty, of course, is that in many instances seniors cannot afford to maintain a home. It may well be that they have a home worth $60,000 to $80,000. They may be asked to pay $1,000 in municipal taxes. Some municipalities in various provinces have given relief on the tax aspect. With the upkeep of the home and payment of taxes, senior citizens have very little money left over.

It seems to me people in that position are in similar circumstances to farmers. They have worked hard all of their lives to get rid of a mortgage so that with the equity they will have some protection for their older years. I believe the hon. member for Yorkton-Melville (Mr. Nystrom) made the point about farmers working hard during their lives, and selling their farms. In my community the process was for them to move into town. That was a way for them to withdraw the equity that they had worked hard for, and hopefully they had money left over after the sale of the farm to live reasonably well.

People who have worked hard and have a house in an urban area have great difficulty in withdrawing equity, and in still being able to maintain their house. I have often wondered why Central Mortgage and Housing or the private mortgage sector did not look at the possibility of negative mortgages. I am suggesting to the minister that she might want to look at this in the over-all review as a next step. If a widow is living in a house with some $60,000 to $80,000 equity in it, that person could withdraw from it, say, $10,000 to $20,000 in equity. There would be no repayment schedule on that, and at the time the person either died or had to go into a nursing home for care, or for whatever reason dispose of the house,—or at some stage the estate did,—that accumulated mortgage against the property would then be due and owing.

As far as I can see this would not cost any money. It would seem to me to be just as profitable a proposition as are standard mortgages. Perhaps this could be a role for the private sector, and for Central Mortgage and Housing to guarantee that type of mortgage. To thebest of my knowledge this has never been done. It is done in terms of certain provinces and municipalities which recognize the fact that municipal taxes are onerous for senior citizens. They set the taxes aside until a person dies. This money is then collected from the sale of the property. Perhaps this would be a way to enable seniors to live in their homes many years longer than they can afford to do now, simply because although they may have equity in their property they may not have the cash reserves or the income to maintain that house. We might allow them to withdraw some equity in the property, with no repayment schedule, and accumulate the interest payments against it. Then on the disposition of the house, either by the estate or by the owner moving to some other facility, that amount would be due and owing in a lump sum. I wonder if there is any validity to that. I put it forward to the ministers who are concerned about this when they next look at social assistance programs.

● (1502)

Mr. James A. McGrath (St. John's East): Mr. Speaker, this is a very important bill before the House. I am glad to see that it is being treated in a much more tranquil and, shall I say, serious atmosphere than when my friend, the hon. member for Gloucester (Mr. Breau) had the floor. That is only right because this is a most serious bill, one which requires the serious attention of the House.

It is our intention, Mr. Speaker, as my colleagues have indicated, to support the bill and get on with it because of its importance to a large segment of our population. I congratulate the minister for bringing in the bill. I know what a difficult time she has in that cabinet over there. I know, for example, she has to compete constantly with her colleagues, the President of the Treasury Board (Mr. Andras), the Minister of Public Works (Mr. Buchanan), and all these other hon. gentlemen who make the minister's life really quite miserable.

Some hon. Members: Oh, oh!

Mr. McGrath: We can certainly understand and sympathize with the minister.

Some hon. Members: Hear, hear!

Miss Bégin: I love my job and I do not need sympathy.

Mrs. Pigott: It's not your job, it's your colleagues.

Mr. McGrath: The extent of her success is somewhat of a disappointment. She will not, and indeed she cannot, explain why she was unable to persuade her colleagues to go all the way with respect to the spouse's allowance. How can she possibly justify the spouse's allowance for a period of only six months? She talked last night about these unfortunate women being able to take advantage of the six months' period to readjust by settling their estates, and what have you. The fact of the matter is that a woman who is in a position where she has to subject herself to a means test in order to qualify for the spouse's allowance obviously, by definition, has no estate. She has nowhere else to turn, she has no one to fall back on. That is a fact.

We have a bill before us which we will support. Half a loaf is better than none. We have a bill before us which will provide a continuation of this payment for six months after the death of usually the elder spouse. What happens then? What hap-

pens then is that that unfortunate person, usually a woman, will receive a letter from the minister to this effect:

We have learned with regret of the death of your husband. Please accept our sincere sympathy. We have to inform you that since you are a widow, you are no longer eligible to receive the spouse's allowance.

Mr. Knowles (Winnipeg North Centre): Some sympathy!

Mr. McGrath: Some minister. I really sympathize with the minister because I know that deep down inside she finds this just as repugnant as I do, and she knows as well as I do that the people who receive that note from the minister, these unfortunate people, will usually have to swallow their pride under difficult circumstances, submit themselves to another means test and fall back on the provincial welfare agencies.

I am sorry that my friend, the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) brought in the question of costs, because surely you cannot put a price on this kind of thing. Surely the country owes this to its senior citizens, a country as affluent as Canada. The minister could have gone all the way and she would have received the support of everyone in the House and everyone in the country if she had made provision in that bill to provide for the spouse's allowance until that person was eligible for the old age pension. But she did not do it.

Indeed, it raises the much broader question—and this is a question which is quite appropriate with respect to the present incumbent in the portfolio of national health and welfare—of the Canada Pension Plan with respect to housewives. This is a subject which I know is very close to the minister's heart because she was, among other things in her distinguished career, the secretary of the Royal Commission on the Status of Women. In its report, one of the principal recommendations of the commission was that housewives, the homemaking spouse, if you like, be permitted to qualify for benefits under the Canada Pension Plan.

Miss Bégin: No, we recommended a study.

Mr. McGrath: I read the report.

Miss Bégin: Obviously you do not know the report.

Mr. McGrath: I know whereof I speak, Mr. Speaker.

Miss Bégin: Mr. Speaker, may I rise on a point of order. May I ask the hon. member a question?

Mr. McGrath: I do not mind being interrupted, Mr. Speaker, by such a charming lady. I will be glad to entertain a question from the minister when I conclude my remarks.

I do not want to misrepresent the minister. If she said that the commission proposed that this matter be studied or looked into, I will accept that, but the end result is the same. Obviously the commission felt seriously and strongly about this question of the injustice that was being perpetrated on a large, voiceless element in our society, and those are the people who take their responsibility seriously to the point where they believe that their place is in the home to provide a healthy environment for the raising of children which, in my view, is probably the most honourable and one of the most important things a person can do.

Some hon. Members: Hear, hear!

Mr. McGrath: But you know, Mr. Speaker, in this society of ours where roles are changing, where inflation has taken its toll—and this is a sad commentary on what is happening to us—it has become more and more essential for women who would normally want to stay at home to enter the work force. When you realize that what they have facing them in terms of retirement benefits, of which they have none, in terms of that awful letter which they will get from the Minister of National Health and Welfare six months after the death of their husbands, then you can understand the terrible conflict that must take place between a woman's natural instinct to remain at home and the quite natural instinct to get into the work force and not only help to provide for the family and offset the consequences of inflation but, quite frankly, to provide for her own retirement.

I hope the day will come when we can have a Canada Pension Plan that is actuarially sound to the point where this will be possible. My leader and my party are dedicated to this end. One of the first things we will do is to put the fund on a sound actuarial basis; and the second thing we will do is to make provisions within the Canada Pension Plan so that housewives, or the homemaking spouses, can qualify for Canada Pension Plan benefits.

Some hon. Members: Hear, hear!

Mr. McGrath: My colleagues, the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Brome-Missisquoi (Mr. Grafftey), dealt with this at great length last evening and I will not dwell on it further.

The other important provision in the bill before us deals with an increase in the guaranteed income supplement, which is a very important part of the old age security system in this country.

• (1512)

While I commend the minister and welcome this measure, I say to her that we have to look beyond the provision of an additional sum through the GIS and consider the plight of older people in its entirety. This is a serious question and a sad one. Indeed, I think it is a blot on the face of Canada that this country, built up by those who are now senior citizens, cannot adequately provide for those people in their old age. I say "adequately". Obviously we do make provision for them under various programs but the fact remains that many of the senior citizens of this country are living in poverty. Many were not financially prepared for retirement, some because they never saved for the future, others because their incomes were never sufficient to allow them to accumulate savings, and still others because they experienced financial tragedies during their more active years. The consequence is that many of them are forced to live below the poverty line. The fact is that 48 per cent of

the unattached people living below the poverty line are aged between 65 and 69. Those who are 70 and older represent 61.7 per cent.

There are those who say that indexation should be done away with. But in this area indexation is not, in itself, adequate, as is recognized by the bill before us increasing the amount of the GIS. Indexation is based upon the consumer price index, and I think we should examine that index to determine exactly how relevant it is to the plight of older people. I am sure the minister will agree with me that it is not an accurate or adequate measure of the position in which older people find themselves in dealing with inflation.

We feel that the consumer price index should take much greater account of components such as food, shelter and health care. I am not talking about sirloin steaks, or of food eaten outside the home. It seems to me that given the expertise which exists within Statistics Canada and within the government itself, we should be able to devise an accurate measurement of the impact of inflation upon older citizens. While there are those who might question the indexation of pensions where members of parliament or others are affected, I think there would be very few in this country who would argue against the concept of protecting senior citizens against inflation. If support of that kind is forthcoming, a heavy burden is placed upon the government to make sure that the measurement of inflation is as accurate as possible.

I submit to the minister that in present circumstances indexation based on the consumer price index is far from adequate. For example, using 1970 as a base year and $100 as the base rate, the cost of food as of September, 1978, was $211, shelter, $176.50, and health care, $168. I should like to see the consumer price index or a special price index take these factors into account. Let them deal specifically with indexation of family allowances and old age pension; in other words, the impact of inflation on low income earners in Canada. Of course, when we speak about low income earners, obviously the lowest incomes are those of older citizens who have to depend upon old age assistance as their only means of support.

There is general support for this bill and I want to get on with it. I want the House to get on with it as does the minister. We do not waste time on it because we all agree with this bill. Nevertheless, there are a few things that have to be said. I do not mean to inject an unduly partisan note but questions have been asked by the hon. member for Peel-Dufferin-Simcoe, by the hon. member for Yorkton-Melville (Mr. Nystrom) and by the hon. member for Gloucester. You know, Mr. Speaker, they behaved as though we were the ones proposing this bill and they were attacking it. They wanted to know where we stood on certain areas of social concern. We stand four-square for social justice with respect to old age pensioners, with respect to low income earners, and I would tell the hon. member over there, who like his friend from Yorkton-Melville, is trying to corner the market on compassion for low income earners and the plight of the unemployed—

Mr. Breau: Tell us about the UIC.

Mr. McGrath: Let me tell the hon. member that long before he and his colleagues within the Liberal caucus of the Atlantic provinces were able to screw up enough courage to challenge the government on what it was doing with unemployment insurance and the impact its proposals would have on the Atlantic provinces, I made an official statement on behalf of my party. I did so on September 1, 1978. That was a full two or three weeks before we heard from the hon. member for Gloucester or from the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey). They did not work up enough courage to speak to caucus—

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

Mr. McGrath: Yes, Mr. Speaker, after I finish my speech. We set out our position on September 1, 1978, with respect to proposals put forth at that time by the Minister of Employment and Immigration (Mr. Cullen) outlining the impact the government's proposals with respect to UIC would have on the eastern provinces and Quebec. I do not often quote my own statements, but for the benefit of the hon. member, whose great qualities and talents seem to have escaped his Liberal colleagues in New Brunswick because they turned him down for the leadership, and who campaigned in New Brunswick for three or four weeks in the provincial election—obviously he missed out there because they came second—I said the government's proposals to change unemployment insurance and put into effect a new employment strategy was a kick in the gut to unemployed and seasonal workers in the five eastern provinces. I went on—and this was an official communiqué on behalf of my party—to draw attention to the impact this measure would have on seasonal workers in Canada and especially seasonal workers in the four Atlantic provinces and Quebec.

This statement was made a full three weeks before we heard from the hon. member for Gloucester, and I would tell him as he sits smugly in his place—and I have great respect for him that when unemployment insurance changes last came before the House it was this party, and my hon. friend from Hamilton West (Mr. Alexander) and myself speaking on its behalf, which brought in the provision whereby the seasonal factor with respect to qualifying for benefits and the benefit period was taken into account and incorporated in the legislation.

● (1522)

The hon. member is not usually as inaccurate as he was today, so I will just mark that up to the trauma he has just been through not only in the New Brunswick elections where the Liberals lost out badly because of the position his colleagues took on equalization payments, but also because of the trauma he went through when he tried so hard, but unsuccessfully, to win the leadership of his party in New Brunswick.

Where do we stand? The hon. member for Yorkton-Melville wants to know where we stand. We stand four-square in support of income support for low-income families. We support without equivocation the concept of family allowances. We support without equivocation the concept of medicare. We support the concept of unemployment insurance. We do not

support gross mismanagement of the unemployment insurance fund by this government. What happens when the Auditor General identifies $142 million in overpayments? Apart altogether from the impact it has on the Canadian people, what is the end result of that kind of mismanagement? It means a tightening up, and when there is a tightening up, all too often the innocent have to suffer.

The people who are legitimately unemployed and who are legitimately drawing unemployment insurance benefits find it much more difficult to qualify for benefits because of the growing mismanagement of this government and especially of the Minister of Employment and Immigration. We do not support that kind of mismanagement because it is obviously counter-productive to the philosophy behind the unemployment insurance fund. The hon. member for Gloucester knows that better than I do.

I could go on to our position on the Canada Pension Plan and on equalization. Where does the hon. member for Gloucester stand on equalization? It would be interesting to know that. He talked about it today, but he did not take a position. Having just been through an election which cost his party dearly because of the stand taken by the President of the Treasury Board with respect to equalization—and he knows it—I would like him to know where we as a party stand. We stand, and I quote from the Kingston statement which was the result of a meeting between the Leader of the Opposition (Mr. Clark), the next prime minister of Canada, and four of the premiers of this country, as follows:

> We strongly endorse the principle of equalization and wish to strengthen it. No citizen should be deprived of fair opportunity or essential public services because of regional disparity. In any changed constitution, this basic Canadian principle should be fully and formally protected.

Does the hon. member support that statement? Can the hon. member stand in his place and say that he unequivocally supports that statement?

Mr. Breau: Mr. Speaker, I rise on a point of order. The hon. member is asking me if I would like to make a categorical statement, and if the House agrees, I can make that statement now.

The Acting Speaker (Mr. Ethier): It certainly would require the agreement of the House.

Mr. McGrath: Notwithstanding the rather substantial temptation of watching the hon. member swallow himself, I will resist and let him make his statement after I am finished speaking. I would like to see him reconcile what he is about to say with what he said when he participated in this debate earlier today.

Regardless of the economic situation we are in as a consequence of mismanagement and as a consequence of what has been going on in the government for the past ten years, I do not think as a compassionate people we can afford for a moment to lose sight of the plight of the poor and deprived in this country. Standing out above all others are those people in this country who, through no fault of their own, have no pension income, no private means, nothing to fall back on. I hope the day is not too far distant when we will no longer have an old age pensioner in this country who is deprived because of lack of income, whether pension income or any other kind of income support. We hope that day is not too far away.

I know the minister is a compassionate person. She has a big heart, but I know she has big problems when she has to deal with this cabinet and with some of the people opposite who feel that they have the divine right to power and that they have all the answers. I say with regret that I cannot for the life of me—and neither can many of the women of this country who will be deprived by this legislation—understand why this minister would incorporate in this bill a mean, inhuman provision which would cut off the spouse's allowance six months after the death of the elder spouse. That makes no sense whatsoever.

The minister talks about injustice. Let us deal with each injustice one at a time. Let us deal with the plight of the surviving spouse who has no pension income, and let us deal with the plight of single women. Single elderly women constitute a blot on the conscience and the face of this country. We know the plight of single elderly women. The minister knows it better than I, so let us go after these problems. Let the minister not sit there shaking her head, because she knows full well that she has to be accountable for what she does not only to her caucus but ultimately to the people of Canada.

Some hon. Members: Hear, hear!

[*Translation*]

Miss Bégin: I rise on a point of order, Mr. Speaker. The hon. member has been kind enough to allow me to ask him a question.

[*English*]

The hon. member said he would entertain my question at the end of his speech. Knowing full well that social change is a slow process and that there is never enough money for old people in need in Canada, I would like the hon. member to clarify a point he started to make but did not finish in his speech. The total bill for pensions in Canada right now is $4.8 billion. With this bill we are adding approximately $300 million to that. How much more would the Conservative party like to spend on pensions in Canada? The hon. member spoke about realignment of priorities. We have never heard of any *signe de piastre,* as we say in French, or any dollar value attached to that. Of what is he talking? I would like to know.

Mr. McGrath: Mr. Speaker, very simply, we would put no price on the correction of an injustice, and obviously the termination of the spouse's allowance six months after the death of the elder spouse is an injustice. That is our position. We are prepared to defend that position either inside the House or outside the House. Let the minister try to defend hers.

Some hon. Members: Hear, hear!

Mr. Breau: Mr. Speaker, I rise on a point of order. The hon. member for St. John's East (Mr. McGrath) was kind enough

to say that he would entertain a question from me. I wonder if the House would agree to allow me to put a question to him?

The Acting Speaker (Mr. Ethier): Agreement would be required. Does the House agree?

Some hon. Members: Agreed.

Mr. Breau: Before I put my question I would like to say that my position on equalization has always been very clear. I support the program of equalization. I support the intention of the government to include the principle of equalization in a new constitution. I believe that the program of equalization—

The Acting Speaker (Mr. Ethier): Order, please. I recognized the hon. member so that he could pose a question. Would he get on with the question, please.

Mr. Breau: I am sorry, Mr. Speaker, but I thought the House had agreed a while ago that I could answer the hon. member. If not, I will make my statement later on. I want to ask the hon. member two questions with regard to the UIC and how it affects low income people. On the same day in September of 1978 that the hon. member made a statement about UIC, or the day after, the financial critic of his party, the hon. member for York-Simcoe (Mr. Stevens), also made a statement. Would the hon. member for St. John's East care to quote the statement made by his colleague?

Second, in April of 1977 the House voted on the second reading stage of Bill C-27. If the hon. member and his colleagues from the Atlantic provinces were concerned about that bill, why did he, the hon. member for Egmont (Mr. MacDonald), the then member for Fundy Royal, Mr. Fairweather, and the then member for Humber-St. George's-St. Barbe, now Senator Marshall, not show up for the vote?

● (1532)

Mr. McGrath: Mr. Speaker, I suggest the hon. member should ask these gentlemen just exactly why they were not here. But I submit the question he put, reflecting on the absence of members who have been in the House for a vote for ten years, is not worthy of him—what about others who were absent.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, at the start of the intervention by the hon. member for St. John's East (Mr. McGrath), he stated that this bill requires the serious attention of the House. In fact, he emphasized the word "serious". We share that view on this side of the House. That is why we have been looking at the inconsistencies of the official opposition on matters concerning spending, as displayed in debates relating to this bill and others.

There are two dangers in this debate. The first one is for a party in the House to set double standards. The Tories have walked into the trap of setting double standards. They have demonstrated this attitude to those who have followed the debates over the years, as well as many people in the galleries who attend debates more than once in a while. On social issues in particular, members of the official opposition have said one thing in the east and another in the west. They have said one thing in Newfoundland and another in Ontario. For example, their financial critic said that they would cut public spending, yet their social policy critic urged for more public spending. Surely one must question whether there is consistency in the minds of hon. members opposite. This is the reason the hon. member for Gloucester (Mr. Breau) made his speech. He brought to the attention of hon. members of the official opposition the shortcomings and gaps in their positions.

The other danger in this debate is that one could look at this bill in isolation instead of considering it as one further step along the road leading to the goal of better social security for Canadians. I suppose it is fair to look at it in isolation, but in doing so the Tories have walked into another trap, that is, looking backward rather than at the advancement and progress represented by the bill.

Yesterday and today we have seen a sequence of Tory speakers who have said that this bill does not go far enough, yet they end their speeches by saying that they support it. This bill is one of many Liberal bills passed by parliament which have established a fine foundation for social security. We have come a significant distance over the last few decades. This was emphasized by the hon. member for Yorkton-Melville (Mr. Nystrom). Canadians have told us that they support government expenditures for better pension programs. Perhaps I would not include in this group the Canadian Chamber of Commerce, the Canadian Construction Association or the Canadian Manufacturers' Association. Workers or employees in factories engaged in assembly line work, construction, mining, heavy work or tedious factory work, tell us about their dream and hope of being given the option of retiring with a pension at an earlier age than the present one, possibly 60, as is the practice in other countries. Also, they tell us about their willingness to pay higher taxes if those increased taxes go into a pension fund designed to provide pensions at age 60 for those who want them.

The first group of people who will benefit by this kind of approach would be those who are recipients of the spouse's allowance. This group consists mostly of women who have been dependent upon their husbands most of their lives. Their dependency is real. When they lose their spouses, the widows can either apply for social assistance, which many simply do not want to do, or seek employment to support themselves, which is not easy. In many cases it results in women seeking jobs for the first time in many, many years. I am convinced the Minister of National Health and Welfare (Miss Bégin) is to be congratulated.

Some hon. Members: Hear, hear!

Mr. Caccia: She has managed to produce this bill in 1978, a year which will definitely go down in history as not an easy one. Also she produced an approach to family allowance which will benefit mothers across Canada. Because of her humanistic attitude, she deserves the support of all parties in the House, particularly the Tories.

People in my riding have indicated that the Tories are "the plague of the nation". I must admit I do not try very hard to change their minds. It would be much easier for me to answer these people if the hon. member for Simcoe North (Mr. Rynard) and the hon. member for Don Valley (Mr. Gillies) indicated where their colleagues collectively stood on old age pension policies. Where does the hon. member for Don Valley stand on this matter? What about the hon. member for Simcoe North? What is the stand of the hon. member for Calgary Centre (Mr. Andre) who was in the chamber earlier? What about the hon. member for Grenville-Carleton (Mr. Baker) who has just left? What about the hon. member for Calgary North (Mr. Woolliams) who is an influential frontbencher? What about the hon. member for Ottawa-Carleton (Mrs. Pigott) who was also here earlier? What are their positions on this bill? What is their general approach to old age pensions?

I see there are only three Progressive Conservative members in the House at the moment, so I will not continue questioning the missing ones in this particular regard. We should like to hear from the silent ones, those who have not spoken on this bill. When it comes to financial and economic matters, they tell us public spending should be cut. I would welcome a positive stand on their part. That would provide me with an opportunity to return to my riding and say, "Your are wrong, Tories are not the plague of the nation".

Also I would be able to tell them the Conservative stand on social policies and pensions. Where are they on this matter? Let us see whether the Tories can rise to the occasion and remove this clear impression of a double standard, a double standard set by their spokesmen and particularly their financial critics. The gap between their financial critics and their social critics is not only widening, it is increasing as the months go by.

● (1542)

In addition, Mr. Speaker, let us see some participation on the part of Progressive Conservative members that will bring an end to misrepresentations and devious interpretations of what the minister has said in the past. An example of what I mean can be found in what was said last night by the hon. member for Kingston and the Islands (Miss MacDonald). I do not think it was worthy of her to have introduced certain elements of interpretations that are far from being accurate.

In conclusion, the fact is that this bill represents one further step along the road of reaching a desirable goal, that of giving Canadians a fine social security program which includes a fine program of old age pensions. This bill represents one step in that direction and has to be looked at in context with what we have done socially and what can be done within the financial means available.

If the official opposition feels that more should be done, then let its members give us a clear signal as to where they stand in this House and out beyond the walls of this building among the Canadian public. If there is unity within this House, and if there is a political will, surely more can be achieved. In this sense I must recognize that the NDP has at least been consistent in this regard. They support public spending and they have been crystal clear on this matter. Of course, what they are doing is just copying us.

Some hon. Members: Oh, oh!

Mr. Caccia: Otherwise we would not have introduced all these measures, including hospital insurance, medicare, the Canada Pension Plan, pensions and family allowances over the past 25 or more years.

Mr. Douglas (Nanaimo-Cowichan-The Islands): When did the Liberal party bring in hospital insurance?

Mr. Caccia: We have the very fine example of Saskatchewan, and I recognize that. It is very good that it was done that way. But you know, we did it nationally across the nation.

An hon. Member: No, you didn't.

Mr. Caccia: We sure did—medicare.

An hon. Member: The Conservatives did it in 1958.

Mr. Caccia: No, it was done in 1957, and it was based on legislation and proposals made by the Liberal government of that time.

An hon. Member: That's just not good enough, Charles.

Mr. Caccia: If the people really feel seriously about the subject of greater pensions, then there has to be a unanimity of intention, and that unanimity of intention has to come from the party in this House which fulfils the role of the loyal opposition. As long as that party is unable to demonstrate a united will and cannot speak with one voice, of course, we will not be able to make as much progress as we would like to make.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise with sad feelings to join in this debate. The speaker who has just sat down, the hon. member for Davenport (Mr. Caccia), devoted his entire time to an election speech, castigating—

Some hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): He is obviously in very deep trouble or he would not carry on the way he has.

An hon. Member: He sure is. There won't be a Grit who will survive in Toronto.

Mr. Munro (Esquimalt-Saanich): I would like first of all to remind members of this chamber of a motion put before this House earlier this year. It was quoted last night but it deserves repeating, particularly in view of the distortions which have entered this debate, starting with those of the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) and continued by the hon. member for Davenport. In a matter of this importance and of such concern to the Canadian citizen, I find that to be beneath

contempt. Let me read this resolution put forward by a party of which I have the honour—

An hon. Member: Of which you are a member.

Mr. Munro (Esquimalt-Saanich): A party of which I am proud to be a member. The resolution read as follows, Mr. Speaker:

That, in the opinion of this House, the social policy of the government contains severe inequities for elderly Canadians, and in particular the House considers the practice of terminating the spouse's allowance after the death of the older marriage partner to be cruel and unjust.

The members who are now saying that this party has no social policy for the elderly voted against that resolution.

An hon. Member: There was no vote.

Mr. Munro (Esquimalt-Saanich): If I may continue, Mr. Speaker—

An hon. Member: There was no vote. Stick to the facts.

Mr. Munro (Esquimalt-Saanich): Last August the leader of my party published a statement relating to this very area, and I take pride in reading from it. I am going to be selective as it is a two and a half page statement, but there are important aspects dealing directly with what we are talking about today. These are the words of the statement underlined by the leader of my party.

The Progressive Conservative party is very much aware of the difficulties faced by the aging in our society. Although everyone in Canada has felt the impact of the rapid increase in the cost of living, our aging, and others on low or fixed incomes, have been hardest hit by inflation. My party believes that for too long these important groups have been the innocent victims of the present federal administration's inability to provide the economic and social leadership which this country needs. We deplore the attitude of neglect which the Liberal government has shown for Canada's senior citizens.

Let me say right now that I am glad we are beginning to remove that difficulty.

An hon. Member: Who said that?

Mr. Munro (Esquimalt-Saanich): That was said by the Leader of the Opposition (Mr. Clark).

Mr. Baker (Grenville-Carleton): The next prime minister of Canada.

Mr. Munro (Esquimalt-Saanich): Later in the same statement we find the following, and these are some of the principles governing the policy to which I subscribe and which were enunciated by the leader of my party:

Those who wish to continue working beyond age 65 should be allowed to do so, and we would act in those areas where the federal government has the jurisdiction to eliminate compulsory retirement.

In other words, we believe in preserving dignity. Some members here are working beyond 65. We have lots to offer, so why shouldn't we? That is one principle, and I am going to come back to this in the course of my remarks. The next principle is:

Recognizing that the components of the consumer price index may not necessarily reflect the major expenditures of senior citizens—food, light, heat, etc.—we would review cost increases in these major expenditures to ensure that the Old Age Security and Canada Pension Plans are at least adequately indexed to meet these increases.

• (1552)

A further one:

The provisions of the Old Age Security Spouses Allowance would be changed—

And there has been a change here in this legislation, I am glad to say.

—so that a person receiving spouse's allowance would not lose that allowance should the older spouse die.

The last quotation I would make from that statement is:

Canada is a country of unparalleled promise and potential.

That, I hope, is something that we in this chamber all believe.

Our senior citizens still have much to contribute in the way of experience and energy.

Here, we are harking back to that earlier principle.

The Progressive Conservative party is aware of this potential, and as the government we would provide the necessary support and encouragement to make it a reality. Those are the principles, the foundations, on which our policy vis-à-vis the elderly, is built.

I think that the deprecation which has gone on here this afternoon—part of which I heard and part of which I was unable to hear because I was attending a meeting of young political leaders from Europe upstairs—is most unfortunate. Part of the argument that has been launched in this direction is that there seems to be, in the eyes of those on the other side—and I can single one member out in particular—a notion that the Progressive Conservative party is talking out of both sides of its mouth.

The one thing which this government lacks is an ability to understand where to place its priorities, which programs to finance, and there are many one could single out. The cuts which have been made recently are in the most extraordinary areas. They must have been made on high profile projects in order to draw the attention and put the idea across that they are really out to impose restraint. Nonsense. There are lot more places where expenditures could be cut.

An hon. Member: Where?

Mr. Munro (Esquimalt-Saanich): The Auditor General has just told us of one. I will give the Minister of Employment and Immigration (Mr. Cullen) credit, in his capacity as the minister responsible for reporting to this House on behalf of that department, for arranging that there be examinations of some of the frauds which have been perpetrated against it. That is fine and there ought to be more such because $142 million went undetected.

I wonder if any of the hon. members present heard the report this morning over the radio issued by the Fraser Institute of British Columbia. I looked for the account in the papers, but it had not obviously reached them in time for printing. I heard distinctly over the radio that the Fraser

Institute, having examined the unemployment insurance situation in this country, reached the conclusion that 90 per cent of the funds expended in UI benefits were expended in either a wasteful way or to those who were unentitled to them. I do not know what their definition of "unentitled" is. I would not have put the figure that high, but I do feel that this $4.5 billion, shall we say, as large as the fund administered by the minister sponsoring this bill, has not all gone on an insurance scheme. I hark back to the meaning of the word "insurance". That is why it was established, but that is not the way it is being used, and that is waste.

There are other areas as well. I can think of the perennial redecorating of ministerial offices. It is only one thing, but when you have 30 ministers it soon adds up. There is also the annual purchase of new vehicles.

An hon. Member: Pettiness.

Mr. Munro (Esquimalt-Saanich): It may be pettiness, but if you add 100,000 petty things together you get a great big whacking sum of money. Another example is the Langevin block. I worked in it and thought it was a perfectly good place to work, but the government thought it had to be gutted. We do not know how many millions of dollars had to be spent on that. Moreover, that building was not big enough, and the big increases in personnel in the PMO or the PCO, whichever is there, caused them to overflow into the Blackburn building and the digging of a tunnel between the two buildings. Waste in government such as I have mentioned must be stopped, and could easily have been stopped long ago and diverted to looking after the elderly.

That is where this party stands. I will not bother giving more examples because I think that there is something fundamentally important in this bill and I do want to comment on it.

Reference was made in my leader's resumé of the stand that we take toward the elderly about the construction of the cost of living index. I cannot remember exactly, but I am sure that the minister can tell me when there was an adjustment to the guaranteed income supplement. The government proposes in this measure, which I support, to increase that by $20 a month with respect to a single pensioner and $10 a month with respect to a married pensioner whose spouse is also a pensioner. If I knew what year the last GIS additions were made, I would be able to determine from some material which I obtained from the library just before I came into the chamber what the cost of living index was at that time, and I would compare it with what it is now. That is only one aspect of it, but obviously there has been a great increase in the cost of living since the guaranteed income supplement was set.

There now is an adjustment being made, a catch up for those who have been left behind, those who have no voice or pressure group to speak for them except those compassionate members of this House. I would have liked to think that more members on the government side, instead of indulging in politics, would have indulged in some compassion. Those are their spokesmen before this parliament, and those are the ones who support this bill.

[Mr. Munro (Esquimalt-Saanich).]

The other aspect is the consumer price index which, I believe, is to be changed in the weighting which was designed on the basis of a target group devised in 1967. I believe that the November consumer price index which is to be issued on November 24 will have a different system, perhaps a different target group and a different weighting system.

The present consumer price index is improperly devised for the elderly. I would like to quote three or four elements of the 100 per cent package. Food is 24.8 per cent of that package; health and personal care 4.51 per cent; recreation, education and reading 6.89 per cent; and tobacco and alcohol 5.96 per cent. The mere enumeration of those headings and the weighting which is attributed to them is sufficient indication, I suggest, that this consumer price index is not targeted on the people about whom we are now speaking.

• (1602)

I have made the case in this House before, Mr. Speaker, and I will make it again, that there ought to be a special consumer price index for the elderly. The whole pattern of their purchases is different from that of people in the labour market who have an income and prospects of increasing that income from month to month and year to year. When people are backed down to a fixed income, except for measures such as this they alter that pattern. Transportation is shown as 15.18 per cent, but how many people over 70 spend 15 per cent of their expenditure package on transportation? Those who can go out are either taken out by relatives and friends or they take a bus, and that is not going to consume 15 per cent of their expenditures.

There should be an adjustment in the area of health, personal care and housing. Housing involves heating, according to my recollection of the breakdown of each of these categories. By the time people have retired they may own their house and the carrying charges thus may not be as great as for people in the work force. But the heating charge is a portion of the expenditure pattern, and for the elderly I suggest it is much higher than is attributed in the statistics.

I think improvements could be made in the statistics, and, indeed, I think Statistics Canada should devote more of its efforts to devising an appropriate form of consumer price index which could be applied to the matters under consideration today.

In the last three or four months we have heard a great deal about our falling dollar. The last quotation I had showed it below 85 cents. I have heard there is a great deal to be said for a low dollar because it is helpful to the export market. There is no question about that, of course. In fact, we are selling our patrimony cheap on contracts that have still to run out. We are selling our coal and iron in semi-refined form. It is coming back on wheels and we are paying the import price. Those who convert that coal and iron into automobiles buy it cheap and sell it back to us dear. This applies to food as well.

Hon. members will recall that each year on March 21, I manage to get into that "thawing out" part of the country, which is Ottawa, daffodils for all members of the House and

the other place. They are the product of a milder climate and are simply a symbol of the earlier season on the west coast where our vegetables and fruit mature earlier. That area is in competition with vegetables and fruit from further south that have matured even earlier, however. They are in abundance just as our fruits and vegetables are coming in. On more than one occasion I have made the plea to the Minister of Industry, Trade and Commerce (Mr. Horner) and his predecessors that we ought to have some preferential seasonal and regional tariff adjustments.

Mr. Railton: You have them.

Mr. Munro (Esquimalt-Saanich): In Niagara they are fine, but not on the west coast. That is another problem, Mr. Speaker; this government does not know the west coast is there. They have a few members from out there but they have no influence.

Mr. Railton: We have a duty right now.

Mr. Munro (Esquimalt-Saanich): In the Niagara peninsula.

Mr. Railton: And in British Columbia.

Mr. Munro (Esquimalt-Saanich): Apples, raspberries, strawberries, lettuce, tomatoes—I could name a whole range of foods which we have to import on a cheap dollar and which are costing a lot of money while our own growers are being driven out of business.

Mr. Railton: A point of order, Mr. Speaker. I have to correct that statement because it was mentioned in the House that everything was sold by our own growers.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Railton: The whole crop was sold this year.

Mr. Munro (Esquimalt-Saanich): I will partially accept that explanation. The point is that we are losing our producers of food and we are importing at a cost of another 17, 18, 19, or 20 cents on the dollar from California or Florida. Our elderly people have to pay these prices.

Another aspect of this bill that I should like to mention briefly is the absence of any comment on or any rectification of section 12 of the Old Age Security Act which deals with the guaranteed income supplement and the earning capacity of the elderly. As my leader mentioned in his summary of the stand we take on old age security, we believe that the elderly should still be able to contribute and work in the work force, if they wish, either full-time or part-time, and the level of earnings should not have an adverse effect on the guaranteed income supplement.

We hear a lot about the universality of social programs from this government, but someone introduced a means test with the guaranteed income supplement. I think that possibly that was the correct thing to do but we should not be sanctimonious about it. Let us recognize that the guaranteed income supplement presupposes a means test, and let us accept it. I think there ought to have been some further comment. Obviously, an amendment cannot be moved on second reading, and I suspect it would be ruled out of order if it were proposed from the opposition benches, which would permit an elderly person on guaranteed income supplement to increase the amount of earnings without the guaranteed income supplement being reduced.

I am glad Mr. Speaker, that the measures in the bill are there, but I regret that there is provision for a penalty for extra earnings because that prevents pensioners from asserting themselves and continuing to make a contribution to society. I feel that the bill deserves our support, Mr. Speaker, and we intend to give it.

• (1612)

[*Translation*]

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I am very glad to take part in the debate on second reading of Bill C-5, an act to amend the Old Age Security Act. First of all I want to congratulate the Minister of National Health and Welfare (Miss Bégin) for her statement in the House. This is not the first time, Mr. Speaker, that we on the government side say that more needs to be done for retired people and pensioners in Canada, especially since we feel the ravages of inflation. This legislation on old age security concerns people who receive the annual guaranteed income supplement and will qualify for a monthly increase of $20 starting on January 1. Other provisions in the legislation provide for the continued payment of the spouse's allowance for a period of six months after the death of the pensionable spouse.

Mr. Speaker, that measure by the Liberal government of Canada is welcomed by senior citizens in the electoral riding of Gaspé which I represent in the House. Most Gaspesians as well as most Canadians who receive the old age security pension and the income supplement still live in their own homes. Even though not the ideal solution to resolve every problem, this extra $20 a month for a couple will be of great help to pay school taxes, municipal rates and heating fuel.

In October, 1978, the old age security pension for an unattached person is $164.74 a month plus a supplement of $115.55, that is a total amount of $280.39. For a couple, the monthly old age security pension is $329.48 plus a guaranteed supplement of $205.22, a total allowance of $534.70 a month. In January 1979, that couple will receive an extra $20 each month, that is $554.70, while the unattached person will get $300.39.

Mr. Speaker, Canada and Sweden are the countries which have the best social programs for senior citizens. As I have said on many occasions, Canada has the best social programs in the world and Canadians are aware of the fact. For senior citizens in small municipalities with fewer than 2,500 residents the government has set up the Residential Rehabilitation Assistance Program—RRAP for short. Hundreds of Canadian

couples have already taken advantage of that program and I must add, Mr. Speaker that such a program should not be abolished for a good while.

The insulation program for senior citizen housing is another example of social legislation to help needy older people. Mr. Speaker, I listened last night to the speeches of the hon. member for Brome-Missisquoi (Mr. Grafftey) and the hon. member for Kingston and the Islands (Miss MacDonald). They could not say one thing to show that this government had passed good legislation and implemented effective programs to help older people in Canada. However, they are happy enough that the senior citizens clubs in their constituency can benefit from the New Horizons program and that this government assists in building meeting and recreation facilities for senior citizens through the Canada Works program. Those are revolutionary programs and it is unfortunate that the opposition cannot recognize it occasionally. However, I applaud the hon. member for Winnipeg North Centre (Mr. Knowles) who said the following in his speech yesterday:

So, M:. Speaker, even though as a member of the opposition I am supposed to get up and condemn any minister for what was said at the beginning of a speech, I have to say that to me it was a delight to sit here this afternoon and hear the minister speak with pride about our pension legislation, to make it clear that it is here to stay, that things like indexing have to continue and that we have to continue to make other improvements for our older people.

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

Mr. Cyr: I therefore thank the hon. member.

I can find nothing constructive in the speech by the hon. member for Kingston and the Islands (Miss MacDonald). She likes to criticize, but she can suggest nothing to improve the situation of Canadians. She only wants to criticize. She believes that the government should do more for senior citizens, but her leader and her party are always saying that the government spends too much and should reduce its expenditures.

Everyone will recall that the Leader of the Opposition announced that a Progressive Conservative government would freeze hiring in the public service and reduce by 60,000 the number of jobs in the public service. In view of these proposals and his belief that we need to reduce our budget by several billion dollars a year, where will the hon. member for Kingston and the Islands find the money to give a pension to all Canadians between 60 and 65? The minister said yesterday that she would be in favour of giving a pension to people between 60 and 65 but that would cost the government $630 million a year. And we know that the Government of Canada gives over $1 billion a year to the provinces to cover 50 per cent of all social pensions paid by those provinces.

Mr. Speaker, it is not a shame for people between 60 and 65 to apply to their province for social assistance, on the contrary. The hon. member for Kingston and the Islands (Miss MacDonald) says the federal government should pay a pension to people between 60 and 65 but did she consult the provinces to be able to say that the federal government should get involved in that field of responsibility? If the government of Canada were to pass a law saying that all people over 60 are the responsibility of the government of Canada and should be paid pensions, we would see the provincial ministers start crying that it is scandalous, and during the debate on the bills in this House or the question period we would see members of the opposition cry their heads off, saying: Why did the Trudeau government interfere again in a provincial jurisdiction

Having said that, Mr. Speaker, I would like to see the proposed amendments to the legislation giving $20 to a couple or $20 to an unattached individual as of January 1 passed by the House in the near future. And I would be remiss if I did not congratulate the minister again for having introduced this bill in the House to improve the lot of older needy Canadians, and I say to the minister: Keep up your good work, the House is behind you.

● (1622)

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I had the privilege of listening from my sick bed to the speech that the minister made yesterday, which I watched at home on television. Let me say at the outset that I was quite impressed by the very impartial and non-partisan way in which she presented the case for this bill.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I congratulate her for that. I congratulate her as well for bringing the matter forward because, as has been indicated by other speakers in this debate, the principles in this bill are supported by the official opposition.

I will not speak very long, Mr. Speaker, because it is the intention of the official opposition to allow this bill to proceed through second reading and to the committee where its background can be examined. But I want to say at the outset that we support the bill, the effect of which is to increase the amount of the guaranteed income supplement by $20 for a single pensioner and $10 for a married pensioner whose spouse is also a pensioner, and to extend the spouse's allowance for six months after the death of the pensionable spouse. That principle is supportable, if not on moral grounds, which I think it is, then on statistical grounds.

Statistics relating to senior citizens in Canada are rather alarming as a result of inflation which has come about by reason of the policies of this government. Inflation is an extremely serious thing for senior citizens. Dealing with the value of the dollar in 1968 in terms of food for senior citizens, that dollar is only worth 43.4 cents; in terms of housing, it is worth today only 48.7 cents; in respect of clothing, it is worth 64.1 cents; in respect of transportation, it is worth only 53.7 cents; in terms of health and personal care, it is worth 53 cents; in terms of recreation and reading, it is worth 58.2 cents.

As Canadians generally have suffered from inflation, I think the impact of that phenomenon on our society—for which the government must take considerable blame—rests heavily on the shoulders, on the pocketbooks and on the peace of mind of our senior citizens. So when the hon. member for Davenport (Mr. Caccia), a few moments ago in this debate, asked where the hon. member for Grenville-Carleton stood, let me say to him, through you, sir, that the member for Grenville-Carleton supports this bill. Like the members of his party, he believes that the job of the government is to help the disadvantaged to the extent that society can reasonably help the disadvantaged, just as it is the job of government in a society like ours to create an atmosphere where those who are not so disadvantaged can use their initiative and their entrepreneurial skills and take the risks to help build this country.

The question was asked of me where we stand. I put it to the hon. member that that is where we stand and, in terms of the senior citizens in this country, our party does not take second place to any other party in terms of its support of their betterment and their welfare.

But there is one thing that the hon. member for Davenport said which rather disturbed me. He said that it was his party which brought in the hospitalization scheme for Canadians, that his party proposed a hospitalization scheme in 1957, just before they were defeated. Let me point out that there was a little catch to it, and that is that the scheme had to be approved by the provinces having the majority of the population in the country.

The right hon. member for Prince Albert (Mr. Diefenbaker) called it for what it was, a fraud and a swindle, and pledged that if the Conservative government was put in office in 1957 those conditions would be removed, which they were. So the hospitalization scheme that we have today in this country has as its basis that which was proposed by the right hon. member for Prince Albert when he beat the Liberal government in 1957.

I think one problem that arose—I do not want to fall into that trap—is that this debate has not followed the example given by the Minister of National Health and Welfare. A little trading game has been played, a little political game on the backs of the senior citizens. But I will say to the hon. member for Davenport that he is wrong in what he said. I felt I had to rise to correct his statement.

Quite frankly, I wish we would follow the request made by the hon. member for St. John's East (Mr. McGrath) and extend the spouse's allowance all the way, as had been advocated before. I assume from what the minister said that if the country could afford it, it could be done. What she said to me is that she has consulted with her colleagues but because of the restraint program which is in effect, it cannot be done.

I do not think there is any person in the House of Commons who would not want to see this program extended if it could be, and I assume that that kind of investigation was made and the extension of that program was turned down. I would be terribly shocked if it were turned down in order to be advanced perhaps next spring, just in advance of a general election. I think that would be the height of hypocrisy and I live in the hope that we will not play that kind of action game with senior citizens or any other group in Canada. I think we have to be honest about that.

I rise for a second reason and that is with respect to a remark made by the hon. member for Gloucester (Mr. Breau) about the equalization payments and the attitude of the hon. member for Halifax (Mr. Stanfield). As I heard the hon. member for Gloucester, he was saying that the hon. member for Halifax, the former leader of this party and former premier of Nova Scotia, took a stand the other day against equalization payments when he asked a question in the House. I heard that question from my sick bed at home and I heard the answer, and I must say that if that was the conclusion reached by the hon. member for Gloucester, then he needs his hearing fixed. I would commend to the Minister of National Health and Welfare that she invite the hon. member for Gloucester to go down to her department and have his ears examined, if not his head, with respect to that position.

I feel I have to say this because I come from central Canada. It is very easy for members from eastern Canada, from New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, to support the concept of equalization payments, but it is sometimes hard in Ontario to support that concept. However, I support it and I am somewhat concerned when I hear that kind of misconstruction placed on the question put by the hon. member for Halifax by the hon. member for Gloucester.

I have no problem supporting the equalization principle, nor does the federal Conservative party, nor does the Conservative party in the province of Ontario. This has always been the case. That is the reason we are here as a nation. The concept of equalization is so important to us in Canada that our party has taken the view, against the advice of some constitutional tinkerers, that we should have that principle enshrined in the constitution of our country. I say that knowing that there are some on the other side of the House who would like to say that as the mother and father of every social program in Canada they are also the mother and father of the equalization system in this country. Well, they are not. It is axiomatic that it is necessary in terms of our confederation, and it is supported generally.

● (1632)

The hon. member for St. John's East referred to the Kingston document which was the result of a meeting of all the then premiers of Canada who happened to be Progressive Conservatives. That number has been augmented to such a degree by the bringing in of Mr. Buchanan of Nova Scotia and Mr. Lyon of Manitoba—we almost had Angus MacLean by one seat in Prince Edward Island—and Mr. Hatfield has been returned, that the next meeting of premiers will almost be a meeting of Convervatives; we wait only one event, and that is the installation of the Leader of the Opposition (Mr. Clark) as the Prime Minister of Canada. That is coming. Our system needs flush-

ing out now and again and can certainly stand a flushing out now.

Our approach to federal-provincial relations goes far beyond equalization. There is the whole question of tariffs and transportation policy, a host of areas which have been left relatively unexplored, except as to user-pay, in terms of the welfare of the whole country. I thought I would make those things clear.

The hon. member for Gloucester also mentioned that it had been the policy of our party to allocate too many resources to help the poor people. I listened to him say that this morning. The Progressive Conservative party has never taken that position. What it has said is that we must begin paying more than lip service to developing a larger economic pie, because if we fail to do so we shall experience great difficulty in supporting economic programs to help the disadvantaged. It is in that area the emphasis must lie over the next few years.

This does involve the cutting back of government. It does involve giving up some programs which I for one, as a member of parliament, would dearly like to see. I represent the people in the national capital area. One of the issues in this House has been the question of grants in lieu of taxes. The mayor of Ottawa has said it is worth $150 a household because the government is not carrying its weight with respect to grants in lieu of taxes in the city. I would love to have the luxury of being able to say that the government can give that $150 a household, but I cannot honestly support that now, much as I support the principle. What is worse, the reason I cannot advocate it is not because something has happened in the world. It is not because there has been a change somewhere in the country—ours is still a rich country with large resources. It is that something that has happened to the government which has wasted those resources and opportunities over ten years so that this inequity cannot be rectified.

When the hon. member for Ottawa West (Mr. Francis) asks the government whether it will accede to changing the grants in lieu of taxes this year and rectifying the situation, the hon. member is engaging in window dressing because he knows that the policies of the party he has supported since he has been here have brought about an economic situation which makes it impossible for him to get his wish and impossible for me to get mine. It also makes it impossible for a lot of members of the House to have a great many of the programs they dearly want for their constituents.

That is the tragedy of the last ten years. It is not restraint, it is what led up to it. The attitude of government in the last ten years has been that we had a bottomless pit, that they could dig into it and continue to dig into it and there was no tomorrow. They did this in spite of warnings from the Economic Council and its predecessor, from every responsible organization in Canada, that there was a bottom to the pit and that the government's spending habit had to stop. Now we find ourselves in a position where, indeed, it has to stop.

Mr. Watson: What about the four billion in mortgage payments?

[Mr. Baker (Grenville-Carleton).]

Mr. Baker (Grenville-Carleton): The hon. member mentions the mortgage payments. Somehow or other we must begin to create an atmosphere of incentive in order that we can build again. Mr. Speaker, this government spills almost as much as it spends. The hon. member for Laprairie (Mr. Watson) mentioned the mortgage program. He says to us that it is too rich for Canada.

Mr. Watson: Four billion dollars.

Mr. Baker (Grenville-Carleton): He dearly wishes he had brought in the mortgage program and the property tax deduction proposal himself because it is an imaginative program. But that is not the important thing about his intervention. It is this. While the government were saying that Canadians were too rich to deserve a tax break, that the home owners, 60 per cent of whom make less than $18,000, were the filthy rich and could not be helped, they were entering into and defending a deal for four office complexes in the Ottawa region under lease-back arrangements, the results of which were going to cost the government $179 million more than would have been the case had they gone the more conventional route. And this is not an assertion by me, it is an assertion by a Senate committee, headed by Liberals including Liberal Senator Everett and Senator Giguère, a committee which condemned the government for its flagrant squandering of public money, money which might be used to help constituents in Laprairie.

Mr. Munro (Esquimalt-Saanich): That's the pity.

Mr. Baker (Grenville-Carleton): As my hon. friend says, that's the pity. We have come to the point at which one of the central institutions for the public good in Canada, CMHC, is being examined by the Royal Canadian Mounted Police, and rumors are that charges will be laid. That is maladministration. That is waste. That is some kind of wrongheadedness. But that is what we have come to. We have come to the position at which, with respect to Les Terrasses de la Chaudière, the Minister of State for Urban Affairs (Mr. Ouellet) at the opening defended the indefensible and said it was an excellent transaction for the government. Robert Campeau stood on his hind legs and grinned into the television cameras and said this was a good deal for Campeau and a good deal for the federal government. He was only half right.

● (1642)

An hon. Member: What about the bill?

Mr. Baker (Grenville-Carleton): I will tell hon. members how this relates to the bill. There is not another member of parliament who would wish more than I that the $179 million which was wasted on Les Terrasses de la Chaudière, the money spent on things which are going to be found out in the investigation of York Place, the glass monstrosity of the Bank of Canada which will cost us millions and which is a monument to the architect rather than to good sense, and the $210 million blown on the unemployment insurance program, could go to the objectives spoken about so eloquently by the Minister

of National Health and Welfare (Miss Bégin) when I heard her speak yesterday.

That is the tragedy of all this. We speak of what we have done about redistributing income in Canada. From 1968 to 1978 the budget in Canada has grown from $10 billion to almost $50 billion, and yet the proportion of Canadian families below the poverty line is just about the same as it was in 1968. We have not succeeded in redistributing income successfully at all. Perhaps it is because we have concentrated so much on redistribution and not on developing the economic pie upon which redistribution could be based and on which a change in it could be based.

That is why I feel sorry about the situation our country is in today. I do not pretend to be any more compassionate than any other member of this House, nor do I take second place to any other member. But I wonder when the day is going to come when we are going to be asked to support proper social programs, and when we will have a government which has a real commitment to restraint and to priorizing in terms of where our country is going, so that we will not waste as we have, so that we will not dissipate the riches we have, so that we can give our children and our children's children some opportunities, so that we can do something about unemployment which now stands so high and so that we can do something for senior citizens who, when they speak to me about the benefits of this bill, as good as they are, say, "Mr. Baker, that still does not get me out of the problem in which I find myself". They tell me that they are worried about their future and still feel insecure.

We support this bill. The minister tried to say that I was insecure about my future. That is not in my hands. I am talking about the senior citizens who have spoken to me. They still say that, as commendable as these steps are—I commend the minister for taking these steps, and this party intends to support the bill and allow it to go to committee today—the government ought not to break its arm patting itself on the back. It has our support with respect to every worth while program. It has the support of all sides of the House. We just wish that in terms of the management of the business of the country the government would give us an equal dose of common sense. The Canadian people are sick and tired of waste and of seeing large tax increases month after month and then finding themselves further and further behind. When we put this bill through today, perhaps the government will bend its efforts to get to the root of many other problems. We will support appropriate social programs in Canada.

[*Translation*]

The Acting Speaker (Mr. Ethier): May I point out to hon. members that if I recognize the Minister of National Health and Welfare at this point, she will close the debate. The hon. member for Hillsborough (Mr. Macquarrie).

[*English*]

Mr. Macquarrie: Mr. Speaker, could I say—

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The Parliamentary Secretary to the President of the Privy Council on a point of order.

Mr. Pinard: Mr. Speaker, you thought the minister was about to rise and because of that you pointed out that in so doing she would close the debate. The hon. member on my left was trying to be recognized at the same time, and I believe you did not see him inadvertently. According to tradition, hon. members are allowed to rise alternately, and one hon. member was trying to be recognized who should have been allowed to speak.

The Acting Speaker (Mr. Ethier): That is precisely what happened. While warning the minister, I noticed the hon. member for Hillsborough (Mr. Macquarrie). But I believe I had been given the name of the hon. member for York East (Mr. Collenette).

[*English*]

Mr. D. M. Collenette (Parliamentary Secretary to Postmaster General): Mr. Speaker, I am sorry there was confusion this afternoon regarding this bill, and I am sorry that the hon. member for Grenville-Carleton (Mr. Baker) went on for so long and denied hon. members on this side of an opportunity to reply. The hon. member was well within his time, but he showed the type of advantage which is taken.

Mr. Baker (Grenville-Carleton): That is not fair.

Mr. Collenette: Hon. members are certainly not gentlemanly in that respect.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I shortened my remarks, but let me just say, so that my friends will feel much better, that we on this side are prepared to extend the hours of this House, if the government is agreeable, in order that the hon. member for Hillsborough (Mr. Macquarrie) and any other member can speak, on the assumption that this bill will go to committee today.

Mr. Collenette: Mr. Speaker, I have never seen the hon. member for Grenville-Carleton as unctuous as he was today, and it is certainly a sight to behold.

I strongly support this bill and, had I the time, I would have liked to go on at length and talk about the reasons why I am a great supporter of the universality of the old age pension program. I would have liked to talk about my experiences while growing up in Great Britain after the war when many millions of people were left alone and destitute. Many lost children and other relatives in the war, and the protection afforded by the state through the old age pension program was one means whereby people could maintain their dignity and their standard of living. I base my remarks on a great philosophical tradition in terms of support of old age pensions. One

must remember that it was the Liberal party of Great Britain which was the originator of the social security program in that country, and it was the Liberal party in this country which brought in old age pensions and other social legislation.

I support the bill, but I would like it to go somewhat further. I would like to see the $20 which is to go to people on the guaranteed income supplement extended to everyone who receives old age pensions. About 20 per cent of the people of my constituency are senior citizens. Many of them live in their own homes or in rental accommodation. Most of them do not live in housing for senior citizens supplied by the state, in this case the Metropolitan Toronto Housing Authority.

Housing for senior citizens in metropolitan Toronto is probably second to none anywhere in the country. Metropolitan Toronto has a good program. There are good housing units there, but not everyone chooses to live in senior citizen accommodation. Thousands of people prefer to stay in their own homes or in apartments. That encourages a sense of independence and non-reliance on the state or other people. I think it is beneficial to the state that many people do remain in their own homes. The party opposite is always conscious of dollars and cents, and I suggest that by encouraging people to stay in their own homes or in rental accommodation we encourage a saving to the state because federal and provincial governments build senior citizen housing.

However, there is one problem with senior citizens who wish to stay in their own homes, and that is that with increasing inflation and especially increasing property taxes people are being driven out.

● (1652)

I should like to explore an avenue which is related to something brought up recently by the Conservative party in the by-elections. As the hon. member for Grenville-Carleton said, the Conservative party is concerned about social security and the state of our old people. In the by-election campaign, that party introduced a scheme of mortgage deductibility. Yesterday the hon. member for Brome-Missisquoi (Mr. Grafftey) castigated the Liberal party and referred to this scheme which makes the Conservative party the sheriff of Nottingham of today—those people who plunder the poor to give to the rich. That party would be well advised not to think of mortgage deductibility for upper middle income Canadians, but of course that is the vote they are after. They should consider a scheme whereby senior citizens would receive some form of tax credit to assist them in remaining in their own homes, a tax credit related to their property taxes.

Some hon. Members: Hear, hear!

Mr. Collenette: The government of Ontario has such a scheme. It is a good one, but it does not go far enough. There is no reason why this scheme should not be extended right across the country. I am not a tax expert so I will not go into any great detail.

When the Minister of Finance (Mr. Chrétien) brings down his budget in a few weeks, I urge him to take into account the plight of people who although they may have a few thousand dollars in the bank, live in their own homes or rental accommodation but are being squeezed out of their homes and losing their sense of independence. Perhaps many people want to move into senior citizens' accommodation and nursing homes, but the majority would like to stay where they belong, where they lived all their lives, to encourage this sense of independence.

Such a tax credit scheme to aid senior citizens would be supported in the House. Certainly it is a progressive scheme; it is a Liberal one. It does not go along with the charade of a scheme introduced by hon. members opposite. Their scheme is punitive and would give undue benefit to those who least need help.

As I said earlier, the increase of $20 a month should be applied right across the board. In fact, if it can be afforded this year, it should be doubled.

Further to what the hon. member for Davenport (Mr. Caccia) said, the old age security system should be available to anyone after age 60.

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

Mr. Collenette: The hon. member for Esquimalt-Saanich (Mr. Munro) indicated that there are people who want to continue working. They should have that right to continue or choose whether they want to receive the benefits of old age security. Even though many people know it is their due, they do not like to admit, at the ages of 65, 66 or 67, that perhaps their usefulness to society is over. I can understand that. If they want to continue working, they should be encouraged to do so.

But there are many others who would appreciate pension benefits at age 60. I am referring to people who worked in labour intensive industries with their bare hands. For example, a mine worker at Inco, a worker at a uranium mine, a fisherman, forest worker, outdoor worker or a construction worker perhaps does the work of two people in his lifetime because of the physical toll taken by his jobs. With all the technological advances and the relative wealth of society in 1978, it is a crime that these people do not have the option of receiving the old age pension at 60 when they start to wear out, if you will. I recognize the plight of the government in terms of expenditure, yet I would like to see these programs go further.

The hon. member for Davenport alluded to the theme of the duplicity of the Conservative party. The Conservatives in metropolitan Toronto are preaching restraint. They are the Sterling Lyons of Ontario. The hon. member for St. John's East (Mr. McGrath) and other members from the maritimes have a genuine concern for the plight of the less favoured regions of Canada. They come to the House and attempt to come to grips with statements made by their colleagues elsewhere. I feel sorry for them and their party because they will never resolve these differences; their positions are so rigid.

Over the years the government has succeeded in coming to terms with the less favoured regions of the country by assisting them. This has been achieved by people in the wealthy provinces, like myself and other members from Ontario, such as the hon. member for Welland (Mr. Railton), the hon. member for Bruce-Grey (Mr. Douglas), the hon. member for Davenport, and the hon. Secretary of State (Mr. Roberts). We are not faced with the same problems of the hon. member for Grenville-Carleton when defending equalization in Ontario. We were the ones who pushed it through. Perhaps the Conservative party has some difficulty with this problem, but the Liberals do not suffer embarrassment by helping those Canadians who need help the most.

Old Age Security Act

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

Some hon. Members: Question.

Motion agreed to, bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

The Acting Speaker (Mr. Ethier): It being after five o'clock, this House stands adjourned until Monday at 11 a.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, October 30, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

NEW MEMBER

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has received from the Chief Electoral Officer a certificate of the election and return of Fonse Faour, Esq., member for the electoral district of Humber-St. George's-St. Barbe.

* * *

NEW MEMBER INTRODUCED

Fonse Faour, Esq., member for the electoral district of Humber-St. George's-St. Barbe, introduced by Mr. Edward Broadbent and Mr. Stanley Knowles.

* * *

HEALTH AND WELFARE

POLICY REGARDING EXTENDED USE OF SOCIAL INSURANCE NUMBERS—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the position of the government, as enunciated by the Minister of National Health and Welfare, to actively encourage the expanded use of social insurance numbers outside of social service programs by all levels of government, contrary to the long-standing undertaking of the government to restrict the use, and in view of the serious questions arising from this extended use as they relate to invasion of privacy of the citizen, I move, seconded by the hon. member for Halifax-East Hants (Mr. Crosby):

That this House directs the government to immediately introduce legislation setting forth guidelines and limitations on the use of social insurance or other identification numbers, to protect the rights of citizens against abuses arising from the expansion, without parliamentary approval, of the use of social insurance numbers.

Mr. Speaker: Such a motion can be presented at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

RIGHT TO STRIKE—MOTION UNDER S.O. 43

Mr. Bob Rae (Broadview): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of the fact that, according to published reports yesterday, the Leader of the Opposition (Mr. Clark) stated that if he were prime minister he would end the public service's right to strike, while at the same time his own party's labour critic was also reported yesterday as stating that if he were labour minister he would not take away the right to strike from the public service, I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House, noting the potentially disastrous conflict between two of its members, call upon the Minister of Labour to intervene to resolve this dispute before this issue becomes a permanent split or a lock-out takes place.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF DEFENCE FOR NORWAY

Mr. Speaker: Before beginning the oral question period, I know that members would want to join with me in signalling the presence in our gallery of a very distinguished visitor to our country, here on an official visit with his counterpart in Canada regarding their respective obligations under the North Atlantic Treaty Organization. I refer to His Excellency Rolf Hansen, Minister of Defence for the Kingdom of Norway.

Some hon. Members: Hear, hear!

• (1112)

ORAL QUESTION PERIOD

[*English*]

TRADE

REQUEST FOR REPORT ON GATT NEGOTIATIONS AT GENEVA

Mr. John C. Crosbie (St. John's West): Mr. Speaker, may I put a question to the Deputy Prime Minister who is leading a rump government here today? I guess the rest of the rump is over at the Confederation Centre.

We have not had a progress report on the GATT negotiations for months, and there is considerable alarm in Canada about the progress of GATT as the negotiations have to conclude by the middle of December. We have had newspaper reports that the Japanese and the EEC offers are unsatisfactory to Canada, that nothing has been offered in fisheries, farm products, forest products, non-ferrous metals and agricultural products.

Would the minister bring the House up to date on what is happening at Geneva? Are these reports accurate that the EEC and Japanese offers are unsatisfactory to Canada? If so, what is our strategy? We only have two months to go to the end of the negotiations. Would the minister agree to a full briefing of parliament and arrange time for a debate on these negotiations before they are concluded?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): On the question of briefing of members of parliament, Mr. Speaker, I would be quite ready to have our chief delegate, Mr. Warren, meet with members of opposition parties to have an intensive briefing on the progress of negotiations.

On the question of the deadline, it is true that there is an enormous amount of work to be completed before the deadline suggested, which is some time in December. It is a negotiating session. For example, the European community at one point put on the table certain industrial tariff offers, and later there were certain withdrawals. Whether these are permanent withdrawals or a negotiating technique is uncertain at this time. In any event, we have not yet secured what we regard as advantageous offers from all the participants in the negotiations.

Of course, when it comes to the end of the game, Canada will have to decide whether the benefits we receive justify maintenance of the offers we have put on the table at the conference, so it is much too early to conclude what the results will be. I suggest there is quite a lot of work to do yet, and certainly we are not satisfied that our objectives have been fully met by the proposals that have been put on the table by the major industrial countries.

Mr. Crosbie: Mr. Speaker, a supplementary question. It is always difficult to pin the Deputy Prime Minister down, so I should like to ask a more specific question. The government now has this report by the second tier committee. The government has a lot of "tears", I know, but this is the second tier committee. The 23-industry task force report recommends as follows at page 13, paragraph 4:

There are certain manufacturing industries that are vital and where any degree of reduction in protection would be disastrous at this time.

They recommend that these industries be completely exempted from the Tokyo Round. They point to clothing and textiles, which they say is the key case, employing close to 200,000 workers. Could the Deputy Prime Minister tell me if the government has exempted the clothing and textile sector of Canadian industry from any lowering of tariffs in the GATT negotiations? Could he also tell me if any other industries have been exempted? Has Canada exempted any industries, in particular clothing and textiles, as recommended?

Mr. MacEachen: Mr. Speaker, there is provision for exemptions or exceptions from the over-all tariff cut that was proposed, but there is a limit to the number of exemptions that can be introduced because it requires compensation across the board in order to maintain the total tariff cuts.

Let me say, in the case of textiles, that at the present time there are not likely to be substantial cuts taking place at the multilateral trade negotiations. The concerns which the hon. member expressed are shared by quite a number of other countries. It is unlikely that the textile industry will experience the deep cuts that could occur in accordance with the general tariff formula.

Mr. Crosbie: Mr. Speaker, we are getting a tremendous amount of lack of information in these replies. I will try again in the fisheries sector.

• (1117)

Is it true that the European Economic Community has told Canada that they are not going to reduce their tariffs on Canadian fishery products unless Canada gives them assurance that they will have definite quotas for catching fish species within Canada's 200-mile economic zone? Is that a position taken by the European Economic Community?

Would the Deputy Prime Minister also tell me whether he is going to arrange, not only for a private briefing of members of parliament but for a public briefing of parliament so that the public and industry will know what our position is; and will he provide debating time before any conclusions are reached at Geneva? So there are two aspects to that question, on the specific question of the fishery and the EEC, because the fishing industry of Canada is very much involved in that, and as well the question of public information and debate, which is badly needed.

Mr. MacEachen: Mr. Speaker, there is, to my knowledge, no suggestion that we ought to link the access of Canadian products into the community with commitments that certain quotas would be provided for fish in Canadian territory. Certainly, we would oppose that particular kind of approach because it is understood, within the framework of the negotiations, that countries will make offers and concessions to other countries in return for access to their markets. The principle is

one of reciprocity within the framework of the negotiations, and certainly it would be alien to that principle to introduce fish quotas as part of the negotiating process.

With respect to the other question, I cannot assure the hon. member that I could put aside a day for a debate, because of the press of business; but the budget debate will be coming forward and I will undertake at that time to give the House, or have one of my colleagues give the House, as complete a statement on the progress up to date and the difficulties, so that hon. members in that debate, if they so wish, may reply and express their views.

GATT NEGOTIATIONS RESPECTING AGRICULTURAL PRODUCTS

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a supplementary question for the minister. With time running out in the negotiations, what can Canadian farmers expect from the MTN after the negotiations have concluded? Can the minister indicate in general parameters what we can expect in terms of agriculture?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it is much too early in the field of agriculture to say. We are attempting to increase access, for example, in the European community for agricultural products and, as the hon. member knows, there is a parallel discussion going on with respect to grains related to the negotiations at Geneva. But it is not possible to say at the moment what agriculture can expect, any more than it is possible to say what manufacturers in the country can expect at the conclusion of the negotiations.

We are pressing ahead to secure the greatest possible access to other markets for all products; that is to say, industrial products, agricultural products and fisheries, and in return for that we expect to be asked to make reciprocal decisions. We have to balance both together at the end of the day to ensure that Canada has received a good deal.

Mr. Murta: Mr. Speaker, the minister's general comments this morning give one some indication that the talks are not going very well, that all countries have really bogged down, especially in some of the very important areas, and maybe agriculture is one. Japan is of particular concern to agricultural producers because of the protectionistic policies that it has adhered to in the past.

My question is this: in the specific area of Japan, have we gained any access at all to the Japanese market in the areas of meat, and specifically we are talking about pork and pork products?

● (1122)

Mr. MacEachen: Mr. Speaker, I regret that I cannot reply specifically on the question of meat and pork products with regard to the Japanese market. Let me say that, in general, the initial Japanese offers made in the negotiations were, in our view, unsatisfactory and in concert with, certainly, the United States and the European community we have been pressing Japan to improve its offer. Some improvement has taken place. We would press for further improvement, particularly in view of the very heavy current account surplus that Japan is presently running with the rest of the world. This is one of the objectives that is certainly behind the negotiations at Geneva, to gain greater access or to sell more in the Japanese market in view of the very great sales being made by Japan in the rest of the world.

* * *

POST OFFICE

ADDITIONAL PERSONS TO ASSIST MEDIATOR-ARBITRATOR IN SETTLING LABOUR DISPUTE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Acting Minister of Labour. In attempting to get a just resolution of the postal dispute, the Acting Minister of Labour indicated last week that he accepted the need to add to Judge Tremblay two persons, one representing the union and one representing the Post Office.

Considering that the Acting Minister of Labour has indicated that the government would not add two additional mediator-arbitrators with authority to sign the final report but, instead, has recommended simply the addition of two assessors or advisers, can he tell the House whether the government had any further thoughts on this important matter over the weekend?

Hon. André Ouellet (Acting Minister of Labour): The answer is no, Mr. Speaker.

Mr. Broadbent: Mr. Speaker, one would hope that if the government does not think during the week, it would do so on weekends.

In a much more serious vein, I have a supplementary question in light of the minister's answer. Considering that the assessors the government is recommending will have no authority to sign the final report, will the minister agree that as a consequence they will not have the bargaining power that is essential, either with the union or the Post Office on the one hand, or with Judge Tremblay on the other, that is necessary to get a final settlement which does justice to the workers and brings continuous peace in the Post Office?

Mr. Ouellet: No, Mr. Speaker, I do not agree with that line of thinking by the Leader of the New Democratic Party. I feel that the addition of two assessors will be very helpful and constructive with regard to the work that must be done by Judge Tremblay. We must remember that the responsibility of the mediator-arbitrator, in the final analysis, if he cannot bring the two parties together by successful mediation, will be to draft a collective agreement in his role as arbitrator. This collective agreement will be imposed on both parties. Having two assessors to help him in his work while acting as mediator could be very helpful and constructive. However, adding two persons to the team to draft a collective agreement could result in three collective agreements. That would be very bad.

Mr. Broadbent: Mr. Speaker, the minister knows very well that an amendment could be introduced, and I am sure there would be agreement on both sides of the House to give it quick passage, to give the chairman, Judge Tremblay, final authority in cases where there is not unanimous agreement to make the binding recommendation. That problem could be removed.

Does the minister not agree that having spokesmen with authority to sign the final report would be much more effective with regard to reaching a final resolution, because the two people would not simply be advisers: they could bargain with the union and the Post Office and, indeed, in the final analysis with the chairman, in getting a much more favourable solution?

Mr. Ouellet: Mr. Speaker, that would put some doubt on the ability and impartiality of the mediator-arbitrator. I think he must be able to carry out his responsibility and bring about a fair and just collective agreement.

● (1127)

It is one thing to say we shall add two assessors to help the mediator-arbitrator in his work, but it is another thing to say, after the fact, that in order to please some postal employees we should change the mandate which has been issued by this House to the mediator-arbitrator and put a new team in place which could probably satisfy some union leaders. I submit to the hon. member that the course of action offered to the employees to appoint someone as an assessor who would help the mediator-arbitrator in his work is, by its nature, a giant step forward in an attempt to solve this dispute. It should be regarded as a positive gesture by the government and not be considered as just another step in the negotiations. I think that procedure has been explored to the fullest, and the employees ought to accept the will of parliament.

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[*Translation*]

EMPLOYMENT

INQUIRY AS TO MEASURES TAKEN BY GOVERNMENT TO ASSIST UNEMPLOYED YOUTH

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I understand that today several ministers are absent as a result of the federal-provincial conference. However, in the absence of the Minister of Employment and Immigration I would like to put my question to his parliamentary secretary.

There is at present a very serious problem. On one hand, the Canadian government is spending very substantial funds to assist individuals who are retraining and learning a new trade to enable them afterwards to serve Canada while earning their living; on the other hand, when the technical training is completed, especially as far as heavy machinery operators are concerned, they had been told that there was a need for heavy machinery operators and when all expenditures have been incurred they learn there is no job. I would like to ask the parliamentary secretary what steps the Department of Employment intends to take to enable those who have been trained as heavy machinery operators to get a job when they have made the necessary efforts to be useful in their trade in Canada and honourably earn their living?

[*English*]

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, the Department of Employment and Immigration is trying to maintain active liaison with industry to find out the types of jobs which will become available so that the courses can train people in the skills needed by industry. Because of the time-lag between pupils starting their training and finishing training, it is not always possible to merge the two identically, but efforts are being made to improve the situation so that people are trained for jobs which will become available.

[*Translation*]

INQUIRY WHETHER VOCATIONAL TRAINING PROGRAM WILL BENEFIT FROM NEW FUNDS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my supplementary is also directed to the Parliamentary Secretary to the Minister of Employment and Immigration. I should like to ask him whether he can tell the House today what additional steps the government intends to take in order to further the implementation of the training and job-creation program. Can he tell the House whether a program that has benefited from subsidies during the second phase, that is recognized by all concerned, organizations and middle management to be of value, can he tell the House whether such a program can obtain additional funds to enable it to operate on its own and thus guarantee the employees who worked within its scope to obtain permanent jobs?

● (1132)

[*English*]

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, the ultimate test of spending money on manpower training is to have people usefully employed in jobs at the end of their training. All efforts are being expended to make sure money is being spent justifiably and that the results are those desired. To that end, in times of restraint we will certainly be trying to do whatever we can to make sure that the taxpayer is getting the maximum benefit for his dollar.

* * *

TRADE

GATT NEGOTIATIONS RESPECTING AGRICULTURAL PRODUCTS

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, my questions are supplementary to those asked earlier pertaining to GATT and they are directed to the Deputy Prime Minister.

Since the tabling of the tariff report with respect to fruits, vegetables and other farm products, organizations of farmers and food processors have made repeated and well-substantiated representations to the government to indicate the precarious economic position in which the industry finds itself.

In view of the need for new markets, can the Deputy Prime Minister tell us today what new markets he anticipates will result from GATT negotiations either for fresh fruits and vegetables or for processed foods?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the objective of the Canadian delegation at the talks is to increase our access into all markets, but we obviously have a considerable interest in the United States market, in the European community and in Japan because they are big markets indeed. It is impossible to tell at the moment precisely what commodities will be successful in gaining additional access.

Mr. McCain: Mr. Speaker, we were described by a gentleman from the European Economic Community, who was familiar with the negotiations, as dealing there "naked as a newborn babe", with very little to offer and obtaining very little.

If new export opportunities are not obtained, can the Deputy Prime Minister assure the industry that arrangements will be made for expanded access to our own markets and an element of restriction on imports which are extremely detrimental to agricultural income in this country?

Mr. MacEachen: Mr. Speaker, the observer from the European community must have been thinking of some other country, not Canada, when he made a comment of that kind. I believe our negotiators have established a reputation for being very tough and shrewd. For example, following the last round of negotiations it was commonly stated that Canada had received disproportionate benefits. We do not believe that, but that was the image which had been created by our negotiators, and I think the same image is present today.

On the specific question, the hon. member cannot have it both ways: he cannot ask for additional access into other markets for Canadian products and, at the same time, advocate a reduction of access into the Canadian market. This is a reciprocal process and every country which gives benefits at the talks expects to gain advantages from other countries. It is a reciprocal operation and there cannot be a parallel movement to cut tariffs for us and to raise them for others.

Mr. McCain: Mr. Speaker, I think we have been the Good Samaritan, in spite of what the Deputy Prime Minister has stated. We are so recognized by those outside Canada, according to the reports which some of us receive.

Mr. Corbin: Question.

Mr. McCain: Mr. Speaker, if the hon. member for Madawaska-Victoria wishes to make a speech, perhaps he could be given a special opportunity this afternoon.

Other participants at GATT have overriding legislation which is used to protect hard-pressed sectors of their economies. Others are using non-tariff barriers or regulations in a multitude of ways to negate concessions which it was felt had been made in good faith. Does the Government of Canada intend to advise our trading partners that it is our intention to protect hard-pressed Canadian industries without compensation, as can be done by the EEC, Japan and the United States, or are we to remain as naked as we have been?

Mr. MacEachen: Mr. Speaker, I should tell the hon. member that, in addition to negotiations on commodities or the exchange of goods, there is also a very important aspect—perhaps the most important—in the effort to reduce non-tariff barriers to which the hon. member has referred. If we are successful in establishing new codes of conduct for trading countries in that field, that might be more significant than, or as significant as, the exchange of goods.

The hon. member raises the question of the test of injury and how quickly a country can move in order to protect its domestic production against sudden, unexpected and probably unfair competition from abroad. We have been doing quite a number of things in that regard already in Canada, but one of the objectives is to improve and surround more clearly with legal mechanisms the test of injury and the possibility of countries acting to protect their domestic production in the situations I have mentioned.

* * *

FISHERIES

RIGHTS OF INDIAN BANDS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I am glad that the Minister of Indian Affairs and Northern Development is back in his place, because I have a question to ask him. Has he managed to reconcile or resolve the difference which arose between him and the Minister of Fisheries and the Environment arising out of a "goof", as the Minister of Fisheries and the Environment described it, in the Department of Indian Affairs and Northern Development following the failure of the minister to disallow bylaw 10 of the Squamish Indian band?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not think the hon. member understands the history of the difficulty very well. The difficulty is the one pointed out by the Minister of Fisheries and the Environment, namely, that there are two statutes. One is the Indian Act, which provides very clearly for bands to pass bylaws dealing with matters of conservation. There is also the Fisheries Act. There is some dispute about which of these two statutes has pre-eminence.

That is the origin of the problem. I am satisfied that between the Minister of Fisheries and the Environment and me, with the assistance of conservationists, wildlife people and, particularly, Indians, we can resolve it. However, the pursuit

of a resolution will be aided immensely by a degree of reason on both sides.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my supplementary question deals with the possibility of having this matter regulated in the courts. I wonder whether the minister is telling us that the Minister of Fisheries and the Environment has been persuaded to abandon his responsibilities under the Fisheries Act for the management of Canada's fishing resources.

Mr. Faulkner: Mr. Speaker, that is the sort of silly observation which does not contribute to a solution of the problem.

An hon. Member: Nonsense.

Mr. Munro (Esquimalt-Saanich): Ten o'clock, Mr. Speaker.

* * *

TRADE

SUGGESTION CANADA'S UN DELEGATES PARTICIPATE IN GATT NEGOTIATIONS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is supplementary to those asked earlier of the Deputy Prime Minister. I understand that about a week ago there were reports that European Economic Community countries were almost ready to scuttle the GATT talks at Geneva because of their refusal to grant any reductions in tariffs on agricultural and fisheries' products to coincide with the reductions being offered by North American countries.

This raises the matter of the contractual link which the Prime Minister announced a few years ago. It seems to be more of a contractual kink than a contractual link, because it was all words and no substance.

• (1142)

Does the government not think it is time to make a direct effort in respect of countries of the European Economic Community to see if something can be done to make the talks in Geneva more worth-while, more substantive and not all talk? Also, does he not believe that our people at the United Nations could be of assistance in this regard, because they have access at all times to representatives of these other countries and the GATT negotiations are an offspring of the United Nations. I think this would have more effect on Canadian than South African problems—

Mr. Speaker: Order.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not believe the European Community will want to scuttle the multilateral trade negotiations, nor do I believe any of the participants would want to take the responsibility for scuttling, at this stage or at any stage, the important work which is ongoing at the negotiations. There are many reports to that effect, but I doubt whether that is in the mind of any of the participants. At the same time, I should say that I would rather see the talks continue in Geneva than have them transferred to the United Nations in New York.

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THE CANADIAN ECONOMY

INQUIRY WHETHER GOVERNMENT HAS SPECIAL ECONOMIC PROGRAM FOR NEWFOUNDLAND

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the Minister of Finance. According to the Conference Board in Canada, the province of Newfoundland will experience a second year of economic decline in 1978, down 2 per cent in productivity over last year.

Since unemployment currently is officially at the 17 per cent level, and more reliable estimates place it around 30 per cent in the province, I should like to ask the minister whether he would consider a special economic program for the province of Newfoundland when he brings in his budget next month.

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we draft a budget we always take into account the different regions of Canada. Of course I am aware of the problems in eastern Canada, Newfoundland and other provinces. We always take that into account. Many of the programs of the government are already very oriented to helping people in slow-growth areas.

Mr. Faour: Mr. Speaker, my supplementary question is directed to the Minister of Finance. Over the last few years we have seen what special consideration has done for the province of Newfoundland. Will the minister seriously consider a special economic program for the province at this time? If so, what sort of proposals might he bring into effect?

[*Translation*]

Mr. Chrétien: Mr. Speaker, in my last budget there were provisions, special measures, providing accelerated depreciation, greater advantages to the eastern provinces. In addition, government employment programs help those provinces and the equalization payment program gives assistance to the low-income provinces. The Department of Regional Economic Expansion has a special vocation in helping out the weakest provinces in Canada. If the hon. member looks at the record seriously, he will find that in the last few years we have always made special efforts to help the provinces experiencing difficulties.

[*English*]

EXTERNAL AFFAIRS

SUPPLYING OF ARMS TO SOUTHERN AFRICA—POSITION TAKEN BY GREAT BRITAIN

Mr. Stan Schumacher (Palliser): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It arises out of the situation where Great Britain has joined the bad example of certain communist countries, such as the Soviet Union and Cuba, in supplying arms to certain parts of Africa, particularly Zambia, thereby increasing tension in the area. Has the minister made any comments to the United Kingdom in that regard, or is it a case of silence being consent?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, on this particular and specific action of the United Kingdom government, I have not had any conversations with the foreign minister of the United Kingdom. I have had many lengthy discussions with him with regard to Southern Africa, of course, as recently as two weeks ago when we were in Pretoria together.

As hon. members of the House will know, the situation is most deplorable. While I do not propose at this moment to comment upon this action one way or another, it illustrates that it is tremendously important—indeed, of the utmost importance—that all parties seek a peaceful solution to the problem.

I think generally it is known that the Rhodesian raids of the last two or three weeks have been at the basis of President Kaunda's request for support. In these circumstances, it becomes a question of one side escalating, then the other side seeking some kind of defence against that escalation, and so it goes. This is the precise reason why we have all been urging the countries of Southern Africa to work toward a peaceful solution, not only in Rhodesia but in Namibia and in the front-line states generally.

Mr. Schumacher: Mr. Speaker, the hon. minister said he is not prepared to comment on that matter at this time, and sort of indicated that the action of Great Britain is support for the Zambianese. Is he prepared to comment on this type of thing in the future, or in fact are we to see a build-up of more and more arms in this very sensitive part of the world?

Mr. Jamieson: Mr. Speaker, my reason for refraining from specific comment was that I was answering the specific question, had I discussed it with the British foreign minister? I have not; therefore, I would like to have more information.

My supplementary comments related to the general situation there. Obviously, it would be highly desirable—indeed, no one thinks more along these lines than the United Kingdom government itself—if no country was giving any arms to any of the participants. That is the answer in the long run. As long as we have the Soviet Union, on the one hand, Cuba somewhere else, and some other country somewhere else providing these various movements and various countries with arms, there will be a counterdemand by the parties affected. It is desperately necessary to bring this kind of escalation to an end. We must persevere in our efforts to bring about a peaceful solution.

When I have some more specific information on the United Kingdom action, I will consider whether it is useful or in any way helpful to the House to give a more detailed response.

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[*Translation*]

INCOME TAX

INQUIRY AS TO INDIVIDUAL EXPENSES TAX DEDUCTIBILITY PROPOSED IN FORTHCOMING BUDGET

Mr. Gaston Clermont (Gatineau): Mr. Speaker, does the Minister of Finance intend to follow his predecessor's example in preparing his budget by increasing the allowable amount for job-related expenses? That amount is now $250.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will merely note the hon. member's question, and if we decide to adopt certain changes, they will be announced on budget night.

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[*English*]

THE CANADIAN CONSTITUTION

GOVERNMENT POSITION ON PROPOSALS OF PROVINCES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I begin my question by saying to the Deputy Prime Minister how commendable he has been today in the way in which he has answered questions. It is a model for others on the government side.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Diefenbaker: All of us are deeply concerned about Canadian unity and the success of the dominion-provincial conference which is taking place. Can the Deputy Prime Minister tell us whether it is a fact, as suggested by the media, that the Government of Canada, in its relationship with the provinces, has indicated or will indicate a type of ultimatum concerning the Prime Minister's so-called constitutional plan with regard to the Queen of Canada, the Supreme Court of Canada and the Senate, to the effect that legislation will be proceeded with by parliament regardless of the attitude of the majority of the provinces which will be deeply affected by these changes if they are made?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I attended the early part of the conference this morning and heard the address made by the Prime Minister. I would regard his approach as being the very opposite of an ultimatum to the provinces. That

was certainly not the tenor or the atmosphere which his speech created this morning. I believe anyone who listened to it would reach the same conclusion.

I assure the right hon. member that there is absolutely no basis for the suggestion in the media that the Prime Minister in any way presented, or will present, the provinces with an ultimatum at this particular conference.

● (1152)

Mr. Diefenbaker: Mr. Speaker, my supplementary question is this: has the government decided, as was stated by the Prime Minister outside the conference, that regardless whether the provinces accept the changes he has in mind to which I have referred, the Government of Canada intends to place measures before parliament? Does the government intend to do that, irrespective of the feelings of the provinces which will be greatly affected, as will all Canadians, by such changes?

Mr. MacEachen: Mr. Speaker, I think this is a good opportunity to restate what has been the attitude of the government from the very beginning, that the proposals put forward in the paper, and subsequently in the bill, were proposals and were not final decisions. We have said from the beginning, "These are our views. Please express your views." That invitation was again put forward this morning by the Prime Minister to the premiers, "We have presented what we think. Will you now tell us what you think so that we can see if we can reach consensus on the major issues facing us in the way of constitutional reform?"

I can assure the right hon. gentleman, again, that the original proposals will not be pushed ahead without taking the provinces into account and listening to them, to the joint committee of the House and the Senate and to other interested Canadians. That is the process we propose to follow.

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FISHERIES

PROPOSED PHASING-OUT OF FISHING VESSELS' INSURANCE PROGRAM—GOVERNMENT POLICY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I should like to get back to the Deputy Prime Minister on a matter of great concern to the fishing industry in the part of the country he represents and also right across the nation. I refer to the announcement of the phasing-out of the fishing vessels' insurance program.

In Nova Scotia this weekend a resolution was passed by a large number of fishermen deploring this. I would ordinarily have waited, sir, until the Minister of Fisheries and the Environment was back in the House, but since I contacted him over three weeks ago and have had no definite response I wonder whether the Deputy Prime Minister would indicate his feeling and government policy as to this possible phasing out, keeping in mind that it is not really a restraint-related matter but it is actually showing a profit and is an excellent program.

[Mr. MacEachen.]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in respect of the important question raised by the hon. member, it is not the intention of the government to reduce the protection made available to the fishermen. It is possible there are other alternatives that can be examined which will provide the same level of protection.

I understand the Minister of Fisheries and the Environment has undertaken to consider the matter further and to meet with fishermen to see whether satisfactory alternative arrangements can be worked out to provide the same level of protection to the fishermen.

Mr. MacKay: Mr. Speaker, I very much appreciate the Deputy Prime Minister's answer, but will he undertake to keep in mind that the private insurers, who are for the most part based in areas like New York and London, will be very hard put to provide the same level of protection for the same cost and to provide the same amount of service? Will he undertake to make representation to his cabinet colleagues that it is very unlikely any private insurance program can provide the same type of protection and benefits to Canadian fishermen—over 5,000 of them at this point, I believe—provided by the present program?

Mr. MacEachen: Mr. Speaker, I am not sure I can agree with the hon. member's financial analysis, but that is not the important thing. The question is whether we can provide alternatives that will be of equal advantage to the fishermen, and that is what we are attempting to do.

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URBAN AFFAIRS

MORTGAGE PAYMENT DEFAULTS UNDER AHOP—GOVERNMENT POSITION

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I should like to direct my question to the Minister of State for Urban Affairs. Data released by CMHC last week show an alarming and disturbing increase in the number of mortgage payment defaults in respect of the Assisted Home Ownership Program: there were 826 defaults in the first nine months of 1978, more than double the the total of the past four years.

Is the minister aware that, relative to other types of mortgage defaults, the AHOP figures are astronomically high? Does he now admit to the failure of his department's policies, and will he undertake to assure the House that he will take specific measures to resolve the threat of economic disaster which may confront numerous home owners?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): No, Mr. Speaker; the figures which have been published demonstrate in fact that there have been 800 payment defaults out of some 603,000 loans approved. Consequently, if the hon. member wants to make the calculation, he will see that in fact

those who did not make their payments represent only a very small percentage of the total number of those, either in the private or the public sector, who obtained guaranteed loans, through the Central Mortgage and Housing Corporation, and what the hon. member considers as an astronomical number is in fact a very small one.

[*English*]

Mr. Darling: Mr. Speaker, in view of the fact that the financial community believes the recent changes to the AHOP program, namely, the graduated payment mortgages, will increase the likelihood of default, and considering that the situation is likely to worsen as conventional mortgage rates increase in light of recent bank rate hikes, will the minister undertake to consult with his colleague, the Minister of Finance, and announce some relief for the home owners who face losing title to their homes? Will he review the situation and announce in the House a more sane and economically viable alternative?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I think the program which could bring the greatest number of defaults in Canada would certainly be the program which would include the proposals announced recently by the Leader of the Opposition, if they were implemented. The proposals of the Leader of the Opposition would have undoubtedly much more serious consequences on the number of possible defaults than the present Assisted Home Ownership Program.

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[*English*]

NATIONAL DEFENCE

MEDAL IN RECOGNITION OF NATO SERVICE

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is directed to the Minister of National Defence. It is now three years since the government agreed with a motion I introduced in the House to establish a medal in recognition of NATO service. In the last three years there have been a number of undertakings by the minister's predecessor and himself to bring forward this medal. I should like to ask, once again, when some progress will be reached in the production of this medal in recognition of service in NATO.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have only been the minister for two of those three years. The issuance of new medals is not treated lightly, and a number of steps would have to be taken. I expect to announce in the very near future the issuance of a general service medal, rather than a specific NATO medal. A NATO medal produced by Canada would not be appropriate if it was not general throughout NATO. This general service medal will apply to the regulars and the reserves after a minimum length of service in Canada and/or abroad, with special recognition in the form of a clasp for NATO service and other types of distinguished service.

Having said that, Mr. Speaker, I guess I have made the announcement.

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AGRICULTURE

PROPOSED SALE OF GOVERNMENT GRAIN ELEVATORS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Agriculture: it concerns the proposed sale by the government of five inland government elevators.

I should like to ask why the government intends to sell these elevators, especially since last year they turned over a profit of $1.3 million and this year the projected profit is some $4 million, while at the same time it is known that the elevators are greatly underutilized. In view of those facts, why does the government want to sell these elevators? Why does it not turn them over to the Canadian Wheat Board so they can be used in a planned and rational grain movement system in this country?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I believe the hon. member is asking the same question asked of another government member, perhaps with the hope of getting a different answer so he can say we do not agree.

The whole program is to privatize these operations in which the government is involved. It may be that the grain elevator facilities the hon. member has mentioned can be used to a greater extent. I think he fully understands why these elevators were never used to the extent for which they were constructed; namely, because the government and the Wheat Board did not direct grain there as that would be taking grain away from the private sector. The wheat pools in the private sector handle about 80 per cent of the grain produced in western Canada, and that would hurt that operation. In turn, this decision hurt the operation of the government elevator services.

If the wheat pools, or somebody else, want to make an offer in respect of these facilities—some of which are in very good condition, while others are not in such good condition—that will be considered. Perhaps they may be able to make them function in a proper way.

STUDIES OF POTENTIAL CAPACITY OF GOVERNMENT GRAIN ELEVATORS

Mr. Arnold Malone (Battle River): Mr. Speaker, I should like to ask the Minister of Agriculture whether any studies were carried out that would indicate the potential capacity of those five government-owned elevators, or was the decision to restrict the use of these elevators simply taken in the absence of such a study?

• (1202)

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, these elevators, especially the ones which have been updated, meet the standards for fireproofing and have improved grain-

handling facilities, car-dumping facilities, truck-dumping facilities and improved loading facilities for either the rail cars or the trucks hauling from the elevators.

If these elevators were run around the clock, it could nearly touch their capacity for handling a tremendous volume of grain. There have been improvements at Prince Rupert, but further improvements could make that elevator even more efficient. However, it would cost millions of dollars. The hon. member himself has criticized us for spending too much money. Whoever takes over these elevators will have to spend millions of dollars, for instance, for dust-collecting equipment to make it safe for the workers.

Mr. Malone: Mr. Speaker, I wonder if the minister could answer the specific question; that is, whether or not there was an actual study done and whether or not we, as members of parliament, can get that study. While he is on his feet, could the minister comment specifically on the capacity, or any studies relating to grain-drying and grain-cleaning prior to shipping to the coast?

Mr. Whelan: Mr. Speaker, I am sure that we have those studies and I am only too willing to give them to the hon. member. They may not be in as much detail as the hon. member would like, but we do know the volume at the scales, the input-output of grain, etc., and we do know the drying capacity of the elevators that have this facility. We will provide that for the hon. member.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

PROCEDURE RESPECTING INTRODUCTION OF PUBLIC BILLS ON ORDER PAPER

Mr. Speaker: The House will be aware that after a request that it be deferred for a few days, the draw for private members' bills was held at the end of last week. Again, I would like to refer to the House the practice which has been followed with regard to the introduction of all these bills in the past. As a result of that draw, there are listed on today's order paper approximately 241 bills standing in the names of various hon. members.

It is not practical or possible for the Chair to review the provisions of each of the bills. I, therefore, suggest that we follow the past practice, namely, that we proceed to the introduction and first reading of these bills en bloc so that each may be scrutinized, between now and the time that it is called individually for second reading, in order to allow the Chair to consider whether there are any defects in the bills with respect to the practices and usages of the House.

If we can proceed that way, by unanimous consent, all of the private members' public bills listed for introduction on today's order paper would be deemed to have been introduced, given first reading, ordered to be printed and be standing for second reading at the next sitting of the House, subject, as always, to a subsequent examination as to the procedural regularity of each bill. The House has heard the procedure that I have outlined. Is it agreed and so ordered?

Some hon. Members: Agreed.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

FIRST READINGS

Bill C-201, An Act to amend the National Transportation Act (review and re-hearing).—Mr. MacGuigan.

Bill C-202, An Act to amend the Criminal Law Amendment Act (No. 2), 1976 (punishment for murder).—Mr. Woolliams.

Bill C-203, An Act to amend the statute Law relating to income tax.—Mr. Lambert (Edmonton West).

Bill C-204, An Act respecting a Canadian Bill of Rights for Children—Mr. McGrath.

Bill C-205, An Act to amend the Export Development Act (mining business).—Mr. Rodriguez.

Bill C-206, An Act to amend the Criminal Code (hospital orders).—Mrs. Appolloni.

Bill C-207, An Act to amend the Divorce Act (living separate and apart).—Mr. Robinson.

Bill C-208, An Act to amend the Railway Act (ownership of land where railway line abandoned).—Mr. Whittaker.

Bill C-209, An Act to amend the Canada Elections Act respecting enumeration and other electoral procedures.—Mr. Siddon.

Bill C-210, An Act to establish the Canadian Solar Energy Institute.—Mr. Caccia.

Bill C-211, An Act to amend the Criminal Code (pornography).—Mr. Epp.

Bill C-212, An Act respecting the duration of every House of Commons.—Mr. Stewart (Cochrane).

Bill C-213, An Act to amend the Unemployment Insurance Act, 1971.—Mr. Oberle.

Bill C-214, An Act to establish a Sunset Law for Canada.—Mr. Forrestall.

Bill C-215, An Act respecting war criminals in Canada.—Mr. Kaplan.

Bill C-216, An Act to amend the Criminal Code (punishment of certain offences).—Mr. Munro (Esquimalt-Saanich).

Bill C-217, An Act to amend the National Film Act.—Mr. Friesen.

Bill C-218, An Act to amend the Canada Shipping Act (pollution).—Mr. McKinnon.

Bill C-219, An Act to amend the Criminal Code (death sentence).—Mr. Elzinga.

Bill C-220, An Act respecting the presence of the Flags of Canada in both Houses of Parliament.—Mr. Schumacher.

Bill C-221, An Act to provide for the establishment of an authority to conserve for public use all abandoned railway lines in Canada.—Mr. Watson.

Bill C-222, An Act to amend the Canada Elections Act to preclude balloting on certain religious holiday.—Mr. Parker.

Bill C-223, An Act to amend the Broadcasting Act (annual report).—Mr. Roy (Laval).

Bill C-224, An Act to amend the British North America Act, 1867 (National Capital of Canada).—Mr. Isabelle.

Bill C-225, An Act to amend the Canadian Radio-television and Telecommunications Commission Act (provincial representation).—Mr. Wenman.

Bill C-226, An Act to amend the Copyright Act.—Mr. MacDonald (Egmont).

Bill C-227, An Act to amend the British North America Act, 1867 (abolition of the Senate).—Mr. Knowles (Winnipeg North Centre).

Bill C-228, An Act to amend the Railway Act (fences).—Mr. Collenette.

Bill C-229, An Act respecting the right to life.—Mr. Johnston (Okanagan-Kootenay).

Bill C-230, An Act respecting senior citizens.—Mr. Howie.

Bill C-231, An Act respecting the anthems of Canada.—Mr. Jones.

Bill C-232, An Act to amend the Holidays Act.—Mr. Herbert.

Bill C-233, An Act to amend the Canada Labour Code (motor vehicle undertakings,)—Mr. Leblanc (Laurier).

Bill C-234, An Act for the settlement of Labour disputes in essential services.—Mr. Philbrook.

Bill C-235, An Act respecting package tours by air carriers.—Mr. Fleming.

Bill C-236, An Act to amend the Senate and House of Commons Act (corporate and political office prohibited).—Mr. McKenzie.

Bill C-237, An Act to provide the emergency measures to deal with the inflation of prices.—Mr. Lambert (Bellechasse).

Bill C-238, An Act respecting the importation of beef.—Mr. Douglas (Bruce-Grey).

Bill C-239, An Act respecting the age of retirement.—Mr. Rynard.

Bill C-240, An Act to amend the Winding-up Act (publication of notices).—Mr. Gauthier (Ottawa-Vanier).

Bill C-241, An Act to amend the Citizenship Act (conscientious objectors).—Mr. Epp.

Private Members' Public Bills

Bill C-242, An Act to amend the Criminal Code (invasion of privacy).—Mr. Woolliams.

Bill C-243, An Act respecting Magna Carta Day.—Mr. Munro (Esquimalt-Saanich).

Bill C-244, An Act to amend the Federal Court Act (production and discovery of documents).—Mr. Woolliams.

Bill C-245, An Act to amend the Lord's Day Act (penalties).—Mr. Elzinga.

Bill C-246, An Act to amend the Combines Investigation Act (class action).—Mr. Rodriguez.

Bill C-247, An Act respecting National Heritage Day.—Mr. MacGuigan.

Bill C-248, An Act to amend the Criminal Code (abduction of child).—Mr. Friesen.

Bill C-249, An Act to amend the Canada Elections Act (permanent voters List).—Mr. Whiteway.

Bill C-250, An Act respecting the registration of Lobbyists.—Mr. Robinson.

Bill C-251, An Act to amend the Post Office Act.—Mr. Robinson.

Bill C-252, An Act respecting confidential communications between elected representatives and their constituents.—Mr. Kaplan.

Bill C-253, An Act to amend the Clean Air Act.—Mr. Wenman.

Bill C-254, An Act to amend the Criminal Code.—Mr. Kaplan.

Bill C-255, An Act to register lobbyists.—Mr. Baker (Grenville-Carleton).

Bill C-256, An Act to amend the Canada Water Act (federal unilateral powers).—Mr. Wenman.

Bill C-257, An Act to amend the Canadian Citizenship Act (time off without loss of pay for appearance in Citizenship Court).—Mr. Knowles (Winnipeg North Centre).

Bill C-258, An Act to amend the Canada Council Act (Killam-Dunn).—Mr. Forrestall.

Bill C-259, An Act to amend the Canada Elections Act (proportional representation).—Mr. Whiteway.

Bill C-260, An Act to amend the Canada Elections Act (air crew proxy voting).—Mr. Forrestall.

Bill C-261, An Act respecting the application of local laws to federal bodies, works and undertaking.—Mr. Wenman.

Bill C-262, An Act to amend the Clean Air Act to provide for provincial consultation.—Mr. Wenman.

Bill C-263, An Act to amend the Canada Labour Code (certification of union).—Mr. Rodriguez.

Bill C-264, An Act to amend the Canada Pension Plan (mining employees).—Mr. Rodriguez.

Private Members' Public Bills

Bill C-265, An Act respecting public opinion polls.—Mr. Whiteway.

Bill C-266, An Act to amend the Canada Labour Code (safety of employees).—Mr. Rodriguez.

Bill C-267, An Act respecting the international airport at Ottawa.—Mr. Isabelle.

Bill C-268, An Act respecting the cost of publishing public reports.—Mr. Herbert.

Bill C-269, An Act to amend the Canada Shipping Act (pollution).—Mr. Friesen.

Bill C-270, An Act to amend the Public Service Employment Act (Canadian citizens).—Mr. Jones.

Bill C-271, An Act to amend the Canada Shipping Act.—Mr. Wenman.

Bill C-272, An Act to prohibit aid to foreign countries consistently violating human rights.—Mr. Brewin.

Bill C-273, An Act to amend the Criminal Code (pornography).—Mr. Whiteway.

Bill C-274, An Act to amend the Railway Act (protective fencing).—Mr. Schumacher.

Bill C-275, An Act to amend the Canada Elections Act (political affiliation).—Mr. Jones.

Bill C-276, An Act to encourage the growth of the reserve force of the Canadian Forces.—Mr. Robinson.

Bill C-277, An Act to amend the British North America Acts, 1867 to 1975, with respect to the quorum of the House of Commons.—Mr. Knowles (Winnipeg North Centre).

Bill C-278, An Act to amend the Public Service Employment Act (partisan activity by Ministers' staffs).—Mr. Malone.

Bill C-279, An Act respecting the official designation of "Nova Scotia".—Mr. Nowlan.

Bill C-280, An Act to amend the Criminal Code (rights of persons under arrest).—Mr. Symes.

Bill C-281, An Act to amend the Criminal Code (abortion).—Mr. Herbert.

Bill C-282, An Act to amend the Transport Act respecting the transportation, storage and disposal of hazardous substances.—Mr. Siddon.

Bill C-283, An Act to amend the British North America Acts, 1867 to 1979 (duration of House of Commons).—Mr. Peters.

Bill C-284, An Act to amend the Bank Act (qualifications for directors).—Mr. MacDonald (Egmont).

Bill C-285, An Act to amend the Criminal Code (driving while disqualified under Provincial Statute).—Mr. Robinson.

Bill C-286, An Act to amend the Criminal Code (obscene broadcasting).—Mr. Herbert.

Bill C-287, An Act to establish a universal emergency telephone number.—Mr. Robinson.

[Mr. Speaker.]

Bill C-288, An Act to protect individuals, companies and businesses from the direct and indirect consequences and pressures of Foreign Boycotts, Requests or Conditions.—Mr. Orlikow.

Bill C-289, An Act to amend the Combines Investigation Act to provide for the standardization of warranties and to define the minimum provisions thereof.—Mr. McKenzie.

Bill C-290, An Act respecting the Televised Advertisement of Beer and Ale Commercials.—Mr. McGrath.

Bill C-291, An Act to amend the Broadcasting Act (advertising on children's programs).—Mr. Herbert.

Bill C-292, An Act to amend the National Housing Act.—Mr. Fleming.

Bill C-293, An Act concerning the exportation of the growth and produce of Canada (to stop exporting jobs).—Mr. Peters.

Bill C-294, An Act to amend the Official Languages Act.—Mr. De Bané.

Bill C-295, An Act to amend the Official Languages Act (notices and advertisements).—Mr. Gauthier (Ottawa-Vanier).

Bill C-296, An Act to amend the Railway Act (handicapped passengers).—Mr. Martin.

Bill C-297, An Act respecting the sale of firecrackers to minors.—Mr. McGrath.

Bill C-298, An Act to amend the constitution of Canada (duration of a House of Commons).—Mr. Rynard.

Bill C-299, An Act to amend the Criminal Code (death sentence).—Mr. Whiteway.

Bill C-300, An Act to amend the Broadcasting Act (educational use of programs).—Mr. McKenzie.

Bill C-301, An Act respecting the Prime Minister and Leader of the Opposition in the House of Commons of Canada.—Mr. Stewart (Cochrane).

Bill C-302, An Act to amend the Interest Act.—Mr. Herbert.

Bill C-303, An Act to amend the Bank Act (qualification of directors).—Mr. Herbert.

Bill C-304, An Act to amend the Canada Elections Act (election expense period).—Mr. Balfour.

Bill C-305, An Act to amend the Combines Investigation Act (promotional coupons and savings stamps).—Mr. Rodriguez.

Bill C-306, An Act to amend the British North America Act, 1867 (National Capital of Canada).—Mr. Herbert.

Bill C-307, An Act to amend the Public Service Employment Act (discrimination as to age or physical handicap or health).—Mr. Herbert.

Bill C-308, An Act to establish the electoral district of Parliament Hill.—Mr. Stewart (Cochrane).

Bill C-309, An Act respecting the conditions under which public servants may accept employment upon leaving the public service.—Mr. Baker (Grenville-Carleton).

Bill C-310, An Act for the promotion and advancement of renewable energy.—Mr. Schellenberger.

Bill C-311, An Act to amend the Criminal Code (sexual exploitation of children).—Mr. Epp.

Bill C-312, An Act to amend the Food and Drugs Act (controlled drugs).—Mr. Woolliams.

Bill C-313, An Act to amend the Canada Labour Code.—Mr. Herbert.

Bill C-314, An Act respecting relief to non-smokers in transit.—Mr. Robinson.

Bill C-315, An Act respecting the Central Mortgage and Housing Corporation Act.—Mr. Fleming.

Bill C-316, An Act to amend the Federal Court Act (executive privilege).—Mr. Brewin.

Bill C-317, An Act to amend the Broadcasting Act (equal time to opposition parties).—Mr. Orlikow.

Bill C-318, An Act to amend the Criminal Records Act.—Mr. Rynard.

Bill C-319, An Act to amend the Canada Elections Act (publication of the result of opinion polls).—Mr. Herbert.

Bill C-320, An Act to amend the Canada Evidence Act.—Mr. Beatty.

Bill C-321, An Act to amend the Canada Elections Act (partisan poll officers).—Mr. Dick.

Bill C-322, An Act to amend the Environmental Contaminants Act.—Mr. Wenman.

Bill C-323, An Act to amend the Federal Business Development Bank Act (corporate objects).—Mr. Dick.

Bill C-324, An Act to amend the Railway Act (half-fare railway tickets for senior citizens)—Mr. Knowles (Winnipeg North Centre).

Bill C-325, An Act respecting disclosure of credit rating records.—Mr. McGrath.

Bill C-326, An Act respecting the designation of the Speaker of the House of Commons as the Member for the Electoral District of Parliament Hill.—Mr. Knowles (Winnipeg North Centre).

Bill C-327, An Act to provide for the establishment of a Canada Sea Coasts Conservation Authority.—Mr. Watson.

Bill C-328, An Act to amend the Diplomatic and Consular Privileges and Immunities Act.—Mr. Beatty.

Bill C-329, An Act to amend the Interest Act.—Mr. Robinson.

Bill C-330, An Act to prohibit aid to foreign countries violating human rights.—Mr. MacDonald (Egmont).

Bill C-331, An Act to amend the Public Service Staff Relations Act and the Canada Labour Code to provide for the establishment of sector bargaining.—Mr. Jelinek.

Private Members' Public Bills

Bill C-332, An Act respecting the continental shelf.—Mr. McGrath.

Bill C-333, An Act to divide the calendar year into three parliamentary semesters.—Mr. Baker (Grenville-Carleton).

Bill C-334, An Act to amend the Canada Evidence Act (incriminating statements).—Mr. Orlikow.

Bill C-335, An Act to amend the Official Languages Act.—Mr. Jones.

Bill C-336, An Act to provide for the establishment of the Office of Archeological Curator for Canada.—Mr. Watson.

Bill C-337, An Act to readjust the representation of Québec in the House of Commons and to readjust the electoral districts in Québec.—Mr. Caouette (Villeneuve).

Bill C-338, An Act to amend the Canada Water Act.—Mr. Wenman.

Bill C-339, An Act to amend the Citizenship Act.—Mr. Munro (Esquimalt-Saanich).

Bill C-340, An Act respecting employment with the Government of Canada not covered by the Public Service Employment Act.—Mr. Orlikow.

Bill C-341, An Act to provide for the establishment of an Indian-Eskimo Employment Authority.—Mr. Watson.

Bill C-342, An Act to amend the Electoral Boundaries Readjustment Act.—Mr. Lambert (Edmonton West).

Bill C-343, An Act to amend the Canada Pension Plan (disability pension).—Mr. Caccia.

Bill C-344, An Act to provide for the constitution of a Federal Transport Commission of Inquiry (impartial investigation of transport accidents).—Mr. Forrestall.

Bill C-345, An Act to amend the Railway Act (definitions).—Mr. Brisco.

Bill C-346, An Act to amend the Northern Inland Waters Act.—Mr. Wenman.

Bill C-347, An Act to provide for emergency measures to deal with the inflation of prices.—Mr. Caouette (Villeneuve).

Bill C-348, An Act to amend the Criminal Code (cruelty to animals).—Mr. McKinnon.

Bill C-349, An Act to amend the constitution of Canada (federal general elections).—Mr. Malone.

Bill C-350, An Act to amend the Divorce Act (alimony and maintenance orders).—Mr. Huntington.

Bill C-351, An Act to amend the Canada Labour Code (right to work).—Mr. Whiteway.

Bill C-352, An Act to amend the Federal Court Act (disclosure of documents).—Mr. Oberle.

Bill C-353, An Act to amend the Canada Elections Act (use of contributions).—Mr. MacGuigan.

Bill C-354, An Act to amend the Department of the Environment Act (fisheries).—Mr. McGrath.

Private Members' Public Bills

Bill C-355, An Act to amend the Fisheries Act.—Mr. Wenman.

Bill C-356, An Act respecting the importation of beef and veal.—Mr Hargrave.

Bill C-357, An Act respecting representation in the House of Commons.—Mr. Towers.

Bill C-358, An Act respecting the Electoral Boundaries Readjustment Act (Rimouski-Témiscouata).—Mr. Allard.

Bill C-359, An Act to amend the Criminal Code (cattle rustling and range cattle).—Mr. Whittaker.

Bill C-360, An Act for the control of forms in the public service.—Mr. Hnatyshyn.

Bill C-361, An Act to amend the National Transportation Act (provincial representation).—Mr. Wenman.

Bill C-362, An Act respecting the age of retirement.—Mr. Mitges.

Bill C-363, An Act to amend the Canada Labour Code (provision for ten general holidays with pay).—Mr. Knowles (Winnipeg North Centre).

Bill C-364, An Act respecting the preservation and surrender of constituency records.—Mr. Dick.

Bill C-365, An Act to amend the Canada Elections Act (prisoners enfranchised).—Mr. MacDonald (Egmont).

Bill C-366, An Act to amend the National Energy Board Act (provincial representation).—Mr. Wenman.

Bill C-367, An Act to amend the Foreign Enlistment Act (recruiting by advertising).—Mr. Rodriguez.

Bill C-368, An Act to amend the House of Commons Act and the Canada Elections Act (by-elections).—Mr. Dick.

Bill C-369, An Act to amend the Public Service Staff Relations Act.—Mr. Orlikow.

Bill C-370, An Act to amend the Public Service Staff Relations Act (strike ballots).—Mr. Forrestall.

Bill C-371, An Act to amend the Criminal Code (reporting names of accused).—Mr. Dick.

Bill C-372, An Act to amend the Canada Elections Act.—Mr. Clarke (Vancouver Quadra).

Bill C-373, An Act to amend the Criminal Code (abortion).—Mr. Oberle.

Bill C-374, An Act to amend the Canada Labour Code (increased minimum hourly wage).—Mr. Knowles (Winnipeg North Centre).

Bill C-375, An Act respecting the implementation of International Labour Organization Convention 96, concerning fee charging employment agencies.—Mr. Caccia.

Bill C-376, An Act to amend the British North America Act, 1867 (tenure of Senators).—Mr. Herbert.

Bill C-377, An Act to amend the Canada Elections Act to provide for the appointment by a candidate of an Agent-at-Large with authority to observe the official count.—Mr. Crosby (Halifax-East Hants).

[Mr. Speaker.]

Bill C-378, An Act to amend the Criminal Code (cautionary label on alcoholic beverage containers).—Mr. Robinson.

Bill C-379, An Act to amend the Senate and House of Commons Act (independent members of the House of Commons).—Mr. Jones.

Bill C-380, An Act to amend the Criminal Code (loan sharking).—Mr. Robinson.

Bill C-381, An Act to amend the Hazardous Products Act (aluminum wiring).—Mr. Peters.

Bill C-382, An Act to amend the Bank Act (sale advertisements).—Mr. Gauthier (Ottawa-Vanier).

Bill C-383, An Act respecting Crown corporations (not agents of Her Majesty).—Mr. Herbert.

Bill C-384, An Act respecting the policy of financing transportation in non-metropolitan areas.—Mr. Tessier.

Bill C-385, An Act to amend the Lord's Day Act.—Mr. Lee.

Bill C-386, An Act to amend the Canadian Human Rights Act.—Mr. Dick.

Bill C-387, An Act to amend the Motor Vehicle Safety Act (crash restraint protection devices).—Mr. MacDonald (Egmont).

Bill C-388, An Act to amend the Criminal Code (abortion).—Mr. Robinson.

Bill C-389, An Act to amend the Combines Investigation Act.—Mr. Rodriguez.

Bill C-390, An Act to amend the Canada Elections Act (by-elections).—Mr. Hare.

Bill C-391, An Act respecting trafficking in exotic pets.—Mr. Watson.

Bill C-392, An Act respecting fair foreign exchange.—Mr. Kaplan.

Bill C-393, An Act to provide for the establishment of a Canada-Alaska and Maine Corridors Authority.—Mr. Watson.

Bill C-394, An Act to amend the Criminal Code and the Customs Tariff (games of violence).—Mr. Brisco.

Bill C-395, An Act respecting Public Referendums in Canada on questions relating to capital punishment.—Mr. Lawrence.

Bill C-396, An Act to amend the Criminal Records Act.—Mr. Robinson.

Bill C-397, An Act to amend the Indian Act (equality for native women).—Mr. MacDonald (Egmont).

Bill C-398, An Act to regulate the business of selling and dealing in Air Travel Services.—Mr. Hnatyshyn.

Bill C-399, An Act to amend the Income Tax Act.—Mr. Woolliams.

Bill C-400, An Act to amend the Canada Labour Code (three weeks annual vacation after three years).—Mr. Knowles (Winnipeg North Centre).

Bill C-401, An Act to recognize indigenous peoples among the founding peoples of Canada.—Mr. Philbrook.

Bill C-402, An Act respecting noise in factories.—Mr. Robinson.

Bill C-403, An Act respecting the release of scientific information dealing with the content of any substance found in the food system.—Mr. Nystrom.

Bill C-404, An Act to amend the Criminal Code (N.S.F. cheques).—Mr. Turner.

Bill C-405, An Act to establish a universal emergency telephone number.—Mr. Friesen.

Bill C-406, An Act respecting the disclosure of financial interests by Senators, Members of the House of Commons and certain other persons.—Mr. Knowles (Winnipeg North Centre).

Bill C-407, An Act respecting Sir John A. Macdonald Day.—Mr. Macquarrie.

Bill C-408, An Act to amend the Criminal Code (pornographic displays).—Mr. Kaplan.

Bill C-409, An Act to amend the Canada Labour Code (strike or lockout).—Mr. Jelinek.

Bill C-410, An Act to amend the Canada Labour Code.—Mr. Oberle.

Bill C-411, An Act to amend the Criminal Code (young offenders).—Mr. Woolliams.

Bill C-412, An Act to amend the Plant Quarantine Act.—Mr. Whittaker.

Bill C-413, An Act respecting the utilization of Canada's water resources.—Mr. Wenman.

Bill C-414, An Act to amend the Criminal Code (day-fines).—Mr. MacDonald (Egmont).

Bill C-415, An Act respecting votes in labour unions.—Mr. Philbrook.

Bill C-416, An Act to amend the Atomic Energy Control Act (provincial representation).—Mr. Wenman.

Bill C-417, An Act to amend the Canadian Wheat Board Act (provincial representation).—Mr. Wenman.

Bill C-418, An Act to provide for the establishment of the Office of Parliament Hill Curator.—Mr. Watson.

Bill C-419, An Act to amend the Canada Labour Code (reserve forces training leave).—Mr. Robinson.

Bill C-420, An Act to amend the Bank Act (provincial ownership of banks).—Mr. Wenman.

Bill C-421, An Act to amend the Criminal Code (wilful destruction of laid up colours).—Mr. Douglas (Bruce-Grey).

Bill C-422, An Act to amend the Income Tax Act (attendance of educational institutions outside Canada).—Mr. Wenman.

Private Members' Public Bills

Bill C-423, An Act to amend the Canada Shipping Act (noise pollution).—Mr. Whittaker.

Bill C-424, An Act to amend the Criminal Code (abortion).—Mr. Rondeau.

Bill C-425, An Act to amend the Criminal Code (abortion and the unborn infant).—Mr. Roche.

Bill C-426, An Act to amend the Criminal Code (off-track betting).—Mr. Leblanc (Laurier).

Bill C-427, An Act to amend the Unemployment Insurance Act, 1971 (benefits to adopting parent).—Mr. Rodriguez.

Bill C-428, An Act to amend the Criminal Code (mandatory breathalyzer and blood tests).—Mr. Wenman.

Bill C-429, An Act to amend the Broadcasting Act (guidelines respecting portrayal of sex and violence).—Mr. McGrath.

Bill C-430, An Act respecting the national anthem of Canada.—Mr. Herbert.

Bill C-431, An Act to amend the Canada Labour Code (right to work).—Mr. Elzinga.

Bill C-432, An Act to amend the Broadcasting Act (advertising on children's programs).—Mr. McGrath.

Bill C-433, An Act to amend the Senate and House of Commons Act (party status).—Mr. Beaudoin.

Bill C-434, An Act to establish a press council for Canada.—Mr. Scott (Victoria-Haliburton).

Bill C-435, An Act to amend the Railway Act (signs, notices and forms).—Mr. Gauthier (Ottawa-Vanier).

Bill C-436, An Act respecting the acquisition of certain property of International Nickel Company without compensation.—Mr. Rodriguez.

Bill C-437, An Act to amend the Bank of Canada Act.—Mr. Lambert (Bellechasse).

Bill C-438, An Act to amend the Criminal Code (culpable homicide redefined).—Mr. Robinson.

Bill C-439, An Act to amend the Criminal Code respecting the publication and dissemination of pornograhic material.—Mr. Siddon.

Bill C-440, An Act to amend the Canada Labour Code (secret ballot).—Mr. Wenman.

Bill C-441, An Act to amend the Income Tax Act (charitable donations).—Mr. Crombie.

QUESTIONS ON THE ORDER PAPER

[*English*]

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, the following questions will be answered today: Nos. 141, 182 and 375.

Order Paper Questions

[*Text*]

GRANTS—MULTICULTURALISM

Question No. 141—**Mr. Mitges:**

For the fiscal year ending March 31, 1978, by province, how many applications for assistance were submitted under the (a) Cultural Enrichment Support Programme (b) Personnel Development Assistance Programme (c) Teaching-Aids Development Assistance Programme and, in each case (i) what amount was requested and what amount was received (ii) what are the names and addresses of the applicants and what ethnic group or organization did they represent?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Records have not been maintained in a manner which would enable the department to extract the required information readily and without an inordinate amount of work, time and cost, however the following information is available:

(a) Cultural Enrichment Support Program

Region	Number of Grants Made	Total Amount of Grants Made
Pacific	66	$ 81,760
Prairie	163	143,240
Ontario	216	468,654
Quebec	34	173,296
Atlantic	10	4,700
Total	489	$871,650

In many cases, applications were filed on behalf of several schools; a total of 885 supplementary language schools were assisted.

(b) Personnel Development Assistance Program

(i) requested: $41,635 granted: $34,290

		Amount granted
Ontario		
	(ii) Armenian Educational Committee (Armenian) P.O. Box 4015, Station "D", Hamilton, Ont.	$ 270
	Centro Scuola e Cultura Italiana (Italian) 756 Ossington Avenue, Toronto, Ontario M6G 3T9	5,250
	Croatian Schools of Canada (Croatian): 4 Croatia Road, Site 37, P.O. Box 4, R.R. 2, Sudbury, Ontario	10,000
	Education Commission, Ukrainian Canadian Committee (Ontario Council) (Ukrainian) 233 Bernard Avenue, London, Ontario	4,800
	Hamilton and District Multicultural Council (Multicultural) 35 Catharine Street South, Hamilton, Ontario	740
	Polish Teachers' Association in Canada (Polish) 288 Roncesvalles Avenue, Toronto, Ontario	3,285
	Walpole Island Culture Culture Club (Native Indian) P.O. Box 155, Wallaceburg, Ontario N8A 4L6	1,110
Quebec		
	Free Hebrew for Juniors (Jewish) 4649 Van Horne, Montreal, Quebec	3,000
	Trans Canada Alliance of German Canadians, Quebec Branch (German) 175 Deguire No. 1012, St. Laurent, Quebec	960

[Mr. Young.]

		Amount Granted
British Columbia		
	Trans Canada Alliance of German Canadians (German) 10615—160th Street, Surrey, B.C.	1,875
	Vancouver Multicultural Society (Multicultural) 1254 West—7th Avenue, Vancouver, B.C.	3,000
	Total	$34,290

(c) Teaching Aids Development Assistance Program

(i) requested: $151,894 granted: $139,350

British Columbia		
	(ii) Hebrew Education Committee of the Canadian Jewish Congress, Jewish Community Fund and Council and the Canadian Zionist Federation (Jewish) 950 W. 41st Avenue, Vancouver, B.C.	$ 1,500
Alberta		
	Ukrainian Canadian Professional and Businessmen's Club (Ukrainian) 10415—67 Street, Edmonton, Alberta	88,600
Manitoba		
	Education Committee—Winnipeg Jewish Community Council Inc. (Jewish) 370 Hargrave Street, Winnipeg, Manitoba R3B 2K1	3,050
	Icelandic National League (Icelandic) 76 Middle Gate, Winnipeg, Manitoba R3C 2C4	2,500
Ontario		
	Lithuania Canadian Community Inc. (Lithuanian) 1011 College Street, Toronto, Ontario M6H 1A8	4,500
	Sadochok Pre-School Centre (Ukrainian) 83 Christie Street, Toronto, Ontario	9,800
	Walpole Island Culture Club (Native Indian) P.O. Box 155, Wallaceburg, Ontario N8A 4L6	15,000
Quebec		
	Free Hebrew for Juniors (Jewish) 4649 Van Horne, Montreal, Quebec	14,400
	Total	$139,350

PRIME MINISTER

Question No. 182—**Mr. Cossitt:**

1. Did the Prime Minister during a 1977 visit to London and the western Ontario area in the course of a speech state that Canadians were too concerned with summer homes in the country and two cars in the yard and, if so (a) what were the exact words he used (b) in what location did he make the statement and to what audience (c) is the Prime Minister aware that radio news broadcasts carried voice clips of such a statement?

2. Has the government adopted a policy to close the Prime Minister's summer residence at Harrington Lake as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

3. Has the government adopted a policy to sell one of the two $85,000 Cadillacs used by the Prime Minister as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See reply to question 347 of the third session of the thirtieth parliament, *Hansard* No. 139, page 6442, dated June 15, 1978.

MR. W. O. MORRISON

Question No. 375—**Mr. Malone:**

Was Mr. W. O. Morrison hired by the Prime Minister's office and, if so (a) on what date (b) what is the termination date of his employment (c) what is his salary per annum (d) what are his travelling expenses arrangements and what items is he able to include as expenses in the operation of his job?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): No. (a) Not applicable. (b) Not applicable. (c) Not applicable. (d) Not applicable.

[*English*]

Mr. Young: I would ask, Mr. Speaker, that the remaining questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

* * *

WAYS AND MEANS

TABLING OF MOTION

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I wonder if I could ask the consent of the House to return to tabling of documents?

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, on behalf of the Minister of Employment and Immigration (Mr. Cullen), and in accordance with Standing Order 60, I am tabling a notice of ways and means and I ask you to designate the order of the day necessary for the consideration thereof.

* * *

CONFLICT OF INTEREST

PROPOSED STANDING ORDERS TO GOVERN CONDUCT OF MEMBERS OF PARLIAMENT

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): If I may continue, Mr. Speaker, pursuant to Standing Order 41(2), I wish to table proposed Standing Orders of the House and Rules of the Senate with regard to members of parliament and conflict of interest. This is subsequent to the bill which has been introduced.

SPEECH FROM THE THRONE

[*English*]

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Wednesday, October 18, consideration of the motion of Mrs. Ursula Appolloni for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto (Mr. Crosbie) (p. 238).

Mr. Erik Nielsen (Yukon): It is appropriate, Mr. Speaker, that I should be participating in this debate today, the first day of the first ministers' conference. The representation that the President of Privy Council (Mr. MacEachen) referred to, on the views of all Canadians being sought with respect to the form of their constitution, I am afraid does not hold water. The territories were assured, in correspondence by the Prime Minister (Mr. Trudeau) with the premiers, that they would be represented at the federal-provincial conferences of first ministers, the Yukon by its commissioner and the Northwest Territories by its commissioner. Both would, in the words of the Prime Minister, "be part of the federal delegation."

These commissioners, as the House is aware, are appointed public servants, appointed by the Minister of Indian Affairs and Northern Development, from whom they take their instructions. Of course whatever the minister says is followed, because unless his instructions are followed—which theoretically come from the governor in council—the commissioners would not have their jobs very long. But we in the Yukon, sir, are not even enjoying that degree of participation, if it can be called participation at all, in this very important conference on the affairs of our country because we have no commissioner.

The commissioner of the Yukon resigned last August, but then he really didn't resign, and should have resigned a good deal sooner if he followed the example of the ex-minister of labour of this government and the example of the attorney-general of Ontario, and the examples of the other ministers across the way who have tendered their resignations. In any event—

Mr. Hnatyshyn: The list is too long.

Mr. Nielsen: As my hon. friend has said, the list is too long, and I do not want to take up the time in my remarks to go through the whole list, except to say that they did the proper thing.

As I say, the commissioner of the Yukon has resigned, but he has not resigned. Because of pending criminal charges against him, he has "stepped aside", to use his words. We in the Yukon were all under the impression that stepping aside meant leaving the post, but yet he has not stepped aside. The commissioner says that he has stepped aside and has discussed that action with the minister, but he is still there. He still draws his salary and occupies a government house, but he is not performing any of the functions with respect to the job.

Indeed, the daily affairs of the Yukon are now being carried out by an administrator, also appointed by the Minister of

Indian Affairs and Northern Development, a gentleman who has been at that post less than a year. The day to day affairs are really being managed by the elected members or the executive committee. We are totally unrepresented at that most important conference taking place today because of this situation.

I presume that the commissioner of the Northwest Territories is present at the conference, but a fat lot of good that will do him because, as part of the federal delegation, he will be sitting there as another civil servant and the views of northerners will not be heard whatsoever. That is the main subject upon which I wish to speak today.

I received a letter from the Minister of Indian Affairs and Northern Development on July 25, 1978, in which he refers to a questionnaire that it is my habit to circulate throughout the Yukon from time to time. In the letter he refers to the questions with respect to provincial status where I was seeking to establish, through the questionnaire, what proportion of Yukon residents was in favour of it, and what proportion was opposed. He writes as follows:

● (1212)

I am puzzled by question number 4. I would be most interested in knowing what method you have in mind to pay for the cost of provincehood for the Yukon without an increase in taxes or alternatively, a reduction in government services, both of which are underlying premises of question 4.

I would be most interested if you could write to me and elaborate on the ways this could be accomplished.

With tongue in cheek he finishes by saying:

I trust the discussion of this problem will not compromise the well known position of your party.

Because a full reply to the letter would have constituted several pages, if not a small book, I decided to use the vehicle of the throne speech debate to reply. I trust when he receives *Hansard* tomorrow he will read my remarks carefully and take them as a reply to his letter.

It is well known that the national policy of this party is that if it be the desire, the will, of the people of the Yukon, that if the people of the Yukon want provincial status, that will be achieved within the first term of office of prime minister Clark and his government. That is as it should be. We in northern Canada, as Canadians, are asking for no more but no less than the rights and privileges enjoyed by all other Canadians. The answer to the questionnaire which I sent out came back with 65 per cent of those returning it indicating the affirmative, namely, that they would desire provincial status.

The position of the New Democratic Party on this point has always been one of waffling. They say out of one side of their mouths that fully responsible government is a good thing, that all Canadians should enjoy it, and the Yukon is no exception. Then they say, "Mind you, you are not ready for it yet, but sometime in the future it will be satisfactory to meet this very valid desire of the citizens of the Yukon."

On the other hand, the position of the government can best be summed up by using the words of the Prime Minister around August 17 last year. In Whitehorse, he said that the

[Mr. Nielsen.]

Yukon would never be a province within his lifetime. Mr. Speaker, I do not wish the Prime Minister any ill will, but if he is setting that timetable all I can do is hasten his demise because the sooner the people of the Yukon are allowed to express their will on this matter, and the sooner we have a government that will respect that will, the sooner we are going to have the same rights and freedoms that are enjoyed by all Canadian citizens.

I want to contrast the position of the Prime Minister with the position of his own party in the Yukon. The Yukon provincial Liberal party was established four years ago, in 1974. As stated in its constitution, its objectives were as follows:

(a) To advance the social and economic interests of all the people of the Yukon;

That is laudable.

(b) To advocate and support Yukon Liberal principles and policies;

Whatever is meant by that.

(c) To secure full responsible government and provincial status for the Yukon.

They at least are in tune with the wishes of the people of the Yukon. We now find that very noted Liberals, including the Prime Minister, are saying that provincial status is certainly not going to be achieved within his lifetime, and our estimable senator in the other place, Senator Lucier, saying that provincial status is something the people of the Yukon do not deserve, that it is just a stupid policy entirely.

In a draft paper entitled "Outline Platform," issued in 1974, the objectives of the party are set out. The first heading is "Provincial Government" with the subheading "Policy Aim: to achieve provincial status." The next heading is "Policy Objectives," and I will have something to say about this policy of theirs later. It lists the objectives as follows:

—immediate authority for the administration, distribution and disposal of Yukon land

—totally elected executive

—evolution of the role of Commissioner to that of Lieutenant Governor

—assume immediate responsibility for forestry, health, solicitor general's office, and those other administrative areas provincial in scope

—establish a formula for taking over responsibility for resources

I think the hon. member for Northwest Territories (Mr. Firth) will be interested in the next one:

—to achieve an end to the Indian Act by a negotiated fair land settlement, with strong Yukoner input, between Yukon Indians and the federal government, to achieve:

—eradication of racial inequities

—a land in which everyone is subject to the same laws and has the same responsibilities to the Yukon

So, Mr. Speaker, four years ago the Yukon Liberal party took a firm stance in favour of what we in this party stand for nationally, but at the same time the Prime Minister and the government were refusing us full participation in the democratic life of our country. The Liberal party of the Yukon was completely swallowing itself because of the Prime Minister's statement a year ago last August to the effect that provincial status is not a good idea.

The only way we are going to have an input into the important questions being discussed this week is by having the same powers as all other Canadians.

I should refer to just one clause in the constitution amendment bill which will be under discussion at the conference taking place this week. Clause 11, for instance, sets the term of the elected assemblies at the federal and the provincial levels, whilst clause 28 makes it clear that the charter may be extended to the Yukon Territory and the Northwest Territories in the same manner as to the provinces. Surely this is a question upon which we in the Yukon should be making the decisions. What right have the nameless and faceless hordes of bureaucrats here in Ottawa with the Department of Indian Affairs and Northern Development to impose their decisions and will upon the people of the Yukon?

Of course the position of the Minister of Indian Affairs and Northern Development (Mr. Faulkner) is the same as that of the Prime Minister; it had better be or he would go the same way his predecessor went when his views differed. "Participatory democracy" seems to have become unfashionable these days. They brag about "the consultative process." They speak about consulting with the people before decisions are made. That was the thrust of the answer given by the President of Privy Council today in answer to a question from this side of the House. "We have presented our views", he said; "we expect the views of the provinces now to be presented."

● (1222)

I am sure that hon. members do not realize the difficulties under which we operate in the Yukon with respect to land. It is virtually impossible to acquire the smallest piece of land in the Yukon for residential purposes or for a private developer. It is, of course, held in the name of the Crown federal. While they deny the right of the people of the Yukon to administer the disposition and the acquisition of lands, and they deny even the simplest application of an individual to acquire a small piece of land to develop it whether it be for commercial, industrial or for private purposes, at the same time they give away thousands of square miles under the COPE agreement. The minister, I understand is going to sign the agreement in principle either tomorrow or the next day without any consultation with the elected representatives of the people of the Yukon who sit on their assembly, and indeed without any consultation whatsoever with any of the native groups of the Yukon.

Virtually thousands of square miles have been given away to the Inuvialiut people of Northwest Territories. In addition, the minister, by unilateral act, established a wilderness area of 5,000 square miles in the Yukon. Does he discuss it with the elected representatives of the people of the Yukon sitting in their wholly elected assembly? He does not. Does he discuss it with the native people of the Yukon? He does not. And this is the process of consultation!

Notwithstanding the objections of the people of the Yukon, all of them, native and white alike, to the provisions of that COPE agreement, the minister is still going to be travelling to the Northwest Territories in a day or two to sign the agreement in principle. That is not my idea of the consultative process. Contrast that, thousands of square miles that been ceded by the minister of Yukon lands, with the pitiful story of the people of the community at Haines Junction attempting to obtain 13 acres of land to provide for the orderly development of their community. Thirteen acres were finally obtained this year but it is not yet finalized because there is still the red tape of government to go through. But the people of that community first asked for these 13 acres in 1972 and six years had to go by, longer than the total elapsed time of the existence of native organizations in the north in their negotiations for a settlement of their claims. Thirteen acres they could not get, and yet thousands and thousands of acres the government literally gives away with the stroke of a pen. This is not our idea of the democratic process. We have said repeatedly that the title to lands in the Yukon should be in the hands of the elected members of the legislative assembly. That is one of the ways that development of the Yukon could be stimulated in order to permit for the national good the true potential of this resource rich area in Canada.

The other example I want to draw to the attention of members is the position of this government with respect to the length to which they are prepared to go in negotiating the settlement of aboriginal rights in the Yukon. Again, they are prepared to cede to the native organizations a proper stance on the part of the government. The only difference we have is one of degree. There are thousands of square miles on land given away but none to any other segment of the Yukon society which, incidentally, constitutes 80 per cent of the population. The government is also prepared to cede, by way of negotiation, the right to resources in hundreds of square miles of land in the Yukon. Revenues from those resources the native organizations have demanded and they are going to get them. Again, any difference in viewpoint is one of degree.

They are going to get a share of resource revenue from resources mined in the Yukon, but not a word as to the same rights being given to the elected assembly of the Yukon. So there seem to be two standards that the minister is practising here, and of course he wears two conflicting hats in his portfolio. That is a matter a Conservative government would clear up in a hurry, namely, the splitting of that portfolio so there would not be this constant conflict with every decision that the Minister of Indian Affairs (Mr. Faulkner) has to make and the juxtaposition to decisions he makes with respect to developing the north, the Yukon and the Northwest Territories.

That brings me to another subject which is dear to the hearts of Yukoners at the moment, and that is the northern pipeline. This is the natural gas pipeline which is being constructed to bring the product from Prudhoe Bay through Canada to the United States. The Lysyk inquiry recommended the setting up of a heritage fund that would provide the basis upon which Yukoners could achieve legitimate aspirations with respect to the same rights and privileges enjoyed by all other Canadians. That heritage fund was negotiated down the tube by the President of the Privy Council in his negotiations

with the United States. So there are all sorts of onerous expenses which are being incurred now by the taxpayers in the Yukon in furtherance of this federal project without one red cent being spent or guaranteed by the federal government. But then we are used to being treated that way.

With respect to the land policy of the government, I neglected to make mention of the current executive assistant to the minister. He is supposed to be, and certainly he should be if he isn't, the person who advises the minister with respect to Yukon affairs because theoretically he keeps his finger on the pulse of Yukon opinion. That current executive assistant ran for election in the territorial council in 1974. He was not successful, I might add, but I have here one of his pieces of election material. I would think that the minister would take advice from a person who occupies a position that close to him. He says in his brochure with respect to land policy:

● (1232)

Land has to be made available to Yukoners who want to:

Own a home

Build a cabin

Operate a farm

All planning must be designed to meet these needs. There is room for everyone, and you must be given the right to decide where you want to live.

Maybe the executive assistant has lost this pamphlet. I could send him a copy. He might once again prevail upon his minister to adopt those views. With regard to resources, he stated:

Ottawa collects the revenue from Yukon resources. Until this money is allowed to stay here,—

Presumably he wants it to stay in the Yukon.

—the costs of essential services such as water, sewer, and streets must be paid by Ottawa, not on a cost-sharing basis—but 100 per cent. This will help to hold property taxes at the present level.

That is a very sound policy and position for the executive assistant to have taken. I only wish he could convince his minister to adopt those policies. I cannot make reference to him. If I could, I would point out that he is in the gallery. However, I do not even see him.

This brings me to the NCPC. The short answer to the minister's puzzlement expressed in his letter of July 25 this years is: if the government in Ottawa will leave the resource revenues with us, transfer the lands to the jurisdiction of our elected people and transfer the resources to us, we will look after ourselves. Indeed, we more than pay our way.

If we had taken any part in the negotiation of those pipeline provisions, we certainly would have seen to it that other levers of negotiation were used with more effect than they were. That is the short answer to the question of the minister—how can we achieve provincial status and pay for it without an increase in taxes? Simply leave the revenues generated in the Yukon there. At least I have the small consolation of knowing that the minister's executive assistant supports me in that position. As I say, I wish he could marshall the views of the Liberal party in the Yukon to be tuned into the same wave length in order to give him greater strength in making his position known to the minister and to convince the minister that is the proper course to take.

[Mr. Nielsen.]

With regard to the Northern Canada Power Commission, I want to cite a small example in order to knock holes in the argument of the government that we cannot pay our own way. If the government would stop making costly decisions and costly errors in the Yukon, we could with these resource revenues pay our own way.

The power project which was just completed at Aishihik was originally placed in our estimates in this place at $11 million. The final cost being paid by the consumer in the Yukon is $46 million, an overrun of some $35 million. It is a federal Crown corporation which, in my view, and in the view of many Yukoners, should be a Yukon Crown corporation. The federal government overspent $35 million, and the legislation under which the corporation is set up requires that the consumer in the Yukon pay for that dreadful error of the federal government.

When they should be bringing new sources of power into production in order to meet the growing demands of resource rich projects, they are sitting on their hands. The lead time when the commission should have been acting has now gone. The power is required now. There will literally be no further mineral development in the Yukon until such time as additional sources of power are on stream. It will take between three and eight years to achieve any such power development

The pipeline is going ahead. It is going to be so designed to use electrical energy for pumping the product through the pipe. However, NCPC has taken no steps in order to establish power to achieve that purpose at, I might add, great savings in the transmission of that gas. That is one small example of how the Yukon could meet the demands which would be placed upon it by the achievement of provincial status.

There is one other point I wish to bring to the attention of hon. members before resuming my seat. It has to do with native land claims. The position of the government, taken unilaterally without any consultation with the native people, was to freeze the availability of any land in the Yukon for disposition until the native claims had been settled. That has almost brought development to a standstill.

The government is concerning itself more with social and cultural development than it is with development of our resources. The position on this side is, and always has been, that there is no reason why negotiations for the just settlement of land claims cannot proceed hand in hand with industrial and other development in the north without the one prejudicing the other.

The government makes great exceptions with regard to the land freeze. As soon as it needs a chunk of the Yukon to settle the claim of the Inuvialiut people, it takes several thousand square miles to satisfy that claim, and freezes it for other purposes. Certainly it is not for the purposes of the ordinary citizen.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member, but his allotted time has expired.

He may continue only with unanimous consent. Does the hon. member have consent?

Some hon. Members: Agreed.

Mr. Nielsen: I thank hon. members for their tolerance. I do not intend to continue except to sign a footnote to what I have said. I started out by saying that I wanted to answer a letter of the minister of July 25 this year as to how we can achieve provincial status without increasing taxes. The simple answer is to leave us the resource revenues and give us the land. Leave us those revenues and we will manage very nicely, thank you.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I want to put on record a few things that have come to my attention in the last few days and weeks about Canada. Last week a great many of us paid our respects to a former member of this House, a former minister of agriculture, former minister of energy, mines and resources, and late of the Senate. I refer to the Hon. J. J. Greene.

We talk a lot in this House and in this country about unity, what Canada means to us. We recognize this as the greatest country in the world. It was founded in a rather unique way by two founding races. The fact that we have lived together so long and so peacefully makes us the envy of the world.

Today our constitution is being discussed. It is probably one of the most fragile, federal constitutions in the world. I can think of no other constitution which gives to the provinces so much authority and so much freedom.

Several weeks before he passed away, the Hon. J. J. Greene wrote a poem entitled "I Too Had A Dream". I am going to read it into the record:

● (1242)

I too had a dream,
A dream of a land
Where they would deem
Two languages, two cultures
And all their treasures beyond esteem
Would belong to all, out of hand.
But not so said the Vultures
And the dream's but a dream
It would seem.
I too had a dream,
A dream of a land
Enriched as none had been,
By free men, respected for developing here
The ways of the lands they had once seen
And sharing with us, be we Franc or Anglo
Their ways as diverse as the sand
But the Pygmies said NO
So the dream's but a dream
It would seem.
I too had a dream
That once a year in ol' Quebec
The Peewee Hockey Players were to be seen
And that when asked if it was great
The red-headed kid from Saskatchewan did state
I know now why they call them the
Flying Frenchmen—"Can those kids ever skate!"
And Guy Lafleur and the Rocket belong to us too
Just as Bobby Orr and Gordie Howe belong à vous
And all we need is to think in all things
As we do in hockey
That whether Anglo or Franc or Uke
We'll take pride in excellence that is no fluke
We'll overcome together the road so rocky
And in doing so, the dream will come true.
I too had a dream
Nothing original 'twould seem
The dream that the Fathers
And John A and Laurier and King, and Pearson and yes,
Meighen and Borden had long before seen
And in such company I must confess
My courage returns
The flame again burns.
And in my heart of hearts I am
Again keen
That the Pygmies and Vultures we will spurn
And the Vision of McGee will come true
The dream will stretch like the
Shield of Achilles from ocean unto
Ocean blue.
That's up to you, and you et vous
If you believe in the dream as I do.

Mr. Speaker, at the service for the late Hon. J. J. Greene, his daughter read that. He was an Anglican, but the service was held in the Catholic cathedral in Arnprior. Little people of every description, ditch diggers, truck drivers, politicians, Supreme Court judges, and farmers, were all there to pay their respects to this man who really believed in Canada. As one who knew Joe Greene from the time he entered this House to the time he left, I can say he truly was a great Canadian and one who really believed in what Canada stood for.

I want to touch on some things when we talk about unity and what it means to me as a person born in Canada, not like many others who chose Canada to be their home. We who were born here sometimes take Canada for granted; not so other people who came from other lands to make Canada their home, to contribute to this great country. My wife is one of those people. Her dad came to Canada in 1929 and went to Saskatchewan. Those of us who read anything about the economics of that time—and I see some in the House who would remember the economics much better than I do, because in 1929 I would have been five years of age—know how severe conditions were. My father-in-law came to Canada at a time when the farmers could not even pay the wages of their hired men. At any event, he ended up in the soup lines in the great city of Toronto in the winter of 1933. He went to the most southerly part of Canada in the spring of 1933 to work as a hired man for $15 a month. Ultimately, he became a successful farmer though his trade was that of a mason—he was an expert mason, bricklayer and plasterer, having been trained in that trade in Yugoslavia which was part of the old

Austro-Hungarian empire from where he came. He hardly ever used his trade in Canada to make a living because there were just no jobs available in that line. As I say, he became a very successful farmer.

Needless to say, he well remembered his first nine years in Canada, right back to the first one, and he also remembered who was in power. Needless to say, he was something like the former leader of the good old Tory party, the hon. member for Halifax (Mr. Stanfield)—he is sitting in the House at the present time. The hon. gentleman made a speech I well remember—it wasn't according to his written text, but that is a lot like the speeches the Minister of Agriculture makes; all it says on the top of my brief is "Notes for a Speech".

As I mentioned, the former leader of the Conservative party made a speech, and the heading which was placed over the press report of that speech was "The Good Old Days". He went right back to the first world war, all through the twenties, all through the thirties and into the terrible second world war. And the notable part of it was, he said the good old days really started after the war. He talked about the days when there was no unemployment insurance, when there was no hospitalization program, when there was no medicare, when there were none of these programs which look after the unfortunate in our society. Then the hon. member went into the years after the last terrible war and described how these social programs had come about. Those were what he called the good old days.

Mr. Speaker, the hon. member for Halifax was quite sincere when he talked about the good old days. He was recognizing that the good old days took place in this century. He was also recognizing which party was in power and had the most to do with those good old days, not the bad old days he had been talking about before.

I just put some of these thoughts on the record when we talk about unity, when we talk about economics. When I hear what some people are saying about the economics of the country and about the conditions of its industry, and the future of this country, I am reminded of something which happened in my constituency. There was a man went there by the name of Roy Bennett, president of the Ford Motor Company of Canada. I am not going to read the whole of the speech he made but I will put part of what he had to say on the record. He was speaking at a sod turning ceremony for the new plant in Canada. Among other things, he said:

> Interestingly, it was the prime minister at the time when Ford started operations in Windsor, Sir Wilfrid Laurier, who presently holds that distinction.

He was talking about the prime minister who served the longest term of office in Canada, and who still holds that record. And we know that Sir Wilfrid Laurier was a Liberal, too. I thought it was unique in some respects, because here is the Ford Motor Company making an investment of $550 million, the largest investment the company has ever made outside its operations in the United States of America, the largest it has ever made in Canada since its beginning 75 years ago.

Not very far away from them we find General Motors investing over $400 million, and again not very far away, Maple Leaf-Unilever investing $96 million. Right next door to them United Co-operatives of Ontario is investing $22 million. A few miles to the east Labatt-Redpath is investing over $140 million. Ciba-Geigy is investing nearly $2 million right next to my area. I could go on and mention others who are investing large amounts of money at the present time in southwestern Ontario.

• (1252)

I hear the economic pygmies talk about gloom and doom in this country. Does Ford Motor Company not have economic advisers? Ford has the best advisers money can buy. General Motors has the best economic advisers money can buy. So does Maple Leaf-Unilever. Do UCO and Labatt-Redpath, not have the best economic advisers money can buy? Are the economic advisers they have stupid or ignorant? Do they lack the ability to advise the directors of those companies that they should be investing money in Canada at this time? We know they have the best economic advisers. Their advisers are living in 1978, 1979, and into the future. That is why they are telling their companies that the best place in which to invest their money is Canada. Many other people are telling them the same thing, but some hon. members opposite would try to put into people's minds the idea that Canada is a terrible place to be in and that it is terribly mismanaged economically. That message is certainly not getting through to Ford, General Motors, or Maple Leaf-Unilever. Unilever is one of the largest corporations in the world. Labatt-Redpath and Ciba-Geigy, another world company, are investing in Canada because they realize that Canada has the greatest of everything. No matter what anyone wants to say, our standard of living is second to none in the world. Our way of life is second to none in the world.

An hon. Member: Oh?

Mr. Whelan: Our opportunities are second to none in the world.

An hon. Member: Our government?

Mr. Whelan: I hear some noises opposite. I have a brother out in Saskatchewan. People talk about unity. Some wish that we could all be like Alberta. Alberta is a great "unifying" province which is piling up billions of dollars. I am sure we will get Peter to share that. I hope the former mayor of Toronto will get Peter to share his heritage fund with the rest of Canadians. Peter says he is a good Canadian, but $4 billion are being piled up year after year, and that causes some problem in a country which calls itself federal and which has a federal constitution bringing together many provinces.

The politicians of 1930 made a very serious mistake. Do hon. members want me to remind them who those politicians were? They handed over the resources of this country to the provinces. In a certain province people are being told that they will not have any taxes to pay in a few years. That part of the country will still be called Canada. A Canadian on one side of an invisible provincial boundary will have to pay taxes because his province does not have the resources which can be found on the other side. Those resources were certainly not put there by the former premier of Saskatchewan, even though he might like to think he had something to do with their creation. He

maintains that he has created everything that is good, or at least his party does, but some people in Canada are saying that there are too many social services in this country. They are saying that we do not control them adequately. They point to people in Japan, West Germany and such countries as that as being great economic masterminds of industry and trade, but both those countries have social services which can be compared with those in Canada. Let us not deny that.

Some people say that this Minister of Agriculture is not very sympathetic with people who are jobless. I am in this House of Commons because I was once in municipal politics, although in not nearly as big a way as some hon. members. However, when I was in municipal politics, I was guided by and had to abide by the same municipal laws. In 1962 the mayor in my area was not opposed at election time because of the federal and provincial grants the Ford Motor Company received. Spending taxpayers' money made it possible for the Ford Motor Company to come to Canada instead of Michigan or Ohio where the same kinds of concessions were being offered. They are in an economic boom and it is not because of a lack of spending.

On a local radio station the other day I heard the hon. member for York-Simcoe (Mr. Stevens) say that he would not get involved in anything like that. Some hard talking was required in order to get my cabinet colleagues to conclude that we should get involved in things like that, as long as things like that exist in that great country to the south of us. Other economic giants such as Brazil, Japan and West Germany make tremendous concessions and, if we are going to compete in the world market, we will have to do the same.

Someone suggested earlier that perhaps we should not be competitive. Would the hon. member for York-Simcoe, who displays an economic pygmy attitude, rather see us spend money on unemployment insurance? Two thirds of the money put into the construction of the plant, to which I referred, by the federal and Ontario governments, will come back in taxes before the plant turns a wheel. There will also be taxes on steel and other commodities.

The figures I saw while consideration was being given to this matter did not include the tremendous amount of earnings construction people will have. Last night at the airport in Toronto I met someone from the construction industry, and he told me that the industry locally could not supply the Windsor area and that some components will have to come from many other parts of Canada. This development will not benefit only the area I represent but also many other areas of Canada.

I once studied to be a tool and die engineer, but I never completed my studies. Some might wish I had. They might think I would not be here if I had. However, one can hardly find a tool and die shop in my area which can take on any new work before 18 months or two years. They are booked solid. Mr. Speaker, may I call it one o'clock?

The Acting Speaker (Mr. Turner): It being one o'clock, I do now leave the chair until two o'clock p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Turner): Order, please. At one o'clock the Minister of Agriculture (Mr. Whelan) had the floor, and he has ten minutes remaining.

Mr. Whelan: Mr. Speaker, when we adjourned for lunch I was talking about the economy of the country, the future of Canada, unity, etc. I should like to continue for a moment on that.

The recent by-elections were of interest, of course, but I was appalled to hear some of the things said, especially about the Prime Minister of Canada (Mr. Trudeau). When I spoke with some of the opposing candidates, I said, "You know what has been said is not true. Why do you not tell them it is not true?" They more or less walked around that question. They did not want to become involved in long debates. It put me in mind of the time of Christ. One of his apostles, Peter, went to Pontius Pilate and said, "What has this man done which is wrong? How has he sinned, this man called Christ?" Pontius Pilate said, "I can find no way he has done any wrong or no way that he has sinned. But they want him, so let him be crucified". I do not propose, as a member of the government, to allow that to happen. I would rather be an honest, defeated politician. Opposition members cannot say that the Prime Minister has done anything wrong at any time.

I have pointed out some of the economic philosophies to which so-called learned people in this country are referring. I have pointed out that they are bad. I was in Washington some weeks ago at a food symposium on nutrition, on feeding the world, food policy and strategy, etc. I have been quoted since then respecting what I said about jobs. At that time I was speaking in the same context as today, about how well we take care of unfortunate people who are unemployed, disabled, retired, and who cannot be in the earning sector of our society. I pointed out similar things as those pointed out by the hon. member for Halifax several months ago when he referred to the good old days being from 1946 on, when social services looked after those people. I said that it was not the same when I worked and earned 55 cents an hour for 80 hours a week, with no unemployment insurance or social benefits. That was the type of comparison which I was making. There is no country in the world which treats those people I am referring to any better than we do in Canada. Great issue was made of that.

Also great issue was made of the fact that I said the breakfast we received was lousy, when I spoke about nutrition. The right hon. member for Prince Albert (Mr. Diefenbaker) made great play about that. He went so far as to indicate that we were liable to break off diplomatic relations because of such a statement. Editorial writers from coast to coast also made comments about it. How could they write without being there, knowing what I said and knowing what kind of a symposium it was? I have been associated with these people for years. I was not invited by the American government. I was invited by a group of people, plus a public service broadcasting

system in the United States. They were putting on this program. So, I said that the breakfast was lousy. It was a lousy breakfast. It consisted of poor coffee, an old sticky bun, but the orange juice was not so bad.

At that time we were talking about nutrition. Our medical scientists and our nutritional researchers tell us that the most important meal of the day is breakfast. It is the most nutritional meal, because that is when a person's blood sugar is down and he requires energy to work for the next four or five hours before he eats again. That is what we were talking about at that time, but it was never told. Then I find my fellow members in the House of Commons going to extremes and using this comment again out of context. I thought I should put that on the record.

● (1412)

We presently have a program in co-operation with the Department of National Health and Welfare which indicates how people should eat properly and nutritiously. I think this is more constructive than making statements that tend to make diplomatic relations impossible, or break relations with the United States, as some people will try to make us believe.

Mr. Bergland, the Secretary of Agriculture in the United States, knows probably more about Canada and the Canadian Minister of Agriculture than did any other secretary of agriculture of that country because he lives just a few miles south of the Manitoba border. He has done his shopping in Winnipeg and has gone to that city for hockey entertainment. He has said that he has even listened to the national broadcasting system we have in Canada, so he probably knows quite a bit about Canada. I am not suggesting how factual that may be if he listens to that outfit, but some of it would be factual, especially if he listens to the farm programs about which he talks so admiringly.

We talked also about jobs. It has been said that I am not concerned about jobs, or that this government is not concerned about them. This government is concerned about jobs, and this is supported by some of the programs to which I referred. We have even changed some federal policies to entice industries into Canada rather than having them establish in the United States of America, in upper Michigan across the lake and across the river. These are things I feel very strongly about, and I have fought very hard in support of doing that kind of thing in order that we can compete on the same level as the United States, thereby enticing those industries to come to this country.

The NDP—boy! The leader of that party has a new adviser. I read his background, but I did not read that this new economic adviser had worked for a living doing manual labour. I never read of him risking his finger being cut or crushed in a factory, on an assembly line, or something like that, yet he seems to have all these answers, already. I find that difficult to understand. His leader said we were wrong in doing what we did for Ford. I can tell hon. members that union members in the city of Windsor, whether the employees work in auto plants, supply plants, construction or wherever, have never been happier in their lives than they are at the present time. Let that be a fact known to hon. members. We do care about the unemployed.

No country in the world has found as many new jobs as have this country and this government, the government for the people. Hon. members continually refer to the fact that we have so many unemployed. Sure, there is a lot of unemployment in Canada and we are not happy about that. However, I think we should be factual and state the honest to goodness truth about what is taking place. In the past seven years we have created more than 2.3 million new jobs in Canada. Some like to make that comparison with West Germany, that economic giant we hear a lot about. Hon. members talk about this great economic trading country with a balance of payments so good, but West Germany during that same period did not create one new job.

What did some of the countries in Europe do? I suggest they imported people from Yugoslavia and other countries, and when their economies worsened they sent them all back home. At one time there were over 600,000 people from other parts of the world working in West Germany, and Germany sent practically all of them back home overnight. Canada is more humane than that.

Our government and our Prime Minister are more humane. People try to talk about him not being humane when trying to put all these things before the public. Those of you who have ever done that know that is false. During an election campaign, when that wild man in Uganda was sending his people out, he announced that he was allowing several thousand of them to come to Canada, and we agreed. Was that inhumane and political? Perhaps it was not political enough. Maybe we should have stopped some of the small-minded people who think Canada belongs to just those of us who are fortunate enough to be here at the present time, allowing nobody else to come here. I do not take that stand, and I do not think anybody who is a real Canadian should take that stand either.

I am sorry the right hon. member for Prince Albert is not in the House. I wish he were here, as he is a great trial lawyer and I am a great admirer of his. On several occasions in this House he has tried to make a point about final payments under the Western Grain Stabilization Act. The farmers in Canada, particularly those in his part of the country, and in Alberta, know darn well that when you are talking about the final payment you mean the final and complete payment the farmers are going to get. They know this refers to the total payment.

If you go through *Hansard* on the days those attempts were made, and check everything that was put on the record, you will find the hon. member for Lisgar (Mr. Murta) making statements in recognition of what I am talking about, stating there is going to be so many more millions of dollars, and asking why we were not paying it immediately. The hon. member for Lisgar recognized what I was talking about, and I am sure the right hon. member for Prince Albert also knew full well what I referred to then.

When I talk about honesty in politics, these are some of the things I have in mind. I do not mind being told about the bad things, when they exist. If I were to say that this country, with such a fragile constitution, as I said earlier, did not have some problems, that would be untrue, but when we are comparing problems—

The Acting Speaker (Mr. Turner): Order, please. I am sorry to interrupt the hon. minister, but his allotted time has expired. He may continue with unanimous consent. Does he have unanimous consent?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Five minutes.

Mr. Whelan: Mr. Speaker, the deputy speaker down at the other end of the House is telling me exactly how many minutes I should use. I hope you have noticed him. That is the hon. member for Winnipeg North Centre (Mr. Knowles), and that is about the only thing he is centered on, as far as that goes.

If we compare the problems of Canada with the problems of any other country, and I do not care which it is, we find ours are minute by comparison. We have talked about the problems in respect of agriculture, for instance. I think I should say a few words about this industry. I will be as quick as I can.

Never in the history of the agricultural industry in Canada have the producers done as well as they have in the last five years, eleven months, so many days and so many hours—since I was appointed Minister of Agriculture! I suggest that humbly, Mr. Speaker. Let me just put a few figures on the record in relation to farm cash receipts for the period from January to July of 1977, and for the same period in 1978.

From January to July, farm cash receipts in respect of crops for 1977 amounted to $2,558 million as compared to $3,003 million for 1978, an increase of some 17 per cent over the same period last year. That is even better than my best economists advised me was possible. Mind you, I never knew an economist who was right, but that is even better than the best economist advised. Cash receipts in respect of livestock have increased 19 per cent in the same period. We have often talked about the livestock industry.

I suggest hon. members opposite should talk to some of their new members in relation to food policy. Those new members have said many things about food policy and what that party is going to do in relation to food strategy to lower food prices. The Leader of the Official Opposition (Mr. Clark) has said he is going to make tremendous changes in respect of the dairy industry. I suggest to hon. members that before they follow that path they should check to see what the European community is doing. It is studying Canadian dairy policy and is adopting some of the same policies we are following. Australia is doing the same thing regarding its dairy industry. It is following Canadian policies.

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. I hate to interrupt the Minister of Agriculture (Mr. Whelan), but I think it should be pointed out that he did not touch on the subject of agriculture during the course of his speech. He is now beginning to do so as a result of the generosity of members in this House who have agreed to allow him extra time. Notwithstanding the fact that he has made an eloquent speech here today, to which we have listened with attention, during which he talked about his leader, national unity, and the economy, he did not refer to that subject for which in this government he has responsibility to the House and the country. He is now trying to bootleg in an agricultural speech on borrowed time, and I think that is unfair.

The Acting Speaker (Mr. Turner): I would suggest to the hon. member that on many occasions while sitting here I have observed hon. members wandering from the subject at hand, yet the Chair has been pretty lenient. I suggest we listen to the hon. minister.

● (1422)

Mr. Whelan: Mr. Speaker, I was here the other day when the right hon. member for Prince Albert was talking, and we let him talk as long as he wanted. The hon. member for Vegreville (Mr. Mazankowski) is saying that I have no right to talk about anything else. My constituency is 90 per cent urban, and these people depend on the agricultural industry, as does the agricultural industry depend on the commercial and manufacturing industries. They are interdependent. The House has given me the authority to continue on, and I do not intend to abuse that rule any more than anybody else. The hon. member is surmising and placing innuendo on what I am attempting to do. Can the hon. member foresee the future?

Mr. Diefenbaker: Just the other day, I was stopped.

Mr. Whelan: The hon. gentleman was not stopped while I was here.

On going over some figures, Ontario is up 16 per cent in agricultural income; Saskatchewan, 14 per cent; Quebec, 15 per cent; Manitoba, 23 per cent; B.C., 8 per cent; Nova Scotia, 6 per cent; New Brunswick, 2 per cent; Prince Edward Island, 4 per cent, and Alberta is up 3 per cent. These figures are just for part of the year; the final sales have not taken place. We are merely making a comparison with the year before.

There is not a government in the world that has put in better programs for agriculture, or a country that has more productive people than we do in Canada. In the last few years, in this span I just humbly talked about earlier, the farmers in Canada have produced $2,000 per capita more in produce than the farmers in the United States. We hear so much about the great food machine in the United States of America, but we have the best farmers, and at the present time we have more younger farmers than we have ever had since 1962, actively engaged in agriculture. The ratio of young farmers entering and staying in agriculture is the highest it has ever been for nearly 20 years.

When the hon. member talks about bootlegging, I hope he is not suggesting for one instant with respect to the total economy of this country, especially agriculture which provides approximately 25 per cent of the jobs in Canada, that the

person in the auto plant, the brewery or the city worker in Toronto or Windsor, is not concerned about dairy farming. This is one of the things that we talked about, unity. Unity is needed in the areas such as I have mentioned also, and if the hon. member is suggesting that it should not be allowed to take place, I am appalled at this man for whom I hold such high respect.

Mr. Mazankowski: You are on borrowed time.

Mr. Diefenbaker: The minister is talking through his hat.

Mr. Whelan: I am really shook up at what he is saying at the present time about me being, to use his terminology, bootlegged.

Mr. Mazankowski: I think the minister is in for a shuffle, right out of the cabinet.

Mr. Whelan: The agricultural record is so good and speaks so well for itself that I will say no more. I appreciate the extension of time.

Mr. Donald W. Munro (Esquimalt-Saanich): My first words this afternoon, Mr. Speaker, are to congratulate those new members who have taken their seats among us, particularly the one who came in today. May the example of what we are doing today not put him off entirely, particularly the speech to which he has just listened.

Before embarking on the theme I have in mind for the throne speech, I want to compliment the hon. member for York South (Mrs. Appolloni), who unfortunately is not with us this afternoon, and the hon. member for Verdun (Mr. Savard) for the fairly credible job they did, under very difficult circumstances, in their spirited defence of the government to which they belong. It is not an easy task at any time, but they defended it well.

I also want to comment briefly on the despicable performance of government members on Friday when they rose ostensibly to discuss an important bill extending supplementary benefits to pensioners. Instead, they used the occasion to perpetrate inaccuracies, misleading statements and innuendoes about the party to which I have the honour to belong. Nothing is more unworthy of a member of this House than to attribute such thoughts or motives to fellow members. We are said to be "lacking in compassion", "heartless", "uncaring" about those unfortunate souls who find themselves alone, uncared for, and without family in their old age. Those comments are unworthy of those who voiced them in this House.

I hope that I managed to correct some of those abuses of the freedom of speech in this House in the comments I made on that occasion. I can think of no one in this House who fits the description which was attributed to this party. We are all here because we care about our country and our fellow Canadians. At least I hope so; why we should be here otherwise, I cannot imagine. I think a few gentle words of reproof are required to be directed at this stage to those who indulged in those tactics on Friday. I deeply deplore their antics, and I hope that they will not be repeated.

The throne speech debate is an opportunity to become involved in a debate touching on matters that may or may not stem from the throne speech itself, matters of general concern to Canada. I propose to do that this afternoon. On October 19 I attempted to elicit from the Prime Minister (Mr. Trudeau) the policy of this government with respect to fisheries, because there has developed within his government a deep conflict between two departments involving a jurisdiction over fisheries. I tried again today, without success, and was put off with the comment that it was a silly question and not calculated to help matters at all.

The two departments are the Department of Fisheries and the Department of Indian Affairs and Northern Development. I propose to examine this matter because it is one with wide implications, much wider I think than perhaps the Minister of Indian Affairs and Northern Development (Mr. Faulkner) is aware. The matter has not been fully explored, and I think that it ought to be brought out in the open. I would like to go back to the origin of this conflict. I cannot make out the date exactly, but it was in November or December of last year. At that time an Indian band in British Columbia passed a bylaw covering fishing within the reserve, an act which is their custom and within their rights. They claimed sole jurisdiction over the management of the fish within their reserve.

I understand that bylaws passed by Indian bands are all submitted to the Minister of Indian Affairs and Northern Development who is empowered to examine them and either to allow them to stand or to disallow them. I quote from Section 81 of the Indian Act:

> The council of a band may make bylaws not inconsistent with this act or with any regulation made by the Governor in Council or the Minister, for any or all of the following purposes, namely:
>
> (o) the preservation, protection and management of fur-bearing animals, fish and other game on the reserve;

This section says that it is quite within the band's jurisdiction to make these laws.

Section 82 of the Indian Act requires that these bylaws be submitted to the Minister of Indian Affairs, and by some process—and I am not quite sure what it is; I have been trying to determine that—either by explicit act or by default, that is, by taking no action whatever—these bylaws can be approved or disallowed. I imagine the disallowance would have to be done by explicit act. Permission to go through might have to be done by explicit act, or it could be done just by indifference or default on the part of the minister. The minister is nodding his head, so I gather that if no specific action is taken in his department that bylaw becomes law within the reserve. So far, so good, but I should hope that all these bylaws are examined carefully by personnel in the Department of Indian Affairs and Northern Development. I find it more than strange that a bylaw with such wide implications should pass around that department without some of those implications having been detected and the minister alerted. One is therefore prompted to conclude that the minister was alerted.

● (1432)

There was one other minister who was not alerted, however, the Minister of Fisheries and the Environment (Mr. LeBlanc). It seems to me, therefore, that the Minister of Indian Affairs and Northern Development deliberately kept from a colleague in cabinet the fact that this bylaw was going to become the law of the land. I should have thought that cabinet solidarity involved co-operation and that when a matter which happens to fall within the jurisdiction of one minister touched upon the jurisdiction of another, it would be brought to his attention. I should have thought there would have been consultation, but we have it on fairly good authority that the Minister of Fisheries and the Environment was unaware of it during the 40 days that the Minister of Indian Affairs and Northern Development had to allow or disallow the particular bylaw.

There is another minister involved in this who, I suspect, was not notified. Maybe he was, but we do not know for sure and have not had a chance to question him about it. It is not clear whether this bylaw refers just to fishing or to hunting as as whole. It may very well apply to hunting within the reserve, and then we get into the problem of whether it is hunting in or out of season, and whether it is hunting migratory birds for the needs of the native bands. That is perfectly in order and is within the terms of the treaties.

The Minister of State (Environment) (Mr. Marchand) has jurisdiction over the Migratory Birds Convention Act, the implications of which are international. The Minister of Indian Affairs and Northern Development apparently took it upon himself, or else his advisers did not warn him—I do not know which—to refrain from telling the Minister of Fisheries and the Environment about something that affected his ministry, and also to refrain from telling the Minister of State (Environment) about some of the implications that might fall within his area of jurisdiction.

About three weeks ago in the House, Mr. Speaker, the hon. member for Vancouver South (Mr. Fraser) elicited from the Minister of Fisheries and the Environment the admission that somebody had "goofed"—and goofed was the word used. It is in *Hansard* for all to see. We have reason to suspect that that was the Minister of Indian Affairs and Northern Development or one of his colleagues, and I should very much like to know who it was. If it was the minister, then he has not fulfilled his cabinet responsibility and notified his colleagues; if it was one of his officials, I think a reprimand is in order, or even some sort of penalty, for failing to fulfil his responsibilities.

When it became apparent to the Minister of Fisheries and the Environment that this bylaw had passed its 40-day existence as a temporary bylaw and then became law, we have, in default of the Minister of Fisheries and the Environment and the Minister of Indian Affairs and Northern Development, the former parliamentary secretary to the Minister of Fisheries and the Environment who had a few things to say about it.

Does this bylaw refer only to meeting the need of the reserves through which the Squamish, the Capilano and the Seymour pass? Is it just for the needs of Indians on those particular reserves, or is it to fulfil the commercial wants of the Indians? *The Province* of Vancouver for Friday, July 14, 1978, refers to a federal fisheries officer for the Squamish area as follows:

> Last year, he said, Squamish band members took 20,000 to 30,000 fish from the Squamish River with an average weight of 13 pounds (260,000 to 390,000 pounds).

That is a lot of fish, Mr. Speaker, and is what led the former parliamentary secretary to the Minister of Fisheries and the Environment to wonder whether, with the price of fish what it is, the temptations to overfish and sell the catch might prove to be too much. If this were to happen it would be a disaster for the fishery. There is a temptation to fish beyond one's needs, which are met under the treaty rights, and to go into the commercial field. The minister has not made it clear whether he believed that Indians have the right to fish commercially and unlicensed, within their reserves.

The former parliamentary secretary to the Minister of the Fisheries and the Environment may find himself in a conflict of interest. In July, 1978, he was parliamentary secretary to the Minister of Fisheries and the Environment and he is now Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Anderson), so he really has his problems. If the three ministers have problems, then I think this parliamentary secretary has some as well. The parliamentary secretary is quoted in the same newspaper article as saying:

> 'I am sure you are aware that we already have problems with some band areas where hundreds of pounds of salmon are caught for native food but are actually sold in B.C. and also exported out of the province.'

I think the Minister of Indian Affairs and Northern Development owes this House and the Canadian people an explanation of why he disallowed bylaw No. 10, thereby bringing the problem to a head. Was he just trying to enlarge his particular empire at the expense of the Minister of Fisheries and the Environment, and at the expense of the Minister of State (Environment), or did he do it in ignorance? I think this is an important matter and we should know exactly where he stands on it. For several days now I have been trying to secure this from the minister, the Prime Minister, or somebody on the other side, and it was only today I was able to be recognized for the second time. I was not really satisfied with the way my question was answered. In fact I was told it was kind of a silly observation. I feel than when one gets a reply of that sort one ought to have the opportunity to rebut the minister. I propose to do so at ten o'clock one of these evenings to find out why the minister considered it to be silly, because what has happened here is very important.

● (1442)

I believe there is on the drawing board a bill to separate the ministries of fisheries and environment, carrying over to the Minister of the Environment those affairs undoubtedly environmental. There is one other matter, the administration of the Migratory Bird Convention Act. Just before I rose to my feet I went across to the other side to make sure that this was one of the responsibilities of the Minister of the Environment. But there he is caught too, because if the Minister of Indian

Affairs were to extend this particular jurisdiction, as is proposed I understand in revisions to the Indian Act, into the hunting field, then he would run afoul of the international commitments. That, of course, brings in a fourth minister.

Talk about putting a falcon amongst the pigeons or a "Faulkner" amongst the pigeons. Maybe that is where it is. He has really done it.

An hon. Member: Put the pigeons amongst the "Faulkners".

Mr. Munro (Esquimalt-Saanich): He has run afoul of the fowl. We are in real trouble, in any event.

An hon. Member: Where is the "Faulkner" when we need him now?

Mr. Munro (Esquimalt-Saanich): He is the peripatetic minister; he is never around when I want to ask him a question.

However, there has been circulating quite widely in Canada, and it came to my attention when I was in British Columbia recently, a document which is said to be a cabinet document making certain recommendations concerning revisions to the Indian Act. To quote from this document it says:

The following proposals for a revised Indian Act revolve around two basic themes—

And one of these themes in the document is that the band should have:

powers and jurisdiction over the on-reserve management and utilization of fish and game

That does not say whether it is just for their own use, which is a treaty right which allows no exception and is perfectly in order, or whether it goes on for commercial purposes. The way that this was to be done was to revise section 88 of the Indian Act. Here we run across a fifth minister. Section 88 provides that the Indians are subject to provincial legislation, but the revisions are intended to provide that the Indians on the reserve should be subject to federal legislation as well, unless parliament expressly provides otherwise. So there is a real hodgepodge here. We are moving over into the field of federal-provincial relations. We now have the Minister of Federal-Provincial Relations (Mr. Lalonde) involved. That is now five ministers that this apparently innocuous act of the Minister of Indian Affairs involved. I am surprised at all this but I suppose they have to put up a brave face.

The ministers concerned show little concern about the implications of what they are doing. There is the Minister of Fisheries, some of whose management jurisdiction has been taken away; then the Minister of the Environment, because some of his juridiction will be taken away, and, by implication, that brings in the Secretary of State for External Affairs (Mr. Jamieson) because of the international tangents, and finally the Minister of Federal-Provincial Relations because of the proposed amendments to section 88.

From this memoradum I referred to before, let me quote the following:

Where treaties are silent about government regulation—

[Mr. Munro (Esquimalt-Saanich).]

That is, treaties with the Indian Tribes. The article continues:

Such laws would appear not to apply to the Indian people entitled to the benefits of these treaties. Accordingly the Migratory Birds Convention Act would not apply to them and Canada would effectively be in breach of international convention—

This is a memorandum by the public servants to their minister about proposals that they are making to put Canada in breach of international conventions. I do not know what has happened to public servants when they come forward with this notion.

This memorandum goes on to say:

While the Migratory Birds Convention Act and the federal Fisheries Act are federal legislation, they deal with areas which the provinces consider to be otherwise within their jurisdiction in the sense that they form part of the natural resources of the province.

As I say, that is how this problem has overflowed into the area of federal-provincial relations.

I suspect there is one further area which is beyond the powers of this legislature in that these matters may come before the courts to be resolved. The memorandum states that:

The courts have not settled the question of the full effect of the Natural Resources Transfer Agreements on the prairie treaties.

Are the resources that were affected by the transfer agreements superseded by the treaties or do the treaties take over from there?

The memorandum goes on to say:

It is proposed that the revised Indian Act provide clear authority to Bands to make bylaws concerning the management and use of fish and game resources within the boundaries of reserves and clear powers to enforce such bylaws.

There is surely a ground for compromise here which was not envisaged and which ought to be envisaged. The treaty commitments have to be honoured. There is no question about that, but to accord even within the reserves over-all, complete, entire and unique jurisdiction in those areas that are of federal or provincial concern is merely to cause greater problems than we already have, when goodness knows we have enough problems without this one.

The suggestion is made in the memorandum that there might be Indian participation on local game advisory boards. That is fine. Perhaps that would be a better way of doing it so that there might be Indian participation on the advisory boards and the band members might become game enforcement officers on the reserves. Sure, why not? But to extend this, what is called a right, to the Indians, and then to suggest that having done so it might be possible to encourage them to enter agreements either with the province with respect to game or with the federal authorities with respect to fish is, I am sure, asking a bit too much.

I would suggest that the Indian Act as it now stands does have within it, in section 60 and section 73, the power to resolve this matter. As is usual, the resolution suggesting positive steps comes from this side of the House. Do not be surprised if within the next month or so this dispute has been resolved. Full credit will be taken by the ministers concerned. However, let it be noted that here today I mention that

sections 60 and 73 contain within them a germ of a solution to this problem.

● (1452)

Section 60(1) reads as follows:

The governor in council may at the request of a band grant to the band the right to exercise such control and management over lands in the reserve—

We have the granting of a right. I question the use of the word "right" because section 60(2) reads:

The governor in council may at any time withdraw from a band a right conferred upon the band under subsection (1).

I wonder if "right" is the correct word to use. Is it not a privilege, authority, or power? The word "right" has gathered around it a sanctity which, once given, is very difficult to withdraw, although it states quite clearly the so-called right may be withdrawn.

We ran into this problem last week when talking about the right to strike in the Post Office. It had been granted by parliament, and withdrawn on that occasion. Therefore I wonder if we are using the right terminology here.

I mentioned that section 73 would facilitate the resolution of this argument. That section reads as follows:

The governor in council may make regulations for the protection and preservation of fur-bearing animals, fish and other game on reserves;

I think there is groundwork here. Having exposed the dispute, it is obviously there. However, very little is being said about it. When one minister says on the floor of the House that another minister goofed, there is obviously a great problem. I suggest it might he helpful if they got their acts together, we might say. Let them look at their respective acts and see if there is something that can be done. In that sense, and as I seem to have driven the Minister of Indian Affairs and Northern Development out of the chamber completely, I will rest my case.

The Acting Speaker (Mr. Turner): The hon. member for Humber-St. George's-St. Barbe (Mr. Faour). I would advise hon. members that this is the hon. member's maiden speech.

Some hon. Members: Hear, hear!

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, this is my maiden speech. I wish to begin by thanking all those members who over the past few days have offered me their encouragement and congratulations on my coming to Ottawa. It is comforting to a freshman member to receive this encouragement when in unfamiliar surroundings.

In particular, I thank the hon. member for Esquimalt-Saanich (Mr. Munro) for his kind comments at the beginning of his speech. I assure him I am not disillusioned by what is happening today. What disillusions me are the effects upon Newfoundland, and on my constituency in particular, of the policies and programs offered by the Liberals and Tories of the past few years.

Some hon. Members: Hear, hear!

Mr. Faour: Before proceeding further, it is absolutely essential that I pay tribute to my predecessor, Senator Jack Marshall. There is tremendous respect for Mr. Marshall in my constituency. I share that respect. I have held him in high esteem for some time. In fact the esteem in which he is held by his former constituents was probably one of the few positive notes I found while on the campaign trail. I have committed myself to my constituents, and now commit myself to use Senator Marshall as a model of representation. He did a magnificent job of bringing his constituents' problems to the attention of this House.

I am here today to bring the message the people of Humber-St. George's-St. Barbe are sending to Ottawa by electing me to be their representative. They have spoken very clearly the feeling of many Newfoundlanders, namely, that the provincial Tory government and the federal Liberal government have not responded to their real needs.

We witnessed the situation in Humber-St. George's-St. Barbe during the course of the campaign of Liberal and Tory candidates and parachute helpers from other parts of Canada trying to justify the policies of their parties and the effects they have upon Newfoundland. This could not be done without some ridiculous posturing on their part.

The policies of both parties have, over the past few years, amounted to a serious attack on the fundamental foundations of the province of Newfoundland, the economy of that province, and my constituency in particular which, if it does not have the highest, has one of the highest rates of unemployment in this country.

In recent months the government has announced cutbacks in a number of programs essential to the operation of several industries in Newfoundland, the fishing industry in particular. Later it has relented or taken the sting out of its initial remarks. It is like saying to Newfoundland, "We know you are down, we have decided to kick you twice, but instead we will only kick you once." It is ridiculous to expect Newfoundlanders gratefully to accept this kind of relenting.

The message from Newfoundland in that constituency is that they are fed up with this kind of politics. The message goes further. The personal message I received from many constituents while on the campaign trail is that they cannot expect any different or any better from the two old line parties. The Liberals have shown by their record the priority they place on Newfoundland.

Let us look at what has happened in the last few months. The cutbacks in unemployment insurance are probably the most serious undermining of the economy on the west coast of Newfoundland in recent history. In the fishing industry, it will mean a loss of $18 million to the economy of Newfoundland. Overall, it will mean a loss of approximately $35 million, the lowest figure we have been able to obtain. It is horrendous to take that much out of the economy of a province that is now at rock bottom.

An official from a government department in Newfoundland, who will remain unnamed, said that these cutbacks will

mean, in parts of Newfoundland next year, to some people cold homes and hungry children. For that to exist in this country in 1978 is completely unacceptable.

How can you say to a man on the northwest coast of Newfoundland, in February, that he is being cut off unemployment insurance and he will have to find a job? There are no jobs. What we need is job creation, not cutbacks in unemployment insurance. Let's get some positive programs.

● (1502)

Another government announcement concerned the phasing out of the small vessel insurance program. This cannot be placed in the context of restraint because that program, instituted in the early fifties, has been making money for the past 25 years, during which time it has been providing an essential service all over Atlantic Canada, in particular to some 1,200 fishermen in Newfoundland; it is a prime example of a government program which is working as a government program ought to work, that is, in an efficient and competent manner. Yet the government decides to take this service away from east coast fishermen while offering little or nothing in return.

The state of the railways in the province is one more example of the way in which the government has allowed transportation in Newfoundland to deteriorate to the point at which it is completely unacceptable. Policies followed by the government have hit communities like St. Lawrence on the south coast. St. Lawrence was dealt a death blow last year when Alcan decided to close its mine because minerals could be found more cheaply in Mexico—it was not that the mine was failing to make money, but the company could produce more cheaply elsewhere. It is the same kind of thing as happened in Sudbury some time ago in connection with the Inco cutbacks.

It is interesting, also, to examine the activities of the Export Development Corporation and what they mean to my riding. In the Town of Stephenville a linerboard mill has been lying idle for the past year because of government mismanagement and lack of help from the federal government. The Export Development Corporation has not been inactive in this area. Since 1975 it has found some $900 million to invest in pulp and paper mills overseas—in Poland, in Czechoslovakia, and even in such an undeveloped country as the United States! If dollars are available on this scale for foreign investment, it is madness for government to do this sort of thing without taking into account the situation in Newfoundland. Why cannot dollars be found for Newfoundland if they can be found for foreign pulp and paper mills?

In Stephenville thousands of people are out of work. In one area where I was campaigning a few weeks ago a man had a quarter of a million dollars worth of logging equipment in his yard. Last year he employed 82 men supplying this mill. Today, none of them are working. He has had to lay them all off. If we are talking about increasing productivity, what about the productivity of these 82 men which remains unused because of unemployment?

[Mr. Faour.]

I mentioned the abandonment of the vessel insurance program which is making it harder for fishermen to operate. Then there is the announcement of the phasing out of certain programs of the weather office, after which government spokesmen told us they would not to phased out after all. All these things have caused a tremendous amount of distrust among Newfoundlanders about what government does. People will not accept this sort of thing any longer. That is probably why I am here today.

The Conservatives are offering even less. They have been advocating cutbacks for some time, and now the Liberals seem to be following their philosophy. We do not need restraint in Newfoundland. Restraint would be disastrous for us. Our economy needs a boost. The fishery is just at the point of becoming capable of making the province a little better off and providing much needed income during the period when there is really not much hope for us elsewhere. Yet all we hear about is restraint and cutbacks. I do not know how this goes over in other parts of the country but the message I have received very clearly is that this cannot go on.

One interesting thing I noticed during the campaign was that though both the Liberals and the Tories are advocating cutbacks here in Ottawa, their representatives, when they go to Newfoundland, say maybe it would be unwise to apply those cuts to that province. They cannot have it both ways, Mr. Speaker. They cannot advocate restraint in one part of the country, and then say in another part of the country that those restraints do not apply. Policy in this area has to be consistent. This is why I allowed myself to stand for election under the banner of the New Democratic Party, and that is why I am here today. Obviously the people of my riding liked what they heard during the campaign, believed what they heard, and made their decision on the basis of what they heard.

The party to which I belong would not allow cutbacks of this sort to be applied as they would affect Newfoundland and, probably, other parts of the country as well. We are committed to the idea of the public sector being involved in a province such as Newfoundland because private industry has completely failed us, as is obvious from the fact that we have the highest unemployment rate in the country. Indeed, it is higher now than it was during the great depression. If this is not an emergency situation I do not know how we are supposed to define emergency.

I am confident that if a similar situation existed in other parts of the country, perhaps in the Ottawa area, there would be riots in the streets and the government would be compelled to act. But the government is not reacting to the situation in Newfoundland in a helpful way, as a result of which the economy seems to be slipping further and further downhill. The Economic Council forecast that this year productivity in the province would decline by 2 per cent. This attests to the failure of the government's policies and also of those of the government of Newfoundland.

What this party is proposing is well documented. We want increased government involvement in various sectors of the economy, particularly the fisheries. This party has proposed a

national marketing board which would help not only Newfoundland fishermen but fishermen in all parts of Atlantic Canada and do for fishermen what the Wheat Board has done for farmers in the west. At the same time we recognize there is a distinct need for a short-term stimulus to the economy. This does not seem to be part of the policy policy of the other parties. There are many approaches which could be taken at this moment, for example, labour-intensive public works programs such as the upgrading of the railway and the development of harbours in Corner Brook and Stephenville. Small harbours could be upgraded or constructed throughout the province. These things could be done now; and they would provide an immediate stimulus, but long-term benefits to the economy would follow.

That is the message my constituents sent to Ottawa in electing me. They do not approve of what has been happening. They do not endorse the restraint and cutback mentality we have been hearing about over the past few months.

We in Newfoundland want to be an integral part of Confederation, contributing to its development. We do not want to exist on handouts for the next ten or 20 years. We have hopes of becoming in the future, perhaps, one of the "have" provinces, instead of being one of the six or seven "have-not" provinces. We do not want continuing high unemployment; we want to make a greater contribution to the economy.

• (1512)

We want jobs. We do not want to continue to receive unemployment insurance, which at the moment is a bigger contributor to our economy than the fishery. We want productivity to increase, and we want our people to be employed.

How can people have any dignity or pride in themselves as individuals or as a community if they do not have productive work of which they can be proud? This is the kind of thing upon which no positive action has been forthcoming from Ottawa, and I think the people of my riding have delivered a message. The message is that this has to change, hopefully as of now.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, may I change the order of going which is common in these circumstances in the throne speech debate and begin by extending a very genuine and sincere welcome to the House to the hon. member for Humber-St. George's-St. Barbe (Mr. Faour).

Some hon. Members: Hear, hear!

Mr. Jamieson: I have to tell him that it was with considerable pride that I listened to him and also that it struck me, for reasons which will become evident in a few moments, what great progress we have made in Newfoundland in our 30 years since confederation. That period is probably longer than the hon. member's whole lifetime, but let me assure him that 30 years ago it would have been quite unthinkable, I suspect, that a man of his age and talent would have had the opportunity so early in his career to enter the House of Commons in Canada or, indeed, to enter the parliament of our own country as it was at that time. So I extend to the hon. member a very warm welcome. I too, somewhat younger but not quite as young when I came into this House, came in after a by-election, and I know what it is like to find oneself in this rather perplexing place for the first few weeks.

I say to the hon. member, in all sincerity, that if I can be of assistance to him in finding his feet, as it were—although obviously he is doing a very good job of it—he has only to ask, and I will be glad, as a fellow Newfoundlander, to help him in any way I can.

Mr. Broadbent: Don't go too far, Don.

Mr. Jamieson: This afternoon I do not propose to comment on the hon. member's remarks except to share his wish that Newfoundland be a more prosperous place, something to which, for better or worse and with results as with no results, hon. members can imagine, I have committed myself for a great number of years, and I will work with the hon. member or any other hon. member of this House toward that end.

It is clear that this chamber is not the focus of public attention this afternoon, it being quite properly on the first ministers' conference, and perhaps it is for that reason, among others, that after all my years in the House I am going to break somewhat with tradition today and do two things which will surprise my colleagues, not only on this side of the House but perhaps on the other side of the House as well.

First, I am going to employ what are euphemistically referred to as extensive notes. The second point is that I do not propose to be, and I hope I will not be, in any sense argumentative in any way, as it were, baiting the opposition. I know that breaks everyone's heart, but there does come a time when, and I think hon. members will understand why, it is useful to say something which has been considered carefully by me, and I hope hon. members will take it in the spirit in which it is given because I want to talk today for very special reasons about the issue of national unity.

First, I want to congratulate the mover and seconder of this motion. When some of us speak glibly about the uselessness of this debate, we forget about the opportunity it provides for hon. members to express their views on a wide range of issues, as we have seen this afternoon, and this year's mover and seconder have demonstrated that such views are well worth hearing and heeding.

I have just returned from an extensive visit to southern Africa, and also from discussions with representatives of many countries at the United Nations General Assembly in New York. I am struck by the difference between the way in which we, as Canadians, perceive ourselves, and how we are regarded by virtually all of the peoples of the world. They see us as being among the most fortunate countries on earth and, in truth, we are. A single example will demonstrate.

The amount the throne speech proposes as a tax exemption relating to family allowances per Canadian family, setting aside the family allowances themselves, is more per year than

the total annual income of at least 900 million people. Such dramatic figures do not require elaboration.

It is not only in the developing countries that Canada is admired and envied. As the Prime Minister (Mr. Trudeau) showed in his speech in this debate, Canada ranks among the first three or four countries by any impartial economic, social, or other yardstick which can be applied.

An hon. Member: Wrong.

Mr. Jamieson: These facts are not in dispute.

An hon. Member: Wrong.

Mr. Jamieson: Yet there is no doubt that Canada is a troubled country, and it is too facile and mindless an explanation to say that it is all or even largely a matter of leadership, whether federal or provincial or whether in the private or public sectors. The roots of our problem go deeper and are to be found within ourselves as individual Canadians. The maturity with which we face up to that fact, particularly in this House and particularly in the various elective bodies in this country, will determine the rate of our country's progress and, indeed, whether we have a country at all.

Here in Ottawa today our first ministers are meeting to discuss constitutional questions. These meetings remind me—and here I come to the explanation of what I said a few moments ago—that it was 30 years ago this month that I arrived in Ottawa for the first time and, still a foreigner, reported from the galleries and also participated in the negotiations of the terms under which Newfoundland would become a Canadian province. This weekend as I read over some of the documents relating to the first ministers' conference, I was struck forcibly by the fact that little has changed in 30 years or, I suppose for that matter, in the past 111 years of Canadian history. We are still a country with a tenuous hold on nationhood, and regardless of how much government critics may argue, as they always do, that the throne speech is empty, it highlights the goals which paradoxically have both divided and bound us together for more than a century: economic equality and national unity.

Time will not permit an assessment of all the elements in this intriguing and challenging puzzle. Much has been said already about economic matters, and since we are approaching the thirtieth anniversary of Newfoundland's entry into confederation, I propose to confine myself to some brief and necessarily incomplete references to national unity.

When I came to Ottawa first in 1948 I was convinced that there was no such thing as Canadian unity. I was fresh from a bitter referendum campaign in which it was argued, complete with Union Jacks, that confederation was British union, which prompted the retort, "British union with French Canada". Clearly, monarchist arguments and warnings about having French rammed down our throats are nothing new to me.

In 1948 I watched the whole issue of power sharing debated, not just between Newfoundland and Canada but with all the provinces chiming in for fear Newfoundland might in some way get a better deal. Today, 30 years later, as we heard in the speech which preceded mine, little has changed; little, that is, except myself. On March 31, 1949, I became a Canadian, against my will. Born a Newfoundlander, I had opposed the union of my small country with Canada. Thus, with my province's entry I was compelled to test the validity of my new, unwanted country's demands on my loyalty and affection. As a result I am now proud to be a Canadian, strongly committed to national unity, and I hope, with the indulgence of hon. members, that what I have learned may be of some value in the present difficult period.

Newfoundland's resistance to union for so long provides further proof that regionalism is and always has been the strongest influence on Canadian development. Canadians are caught in a constant struggle between their intense regional loyalties and concern for Canada as a whole. Where the basis of this struggle is economic, reflecting a desire for material advancement, the motivation is roughly similar in all regions including Quebec. But when the language dimension is added, the essential difference emerges between the aspirations of Quebec and those of the rest of Canada. Even this distinction is an oversimplification. What is involved is French Canadian, not just Quebec alienation. Therefore the challenge is twofold: to lessen regional disparities generally, and, simultaneously and with equal commitment, to pursue all reasonable measures to give French Canadians in all parts of the country a true sense of belonging.

● (1522)

It is naive to assume, as the NDP and some others tend to argue from time to time, that separatism will be swept away on a rising tide of economic growth, or indeed, that the other threats to national unity posed by the many other manifestations of regionalism across the country are amenable to economic solutions alone. The present issue of Quebec separatism is not a lone aberration thrust on us suddenly to disturb the otherwise smooth and predictable flow of national development.

When this crisis passes, as I am sure it will, there are bound to be others in other regions. This is the price of diversity, whatever its compensating benefits. It is part of the perplexing dichotomy of Canada, and particularly of Canadian federalism. Each new wave of discontent prompts separatist rumblings, or at least a call for the drastic overhaul of structural arrangements. Witness, for example, as we all have, the constant references to western alienation and maritime disillusionment.

Canadians display an obvious ambivalence when, although taking a justifiable pride in their accomplishments, they often see these as having come about despite confederation, rather than because of it. Furthermore, their attitude is common to both weak and strong regions. For example, weakness brings claims that confederation perpetuates disparities. Strength breeds the confidence which reduces reliance on the centre. Yet, most of the time most Canadians, including the majority of Francophones, display a keen sense of nationhood and an

implicit awareness of the need to maintain the proper equilibrium between national and regional interests through the constant renewal of their commitment to the basic idea of Canada. It is that equilibrium, rather than many of its specific elements that change from time to time, which sustain the precarious balance that is at issue today.

The genius of confederation, I have come to discover, has been its acceptance of the respectability of compromise. Our federalism has been able to accommodate a remarkably wide range of often changing, disparate economic circumstances and interests, while maintaining the rough comparability of essential services required for national cohesion. This ability to employ creative pragmatism must be weighed now against the likely effectiveness of various current proposals for constitutional and structural changes. Central to most of these, as it always has been, and as we are hearing today in the Conference Centre, is the issue of power sharing between the federal government and the provinces. Also, there is a need for clarity on how much diversity in regional standards and practices Canadian federalism can tolerate before it becomes irretrievably fragmented. Both our history and present circumstances make it easy to understand why provincial leaders in both good and bad financial circumstances want more freedom to handle their own affairs.

Two gentlemen in the House right now, for whom I have the greatest respect, are former premiers of Nova Scotia and Saskatchewan. They will understand what I am talking about. While there is some logic in bringing decision making closer to those affected, this will not of itself remove the basic causes of our most intractable difficulties. It is my sincere conviction that belief that it will is one of the most serious weaknesses in the present Tory case, and indeed in others. The main sources of regional disparity lie elsewhere, and a more localized approach, as practical as it may be superficial, could produce fragmented, contradictory provincial policies. Changes which sharpen regional differences run the risk of diminishing our sense of nationhood still further.

Despite these real concerns, we must be prepared to embrace demonstrably beneficial new approaches, for Canadians and their leaders must feel they have the means to achieve their objectives. This is especially true for language rights and those economic and social opportunities to develop a sense of place and identity which we all desire so strongly, however difficult it is to undertake the task of articulating them with clarity and precision and without generating unfortunate misunderstanding.

The language problem has always been at the centre of the national unity issue. We ought to recognize that and state it factually, baldly and plainly. Even if the many economically motivated demands of regionalism can be met, through a combination of structural changes and what I have called creative pragmatism, millions of Francophones would still feel deprived in the language and cultural sense. Indeed, contrary to the views of hon. members opposite who lay the blame for current unrest at the feet of economic disparity, it has been greater economic security which has brought an upsurge of interest in culturally centred objectives and the desire to identify more closely with origins or roots. Thus, although Francophone federalists and separatists disagree profoundly on means, all are seeking, in their own ways, self-fulfilment in the context of their own language and culture. The same aspirations are stirring noticeably in other parts of Canada, including my own where there has been a veritable renaissance in terms of the awareness of our people for their culture, folk music, tales, history and heritage.

Having rejected the fortress mentality of separatism, federalists must seek these goals within the broader, more diverse Canadian society which is increasingly receptive to accommodation, but still unclear and sometimes frustrated about what needs to be done.

Greater national unity can be achieved through actions in two broad categories. There are more facets to these categories, but I believe these can be stated objectively as being the two routes which can be followed: those flowing from laws and policies, and those reflecting a more understanding and responsive public attitude. Although the two are often mutually reinforcing, the principal opportunities for rapid, decisive movement lie in government action. I am referring to government in the plural. If we are logical in our assessment, we will recognize that much has been accomplished already.

But, the better climate responsible for these moves has been matched by the simultaneous emergence of increased tensions and the election of a separatist government in Quebec. I suggest this paradox is not coincidental, nor does the explanation lie in any faulty implementation of measures such as the Official Languages Act. Undoubtedly there were mistakes. There had to be with such a far reaching policy. They were inescapable. But the heightened reaction which we have witnessed over recent years, and which is so evident today, was the inevitable result of bringing long simmering, highly emotional grievances on both sides into sharper focus. Canadians, including those in my own province, have been obliged to confront a very fundamental issue, and many have been uncomfortable with the assignment. Latent prejudices and concerns were aroused, and fundamental differences were revealed between Anglophones and Francophones in their perception of the objectives of the act, and more broadly, of just what is needed to give Francophones a genuine and permanent sense of belonging.

● (1532)

I want to say something here that I think needs to be said, and needs to be said perhaps by an Anglophone and by one who is a relative newcomer to the Canadian federation. It is too easy to interpret many negative responses as a reflection of Anglophone bigotry and a stubborn determination to resist having French rammed down their throats. Of course, some of this exists, but there are understandable reasons for many Anglophone attitudes and misconceptions. For example, the Anglophone assumption is widespread, certainly in all parts of the country I have visited, and with the many thousands with whom I have spoken over the years, that most French Canadi-

ans are already bilingual and, as the saying goes, could speak French if they wished. Anything designed to expand the French language and its usage is not seen as a necessity but as an encroachment, or at best, an unnecessary complication.

Yet, Mr. Speaker, we who are here at the centre of the national government know, or we should know, that most Francophones, particularly in Quebec, speak only French and would have as much difficulty acquiring the second language as do most Anglophones. This, of course, is a basic concern of both language groups. Each fears the growth of bilingualism because of a generally realistic, and I emphasize this "generally realistic", awareness that second language competence is unattainable for most of them and will prove difficult even for their children.

These practical problems may be solvable over time through changes in the educational process but, even then, however, neither Anglophones nor Francophones are likely to want basic changes in the nature of their distinctive societies, their cultures and their lifestyles. This inescapable fact brings us to the heart of the dilemma, something upon which I am sure hon. members have spent many hours trying to figure out, that is, what the central or heart of the problem is—why this country, that I joined so reluctantly and have come to admire so much and want to see together, is being torn in this fashion today.

The inescapable fact is that reasonable people can subscribe to the proposition that there should be no barriers to opportunity in a united Canada. Unrestricted mobility in search of advancement is one of the long recognized advantages of Canadian citizenship. We are, in fact, as the records show, among the most mobile people in the world. But this principle of unlimited access, and this is a key point, runs squarely up against many of our regional characteristics and the desire and necessity to keep two linguistic communities, two distinctive cultures, alive and flourishing within the framework of two official languages.

In this context, therefore, the wish, as we hear it, to keep Quebec for Quebeckers and, inferentially, because the inference is clear, the rest of Canada for English-speaking Canadians, has an attraction for some in both camps because of its apparent simplicity. It is, however, dangerously superficial because it ignores the substantial French and English-speaking minorities whose problems would be seriously aggravated by such an arrangement. It tends also to provide a territorial basis for the two nations concept, incompatible with true federalism.

These then are some of the reasons, I suggest, why the Official Languages Act has been less than universally welcomed by both Anglophones and Francophones.

Francophones have the support of reasonable people for two entirely defensible propositions: Francophones should have full and equal access to employment opportunities in English-speaking Canada on the basis of merit; and, where their numbers warrant, they should be provided with services, including education of their families, in the French language. There is not, we all know, universal acceptance of these principles, of course, but Canadians of good will can see both the logic and justice, as well as the necessity for such measures. But, Mr. Speaker, and again perhaps this is not spoken often enough, and certainly not often enough in this House by those of us who have some responsibilities for leadership, it is equally logical, just, and necessary that Anglophones be aware and have the confidence that within the generally French-speaking community, and particularly in Quebec, these same principles must apply in reverse: that, subject only to competence, Anglophones have equal access with Francophones to all employment and other opportunities; and that services, including education, be available under reasonable circumstances in the English language.

Here, of course, the difference between separatists and federalists emerges quite distinctly. Federalists, generally, accept these and similar principles. Separatists, while sometimes uttering confusing qualifications, clearly do not. But Anglophones are aware—I am aware as other Anglophones are aware, and this too is important—that even some federalist Francophones have expressed sympathy for the objectives of Bill 101, for example, even though disagreeing honestly and strongly with the methods it calls for. Anglophones are, therefore, concerned that their commitment to a free and open Canadian society may not be reciprocated by Francophones because the Francophones need to protect language, culture and identity will cause them, wherever and whenever possible, to wall in their community while resenting and resisting comparable moves by the English-speaking community.

This tendency to insulate is basic to the separatist approach. Federalists on the other hand, say simply, and I say it with them, "Let Quebec be primarily a French-speaking province just as, for example, Ontario or Newfoundland, for that matter, are English-speaking. But, let all the provinces recognize certain rights for their linguistic minorities." Quebec's Bills 22 and 101 go beyond this reasonable proposition and make matters more difficult and controversial by defining French as the sole official language rather than the working or principal language.

It is ironic, I should note parenthetically, that more widespread bilingualism is at best a mixed blessing to those Francophones who take this defensive approach to their goal of protection. English-speaking Canadians, however, must recognize and appreciate their right and determination, of which I have become very aware, to remain a distinct grouping, with their rich heritage and culture intact and assured for the future. The alternative is to accept the inevitable breakup of Canada, not merely through the separation of Quebec, but through the mounting discontent and alienation of the large number of Francophones who live in other parts of Canada for whom Quebec's separation offers no solution whatever.

The potential for misunderstanding, resentment and conflict is most acute where the two linguistic and cultural groups come in frequent and close contact; where the English or French-speaking minority is of very considerable proportions. In such areas and regions it is very much a matter of the two linguistic groups living together, and the utmost in reasonableness and understanding is called for in the search for a fair and permanent accommodation. Such understanding, I suggest to

you, cannot ignore the historic English language domination of most key elements of Canadian society, even in Quebec. The intangible effects of this traditional situation are legion, and are responsible for many of today's instinctive and negative reactions on both sides.

The frustrations and, hence, resentments caused by these developments must be recognized and understood. Such reactions are particularly acute in bilingual areas where job security and advancement are seen as being threatened, but everywhere in Canada there is an underlying concern that future economic and other opportunities will be denied those who are not bilingual. It is true, of course, as many bilingual Francophones—and I am sure some of my colleagues here would agree—are quick to point out, that they had to make the effort. But whatever the errors of history, these imperatives, in addition to providing the necessity also provided the opportunity, not only in bilingual communities but in a continent of over 200 million where English predominates. And, of course, although I have stated these concerns from the perspective of Anglophone Canadians, they are no less real for millions of unilingual Francophones.

• (1542)

Clearly, for practical, as well as less defensible reasons, educational systems across Canada have been and generally remain woefully deficient in their ability to teach the second language effectively. We now know also that language training for adults, as sponsored by the Government of Canada and others, cannot, in many cases, produce the desired results even for students whose motivation is strong.

When these practical considerations are linked with the less tangible, but no less real, concerns of Francophones for the preservation of their culture and heritage, the full dimension of the national unity problem is very obvious. In the minds of confirmed separatists many of these goals are mutually exclusive. The task of federalists, members of this House and all who are concerned about a united Canada, is to prove that they are not.

A key tool in this task is education. It has been noted repeatedly, but not always believed by Anglophones, that even today, after the introduction of Bill 101, Quebec still provides more by way of educational guarantees to its English-speaking minority than is provided for French language equivalents in other provinces. Yet, this is the case, and the faster corrective measures are taken, by way of constitutional guarantees and the implementation of new realistic approaches, the faster one of the main and most legitimate sources of Francophone grievance will be removed.

Education, and the greater comprehension and understanding it produces—

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired. However, he may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Jamieson: I am very grateful to the House, Mr. Speaker, and I assure hon. members that I will not impose on their time unnecessarily.

A key tool to this task is education, and the greater comprehension and understanding it produces is the only alternative to the seige mentality, to the "two nations" concept, and to separatism itself. Those who argue for these alternatives fail to realize in most cases that they would produce, not just one watertight compartment, but two, and this situation might very well lead to still more as other regions, although all in English-speaking Canada, sought to erect their own barriers to protect characteristics or advantages they consider important. I am seeing signs of that already in my own part of the country. I believe it to be very, very negative in terms of national unity. I hope that I will have the opportunity to persuade people in my province, for example, that this seige mentality, this idea that it is a "we and they" situation is counter to the very thing for which we fought such a bitter referendum 30 years ago.

Canadian federalism—and I know now after 30 years perhaps better than most because of this unique background that I happen to have, which is not of my own doing—is either totally open or eventually it is nothing. The diversity various regions prize can only be assured through a climate of openness and through policies and approaches that encourage and nourish regional attitudes, including language rights, while at the same time exposing them to the test of relevancy and value.

While putting great emphasis on education, we must, of course, continue to take other steps toward greater national unity. Some of considerable importance have their roots in constitutional reform, a subject that will be much discussed in coming months. It is clear from all of the dramatic developments in Canada in recent years that the time for leisurely, piecemeal dialogue on national unity is over. The election of a separatist government in Quebec is not the only reason for the new urgency; in some respects it is not even the most important. Its greatest significance is the much sharper focus it has given to an historic, ever present problem. It would be a major mistake, however, to assume that the defeat of the Parti Québécois will end the problem. The task of reconciliation and reform pre-dates the Parti Québécois victory and will remain to be completed after the Parti Québécois is gone.

Those who maintain that defeating the separatists can be left solely to the people of Quebec are only right in the narrow sense that it is Quebeckers who will vote in the referendum, and the provincial election when it comes. But, while these actions may defeat Quebec separatism as a referendum issue, they will not of themselves save Canada. There is a real danger that the ousting of the Parti Québécois government will be seen by many Canadians—indeed, it is already being perceived by many Canadians—as the definitive judgment on separatism.

But, even on the narrower issue, all Canadians have an obvious stake in the referendum. That stake is not just the future of Quebec, but the future of Canada. Therefore, in addition to stating unequivocally what is unacceptable to

Canada in the Parti Québécois referendum proposals, it is essential that the Quebeckers be told by their federal government what the federalist options are, and shown how their legitimate aspirations can be achieved best within the Canadian framework. It is unthinkable that the rest of Canada should stand aloof from such a momentous struggle, and those Quebecers, including some federalists, who see this issue as their concern alone, may be well-meaning, but they are wrong.

The Parliament and Government of Canada represent and speak for all Canadians, including Quebeckers, on national issues and in areas of federal responsibility. Nothing fits these criteria more than the threatened dismemberment of the country. There should be no doubts; separatism is the enemy of all Canadians, and all Canadians must oppose it vigorously.

But while separatism is the most urgent and direct threat to unity, it is not the only one. The comprehensive renewal process should not be distorted or compacted into an effort that is directed primarily at the separatist crisis. Other groups and other regions also have problems and doubts. The larger task is to embrace all of these, to find means whereby we can not only lessen grievances but make the entire federal system more responsive and a better instrument for identifying and carrying out the national will.

And there is a national will, I have discovered, a strong Canadian sense of nationhood. It is something more than the distillation of ten provincial government views, the common denominator achieved through the melding of ten often disparate viewpoints, worked and reworked until a consensus appears. Given the complexity of our times, such exercises in co-operation are important, even though not accorded great weight by Canada's founders, nor its leaders during our first half century. The number of federal-provincial or dominion-provincial conferences were few and far between for the first 50 or 60 years of our history.

These founders wisely created a national government, a Government and Parliament of Canada, to represent and speak for all Canadians, the citizens of one nation. Today, just as it is the responsibility of that government and parliament to fight separatism and provide a counterweight to excessive regionalism, it must also articulate national goals, not merely in economic and materials terms, but in ways that will define more clearly—and I have reason to know this through my present responsibilities—to ourselves and to the world what Canada is and for what it stands. Only through such widely shared understanding, Mr. Speaker, can we strengthen the national will still further and share a common pride in the whole of Canada, while fostering and drawing strength and satisfaction from the positive elements of our remarkable diversity.

● (1552)

In this context, while the provinces may be regarded as the bricks of confederation, the Government and Parliament of Canada provide the mortar that binds them into a solid enduring structure. Thus, while the whole is the sum of its parts—and this we forget at our peril—it also has a shape and form of its own. To prevent erosion, formal mechanisms are essential; but these alone will not ensure a strong Canada. Canadians cannot rely on them entirely but must also possess the will to continue living together and to continue saying with pride, "I am a Canadian".

We in Newfoundland have never been at all ashamed of wearing our hearts on our sleeves, perhaps because of the Gaelic background of most of us. In any event, one of those difficult adjustments I had to make as a Canadian was to what I used to describe as "good grey Canadianism"—the kind of feeling that it was somehow improper, or at least modestly incorrect, to express pride in our country, to talk out loud about what this nation means to us. I went through a period when I assumed a part of that greyness, but now I am convinced most sincerely that we have to shrug off what one might describe as a kind of uneasiness or discomfort with the rhetoric of nationhood and say what we think of this country.

Against that background let me conclude by saying that I began with a declaration of personal pride in Canada and of my commitment to work for national unity. Having experienced one identity crisis in my life, I have no wish to contemplate another, because, believe me, it was a traumatic experience. Canada, all of it, is now my home, and no man could ask for better. Through the tremendous advantages that have been given to me by Canada, through these opportunities that have been given to me as a member of parliament and as someone who speaks for Canada to the world, I have come to realize that a variety of circumstances, not all of our making, not always something for which we can take any credit, just God's natural goodness, have brought together on our half of the North American continent a unique combination of the ingredients that give us, as Canadians, a better way of life—not better by comparison with other people in other lands, although most are envious of our good fortune, but better in the sense that these scores of elements, from climate to natural wealth, from majestic scenery and vast open spaces to cleaner, more well-ordered cities, and comfortable, relaxed small towns and villages, from our proud beginnings and our native peoples to our present exciting mixture of races and cultures—all of these and so many more have shaped and responded to our special aspirations as a unique people, Canadians, and have contrived, often without our help, to add joy to our lives, rewards for our labours, and boundless hope for our individual and common futures.

I am grateful to the House for giving me this extra time, but sometime in the future, on the thirtieth anniversary of some other provinces' entry, if there are more, or when people are looking over it, I want to have on record what I thought about this country after 30 years as a Canadian.

Truly I believe we are the most fortunate country on earth. I have no doubt we will keep it that way.

Some hon. Members: Hear, hear!

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to begin by offering my congratulations to the Secretary of State for External Affairs (Mr. Jamieson) for the passion he

put into his remarks, a passion which I am sure stems from the fact that he recognizes the many serious problems facing this country are a direct result of the actions of the government of which he is a member. I want to say that a subject about which I feel equally passionate is scientific research. I have spoken about this a number of times in this chamber, but I am sorry to say that on all of those occasions the suggestions I have put forward have fallen on deaf ears on the government side.

To try to explain the situation a little more clearly or simply, I have to revert to a segment of my life which happened long ago. You may not be aware, Mr. Speaker, that one of the things I retired from to come to this place was farming. I am a retired farmer, so in talking about research in Canada I want to make reference to the farm where I used to live.

As you know, there are a number of animals and birds on farms—horses, cattle, sheep—such as those on the other side of this House. The bird I wanted to deal with particularly is the goose. Everyone knows that the goose lays eggs and that these are a useful commodity. Everybody knows, too, that a goose egg is the symbol for something not very valuable, or perhaps that even represents failure. That is only the case if it is a normal goose egg, of course, but if it happens to be a golden egg, that changes the picture.

I want to spend some time talking about the golden egg. The farmers to whom I am referring, namely, the people of Canada, are fortunate because the goose they own happens to lay golden eggs. That goose is the medical and scientific research community of this country.

We know that in order for a goose to produce, it must have certain things. It requires nourishment—by way of corn, perhaps; it requires shelter—a place to build its nest where it can lay the golden eggs; and it requires some water and some general care. If care is given to the goose it will produce golden eggs every day, every week, every month, and perhaps every year.

That is not to say that a goose is the only animal or bird on a farm. We recognize that there are other animals that need to be fed some of the same corn that the goose needs. It is a question of deciding in times of restraint which should be fed the most or the least.

As I recollect, if there were pet cats or dogs they were generally considered by the farmer to be non-productive and perhaps were even sacrificed during times of restraint or lack of food. Unfortunately, the government we have, has chosen to starve the goose which lays the golden egg, and has chosen to feed greater and greater shares to the pet cats and dogs.

● (1602)

Canada, in common with other developed nations, largely depends on science and technology to maintain and develop its standard of living. Unlike governments in other industrialized countries, the Government of Canada has for the last ten years shown a total lack of concern for the need to develop an adequate fund of scientific and technical knowledge or scientifically and technically educated people. In essence, the Government of Canada has been satisfied to base our standard of living on depleting natural resources and on using the scientific, and technical knowledge and efforts of other countries.

When the government has spent money, it is clear the spending has not been done in anything that resembles an optimum fashion. Rather than asserting strong leadership by committing itself to support research and development, rather than striving to create a science and technology infrastructure that could provide the critical underpinning for industrial and socioeconomic programs, the government has discouraged innovation. It has discouraged hard work; it has discouraged productivity. Instead, the government has chosen to spend the taxpayers' money on creating a huge unwieldy and largely inefficient bureaucracy. Surely this direction is not the road to economic progress.

Few Canadians would pretend that it is easy to establish a comprehensive, scientific and industrial strategy. But unlike those who sit on the other side of the House, we in the Progressive Conservative party will not be dissuaded by issues bearing on ease of accomplishment. We reject categorically any short-term politically-expedient answers to our problems stemming from deindustrialization and scientific-technological insufficiency. We do this in the certain belief that Canada needs to grow and create new wealth. In other words, we need to have new golden eggs, to put it in simple language for the other side, for the benefit of all Canadians in every province. We do this because we recognize that the principle element of any national growth strategy is already visible. Canada, like all other successful western industrialized countries, must emphasize research and development and high technology if it is to compete successfully in the world.

The Progressive Conservative party believes the future of Canada is at least as important as the present. We must look to the future by working diligently to solve the many problems that exist today. The cornerstones of Canada's thrust toward a healthy science base should be similar to those of any other high priority national effort. A science strategy, like an industrial strategy or cultural strategy, will need to be based on existing strengths and needs of our country, on coherence and relevance, and on co-operation between the federal and provincial governments, industry, business, universities, and the lay community.

Finally, Mr. Speaker, a scientific industrial strategy must be based on continuity and stability since progress in science is utterly dependent on the continuing infusion of ambitious, productive and creative new talent. So to state it again in simple terminology, the golden goose indeed does have the capability of reproducing, or at least to regenerate some of its lost parts. In other words, if one plucks a feather, the goose can grow a new one. So it is not too late to correct the wrongs of government shortsightedness.

For the benefit of those Liberal members who for so long neglected science and technology, I would like to point out that Canadians, in spite of the government's negligence, have demonstrated excellence in both basic and applied research in many fields and disciplines. In the area with which I am most

familiar, biomedical research, the list of Canadian research accomplishments is both long and impressive. This is the list of golden eggs that I want to put on the record. For example, Dr. Sourkes of Montreal and Dr. McGeer of Vancouver jointly elucidated the cause of Parkinson's disease, a condition which causes uncontrollable shakiness in certain individuals; Dr. Robinson of Vancouver has developed a method for controlling rheumatoid diseases; Dr. Noble, also of Vancouver, has discovered an important group of anti-cancer drugs; Dr. Nickerson, also of Vancouver, has developed drugs used in the treatment of high blood pressure.

Dr. Merrimam of Saskatoon has demonstrated the relationship between grain dust and chest disease and has also pioneered work on the role of exercise in coronary heart disease; Dr. Kirkaldy-Willis' work in Saskatoon has improved methods of managing low back pain; Dr. Harold Johns, formerly of Saskatoon and now working at the Ontario Cancer Institute in Toronto, discovered and developed a Cobalt 60 unit for radiation treatment of cancer; Drs. Gold and Freedman of Montreal developed an extremely important diagnostic test for bowel cancer; Drs. Horlick and Sodhi of Saskatoon—there are a lot of good scientists in Saskatoon, some good politicians, and some bad ones too—clarified the role of high fat levels in atheroschlerosis and their control with drugs; Dr. Chang of Toronto developed a purification cartridge for portable artificial kidney machines; Dr. Bruce, also of Toronto, developed the rationale for combination cancer therapy.

This listing of major accomplishments by Canadian biomedical researchers is by no means all-inclusive. It does, nonetheless, clearly indicate that in addition to the highly publicized achievements of people like Wilder Penfield, Hans Selye. J. B. Collip, D. H. Copp, Fredrick Banting and Charles Best, this country has many other scientists of first-class international standing.

Canada does not lack scientific talent; rather, it lacks a science policy which would allow researchers to contribute to improving the health and well-being of Canada and the economy of the nation. The government that we are faced with today in this chamber deals with health research as if it were an expensive charitable budgetary outflow. The fact is that health research expenditures by the federal government constitute less than 0.2 per cent of the total budget, and less than 1 per cent of the Department of National Health and Welfare budget. Furthermore, there is now ample documentation that funds spent on health research are a prudent investment for reducing health care costs in the future. They are not a charitable expense without any tangible fiscal benefits.

You may be asking, Mr. Speaker, what that means, and perhaps even members on the other side might be curious about how much one of these golden eggs is worth. It might even be thought "Who cares about golden eggs? They be worth nothing." However, I can assure hon. members that the value of gold is very high these days, and I would like to give an indication of what these golden eggs are worth. For example, Dr. Bob Hickie of the University of Saskatchewan has recently completed a study which shows that for every dollar invested in health research, the minimum return within ten years by way of permanently reduced health care costs is at least $20.

The total research cost for developing poliomyelitis vaccine was $41 million. The estimated saving to Canada since that time has been about $200 million per year since 1955. Just consider that saving, for a small investment. The saving due to this discovery alone more than pays for all the health research done in Canada since that year.

Measles immunization has resulted in a saving to Canadians of at least $10 million per year. Treatment of hemophilia saves Canadians $20 million per year in hospitalization costs alone, not to mention the suffering of patients which has been reduced. Basic research into the cause of blindness in premature babies cost $34,000. The annual saving due to the averted blindness is $24,000 for every dollar spent on research.

● (1612)

The discovery of the antibiotic streptomycin used for treatment of tuberculosis has saved Canadians $30 million per year since 1952. Penicillin continues to save more lives each year than were lost during the entire Second World War. Just consider that, for a government which looks on research as a charitable outflow. If typhoid fever were treated today by 1935 standards, the patient would have to be hospitalized for about 50 days at a cost of about $8,500; now the costs include a prescription for chloramphenical at about $5, and one or two days of fever.

The basic research by Canadian scientists into the defect associated with Parkinsonism and its treatment with L-DOPA saves Canadians at least $120 million per year. A diagnostic test for cancer of the bowel, also developed by Canadian scientists, saves Canadian taxpayers about $60 million per year. The total cost of discovering insulin by Drs. Banting and Best was less than $30,000; though not yet documented, the total monetary saving to Canadians since the discovery in 1921 would be staggering.

The lives and livelihood that have been spared by cures and treatments resulting from basic and applied biomedical research during the last 40 years have been estimated by Creditel of Canada Limited to save Canadians $1.7 billion this year. This saving represents nearly 10 per cent of the total budget of the Department of National Health and Welfare.

We believe that the government's expenditures are in general excessively high, and in some areas outright wasteful. As I mentioned, this government can be compared with the farmer who feeds too many cats and other family pets which are not productive. We believe also, however, that spending in the area of research and development should be regarded as a needed investment, not as a loss of federal dollars. It is not a loss or simple expenditure. Federal investment in this area must increase, not decrease, because it is clear that scientific innovation could play an essential role in achieving many of Canada's economic objectives, a strong manufacturing sector with consequent growth of employment opportunities, industrial effectiveness leading to greater price stability and a stronger value

for our dollar, positive international trade balance in high-technology manufactured products, good quality cost-effective health care, and a strong, confident, and visionary scientific community.

The government's proposals to cut back further on investment in research and development and the closely related area of post-secondary education are ludicrous. They are tantamount not only to starving the golden goose, but to plucking its feathers and cutting off some of its limbs.

It is truly a quixotic government policy that, on June 1 of this year, proposes to stimulate scientific and technological growth in this country and then, just a few months later, it reneges on the same promises by cutting back on investment.

The proposed cutback in science and technology activities will adversely affect the research performance of most government departments and all Canadian universities. The Department of Agriculture would lose $8.5 million from its science budget; the Department of Environment, $11.7 million; the Department of Fisheries, $11.1 million; and the Department of National Health and Welfare, $10.3 million. The three extramural research granting councils, already desperately short of funds to support scientists and provide equipment and support staff, would lose a total of $3.1 million.

The ramifications of the proposed cut of $0.5 million in the budget of the Medical Research Council and $2 million in the National Health Research and Development program will be much more extensive than simply its effect on the investigators themselves.

The Prime Minister (Mr. Trudeau) and the Minister of National Health and Welfare (Miss Bégin) continue to pluck the feathers off the golden goose. Perhaps they will be used for a pillow to make the Prime Minister more comfortable, the pillow being the PMO. There have been no cutbacks in the Prime Minister's office, only in research and other areas. The effect on health care in Canada of this loss of research potential and trained personnel will be particularly severe and will affect the formation and development of cost-effective health care policies. In addition, this loss will affect the training of physicians, other health professionals, research scientists, and will directly affect patient care, as trained personnel leave Canada for other countries which recognize and support scientific research.

These losses will be irreparable. Obviously if you cut the head off the golden goose there will be no more golden eggs. It will be impossible to replace trained staff, and there will be a cessation of valuable research programs which have taken many years to develop. These programs will not be able to be started again on short notice when the fiscal climate becomes more favourable, as it will when a Conservative government takes over, as it takes many years to recruit skilled scientists and to train new staff. There is no doubt that there will be a reluctance among skilled scientists to work in a country which has so clearly shown its lack of interest in and continued commitment to research.

One example of a health research program which will be discontinued if these proposed cuts are implemented will serve to illustrate the lack of vision from which this government suffers.

In the Department of Pediatrics at the University of Manitoba, Dr. Judith Sayed, one of the very few pediatric nutrionists in Canada, and a National Health Scholar, is investigating the nutrition and nutrition-based diseases in Indian and Inuit children in Manitoba and the Northwest Territories. A number of previously unsuspected problems have already been found. Rickets, a vitamin deficiency disease, thought to have been abolished in Canada, still exists among children in remote Indian communities. Intolerance to milk due to deficiencies in gastrointestinal motility, is very common among older Indian and Inuit children and may contribute to diarrheal illness. The high incidence of infectious diseases among Indian infants is, in large part, due to a mistaken preference for bottle over breast feeding. As a result of these findings, remedies are already under way to improve the health of native children.

The Medical Research Council is the main source for biomedical research funding in Canada. That body provides most of the corn to feed the golden goose. It provides approximately 50 per cent of the total $130 million currently spent on health research. Under the current administration the growth of the MRC budget, particularly since 1971, has been painfully inadequate. The measure of corn for the goose has been smaller and smaller. The increases during the past eight years have not even kept pace with the cost of living increase, let alone the inflation costs of scientific equipment, materials and reagents which have been increasing by at least 15 per cent per year and at present exceed 20 per cent taking into account the 85 cent Canadian dollar.

In terms of the total budget of the Department of National Health and Welfare, the MRC budget has fallen from 1.33 per cent in 1971-72 to 1.30 per cent in 1972-73, to 1.14 per cent in 1973-74, to 0.87 per cent in 1974-75. Currently, the MRC receives approximately 0.6 per cent of the total budget of Health and Welfare. The ratio has gone down by about two thirds.

On June 1 the government announced it was going to devote 1.5 per cent of its gross domestic product to research funding. It proposed regional "centres of excellence", innovation centres, and changes in government procurement policy to stimulate Canadian research and development. All these things were swept aside only eight weeks later.

• (1622)

That is why there needs to be a change in government. The Prime Minister has decided to eat the goose's corn. Indeed, he is poised to eat the goose itself.

The Conservative party stated on an opposition day not too long ago that we are committed to directing 2.5 per cent of the gross national product toward scientific research, a program to be implemented over five to seven years. We are talking about trebling or quadrupling the measure of corn for the golden

goose. Such a measure will at least enable us to catch up with the level of funding practised in the United States and other industrialized western nations.

To sum up, the Liberal government is starving and dismembering the research community. The Prime Minister has not only reduced the amount of corn available to the golden goose, he has plucked its feathers and pulled off one leg for a meal; he is now holding it over the chopping block by the remaining leg. Why, one might ask, is he doing this since it is so obviously the wrong thing to do? Well, perhaps he does not care about the golden goose. Perhaps he just wants to eat the goose. We, as the party of the alternative government, propose to correct this disastrous policy and to restore the research community to a healthy status so that it can continue to carry out the research which is necessary if this country is to be a viable and competitive nation.

Hon. James Richardson (Winnipeg South): Mr. Speaker, for more than two years, since I resigned from the cabinet, I have been warning the Prime Minister (Mr. Trudeau) that he was leading Canada in the wrong direction, that his policies would do more to divide the nation than to unite it. The fundamental flaw in the policies of the Liberal government is that they emphasize our differences as Canadians instead of emphasizing all that unites us as Canadians.

I have had the opportunity to give this warning on many occasions—here in the House in the debate on the Speech from the Throne a year ago, before the Pepin-Robarts Task Force on Canadian Unity this January, and when I crossed the floor of the House in June of this year. Now that we have seen the results of the 15 by-elections on October 16, to see that the Canadian people are trying to tell the Prime Minister and the government that they are going in the wrong direction, that they are doing more to divide the country than to unite it, it is all I can do to resist saying, "I told you so."

My warning has not been confined to the national unity issue. More than two years ago, when I was writing my letter of resignation to the Prime Minister, I said:

> I do not believe the government has fully recognized and utilized for the common good the energies and creativity of Canadian entrepreneurs. The bureaucracy is still too big and government is still interfering too much in the working of the economy.

That was more than two years ago. Now, at last, in the Speech from the Throne the government is talking about, and I quote, "the private sector leading the way towards accelerated growth". The Speech from the Throne goes on to talk about "encouraging a more vigorous expansion of the private sector by reducing the governmet's share of the national wealth."

The words are beginning to sound right, Mr. Speaker. The government has finally learned to say the right thing even though it is not yet clear whether the government really understands its own words and, more particularly, whether it really believes its own words. Only the budget which has been promised for next month will show whether the government's new-found confidence in the private sector is anything more than empty rhetoric. Only the budget will reveal whether the government is capable of understanding how to restore investor confidence, both Canadian and international investor confidence; because that is the essential first step in revitalizing and strengthening the Canadian economy.

Today, as members of parliament, we find ourselves in an extraordinary situation. We have just read a Speech from the Throne which calls for national unity. It comes from the same government that gave us the constitutional amendment bill, Bill C-60, which is one of the most divisive pieces of legislation ever placed before parliament. For example, it calls for a double majority, a French and an English majority, on matters of linguistic significance in the new, proposed House of Federation. This proposed legislation also calls for two classes of Supreme Court judges. Certain judges will be able to make judgments in relation to the civil code and common law. Others will only be able to make judgments about the common law. Surely two classes of judges cannot be based on a one-nation concept?

Then we find the preamble to the constitution in this new legislation. The preamble spends more time trying to describe our differences as Canadians than in trying to encourage our unity. Legislation of this sort cannot possibly unite Canada. I do not think it is enough for the government to say it will revise the legislation, as promised in the Speech from the Throne. The government is so completely on the wrong track that it will be necessary, as I said in the special committee, to put Bill C-60 into the shredder and start over again with a new concept which could really help achieve a united Canada.

Fortunately for Canada, the democratic process is at work. There is widespread opposition to Bill C-60 and to the government's proposals for constitutional amendment. The premiers unanimously opposed the legislation at their meeting in Regina, and though I have not heard the whole of the proceedings at the conference today it appears they are saying the same things today as they did then. Also, the Senate is opposed to the proposals—and not just to protect itself, as some have wrongly suggested, but for much more fundamental reasons.

● (1632)

Wide sections of the media are opposed, and growing numbers of the public are opposed, so we have all this opposition to the constitutional amendment bill, and it is very clear that the democratic process is working. It has been made clear that the government's proposals for constitutional change are clearly not a reflection of the national will.

Despite this widespread and really overwhelming opposition, the Prime Minister gives ever indication of wanting to lock his vision of Canada into the constitution. He still wants to proceed with his vision of Canada. In the throne speech debate the Prime Minister spoke for more than an hour and a half, but one sentence revealed his thinking better than anything else he said in that long debate. When the Prime Minister was talking about the constitution giving protection to his concept of language equality, hon. members who were here on October 12 will recall that he said that it was not really vital to him whether the Supreme Court had nine judges or 11 judges. He said it was not really vital to him whether the House of the

Federation was directly elected or elected by the political parties.

The all-important sentence in his whole speech can be found at page 37 of *Hansard* for October 12, 1978. The Prime Minister said:

It is vital to me that it—

He was referring to the constitution: "that the constitution":

—does give protection to the kind of linguistic equality that this government has put into the statutes.

What does the Prime Minister mean by "give protection"? Clearly, he means that he wants to give protection from parliament. He wants to protect his legislation from any amendment by future parliament. He wants to place his legislation beyond the reach of parliament. Recently I read an article by a newspaper columnist who said that the Prime Minister is prepared to give up power and to give up authority. This columnist was right in this way: The Prime Minister is prepared to give up power and authority, but he is not prepared to give up his power and his authority. What he is prepared to do is give up the authority and the power of his successors to change what he has done.

The Prime Minister obviously does not believe in the supremacy of parliament: he believes in the supremacy of a written constitution.

As recently as this morning when he was opening the federal-provincial constitutional conference, the Prime Minister said, "We want a Canada in which we are all bound by one law," the law of the constitution. I do not believe that Canadians want to be bound by anything, and certainly not by a Trudeau-written constitution. I think members of parliament should be warned by the sentence I have read from the Prime Minister's speech and they should be ready to defend the supremacy of parliament over the supremacy of a written constitution.

I receive thousands of letters from Canadians on this subject, and the people of Canada do not want the supremacy of a Trudeau-written constitution to replace the supremacy of a democratically elected parliament.

The Speech from the Throne talks about good will and about flexibility on all sides. I believe the trouble is that the government wants flexibility from everyone but does not want to be flexible itself. One example of inflexibility over the years has been the Prime Minister has insisted on an amending procedure which gives a single province the power of veto.

I know that today there is some general talk about looking at other forms of amending procedure, but ever since 1968 the Prime Minister, in his letters to provincial premiers and in other ways, has never varied from the Victoria formula, which called for a perpetual veto for Ontario and a perpetual veto for Quebec. We do not have to draw pictures to explain that when we are dealing with linguistic matters a perpetual veto for Quebec has more significance than a veto for other provinces. We should be aware that there is no federal state in the world which gives to one of its constituent parts, that is, a province, a state or a canton, the same right to approve or disapprove amendments to the constitution that belong to the nation itself, and yet that is what the Prime Minister is proposing. He is proposing a single province veto.

I have made several proposals for amending procedures of the kinds used in other countries. I have proposed referenda and a two-thirds majority of an upper house. There are several possibilities. What they all have in common is that they would be a reflection of the national will. I think it is vital that we amend our constitution with a consensus of the people of Canada as a whole and not that we find ourselves placed under the veto of a single province.

The last thing I want to say regarding amendment of the constitution is something which has been mentioned by others, but it is so important that it requires emphasis and repetition. This government does not have a mandate to make fundamental constitutional changes. I remember the 1974 election, as other hon. members do, but there was no discussion of the constitution in those days. We talked about wage and price controls and about other matters. We discussed the constitution in earlier years, so we cannot say that it is just because of the Quebec election of November, 1976, that we are now discussing the constitution. We discussed the constitution before the 1972 election, but not before the 1974 election. If we check the records, I think we will find that there has been very little discussion of the constitution or constitutional amendment, so the government does not have a mandate, particularly in this fifth and dying year of the government, to expect the Canadian people to agree to see fundamental changes in the constitution. That is totally unthinkable.

In passing, it is perhaps worth making the point that we are talking about fundamental change. The Prime Minister likes to use the word "renewal". He talks about renewal of the federation, but I think we should all be aware and be warned that "renewal" is a buzz word. It is a catch word. It is intended to hide the truth. From now on, every time members of parliament and the public read the words "renewal of the federation," I ask them to read "fundamental change " in the federation. Then we will be closer to understanding what the Prime Minister is really trying to do.

● (1642)

Fortunately for Canada, there is an answer to Canadian unity. It is the answer we have always known, and we have lost it only for a little while. Once again it is being presented and articulated by a group of citizens who call themselves Canadians For One Canada. They have set out in clear and precise terms the principles on which they believe Canada can be built as a truly united nation. If the Speech from the Throne had been based upon these principles, today we would be on our way to becoming a truly united nation once again, to being one Canada, instead of being divided and confused by the government's false concepts of duality, diversity, and division.

Canadians For One Canada believe above all in a truly united Canada. These are their firmly held beliefs and principles as contained in their brochure. Their first belief is that Canada is a partnership of all Canadians and not just a partnership of two founding races.

Second, they believe that it should be possible for all Canadians to be united by a common national language and, at the same time, to welcome and respect the French language as an important regional language.

Their third belief is that the serious problem of language difference does not exist in most of Canada, but is essentially a regional problem which can be solved regionally by French-speaking and English-speaking Quebeckers becoming increasingly bilingual. Surely this is the common sense answer which provides Quebec with the best of both worlds and, at the same time, achieves a truly united Canada.

The fourth belief of Canadians For One Canada is that the attempt to entrench nation-wide French-English language equality in the constitution only extends the problem of language difference; it does not solve it. Also they believe that amendments to the Constitution of Canada must not be controlled by the veto of any single province, but must always be a reflection of the national will.

Finally, central to the whole concept is their firmly held conviction that Canada is one country and Canadians are one people. As soon as the beliefs and principles of one Canada are written into a future speech from the throne, Canada will be well on the way to becoming a united nation, a truly united nation, once again.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Demers: Mr. Speaker, I rise on a point of order. Would the hon. member allow me a question?

[*English*]

The Acting Speaker (Mr. Turner): Will the hon. member for Winnipeg South (Mr. Richardson) accept a question?

Mr. Richardson: Yes, I will, Mr. Speaker.

[*Translation*]

Mr. Demers: Mr. Speaker, I would like to put a very simple question to the hon. member. Does he accept in essence Bill 101 of the government of Quebec?

[*English*]

Mr. Richardson: Mr. Speaker, I have said many times that as long as we can leave the difficult problem of language at the level of statutory law, I see no problem. I am referring to Bill 101 at the provincial level and the Official Languages Act at the federal level. Laws made by parliament or by the national assembly, as in the case of Bill 101, can be amended by future generations of Canadians and parliamentarians. I am opposed to taking the principles of the Official Languages Act and locking them into the Constitution of Canada under a rigid amending procedure which, for all practical purposes, prevents amendment. In other words, it is the locking up for the future to which I am really opposed. I do not think a law passed by the House, or by the Quebec National Assembly, is forever a law. It can be amended. Therefore, I see no problem with Bill 101. But one should read carefully what is in Bill C-60 because it entrenches Bill 101. It is wrong to tie the hands of future generations of Canadians in that manner.

Mr. Maurice Foster (Algoma): Mr. Speaker, before getting into the comments I wish to make this afternoon, I should like to refer to a couple of the suggestions made by the hon. member for Winnipeg South (Mr. Richardson). His concept of Canada is certainly one which will never bring unity or harmony to the country. Where is the equality in having one national language and one regional language? Where is the equality in providing language guarantees to English-speaking Canadians in Quebec only in federal legislation and not entrenched in the constitution? How would language guarantees be provided to Anglophones in Quebec, especially with a government like the Parti Québécois in power? That government wants to make Quebec a unilingual province.

At the federal level we have been working since 1969, when the Official Languages Act was proclaimed, to make the country officially bilingual. The hon. member was in cabinet for some eight years when that law was passed. I am sure he supported it. His suggestions and ideas would take us back to the 1960s before the Bilingualism and Biculturalism Commission held its hearings and came up with the principles of the Official Languages Act. It provides for services by the federal government in either official language where there is a significant minority.

If we accept the concept of the hon. member of a unilingual Canada, one official language, how does a French-speaking unilingual person from the province of Quebec travel to western or eastern Canada with the announcements on the aircraft, train or whatever, being in the English language only? The concepts espoused by the Prime Minister (Mr. Trudeau) and the premiers at the constitutional conference in Ottawa today indicate that they are working toward making this country united, whole and one.

I should like to congratulate the hon. member for York South (Mrs. Appolloni) and the hon. member for Verdun (Mr. Savard) for their excellent speeches in opening this debate on the Address in Reply to the Speech from the Throne. The Speech from the Throne emphasized two things: the matter of the constitution, and the economy of our country. Today we see an outgrowth of that, the heads of government meeting at the Conference Centre in Ottawa to deal with the constitution. We look forward with great anticipation to the success of that conference.

● (1652)

In the matter of the economy, which is really very much on the mind of every member as we reassemble in this final session of this parliament, we see the initiatives which were announced in early August further amplified in the Speech from the Throne; the reduction in government expenditures during the next two fiscal years of $2.5 billion, a move toward seeing the Post Office made into a Crown corporation, a commitment by the government to provide incentives and stimulus to the private sector amounting to some $300 million

this coming year, and the re-ordering of our priorities for another $1 billion during this coming year.

It is significant that even though there have been dramatic and very difficult reductions in expenditures of $2.5 billion during this period of time, the government was still able to announce important changes to the kind of social programs we have in this country; aid and assistance for low wage earners, assistance to families with a large number of children, and assistance to our senior citizens, those who do not have other forms of income. We see that, even in the face of very severe cutbacks, our social programs will continue; for instance, the increase in the provision of the family allowance program where, although we will still be providing $20 per month per child, there will be provision for a cheque of $200 per child a year or refundable tax credit available to families earning less than $18,000 and graduating up from there. This will benefit some 2.4 million families, involving at least five million children. At the same time, the guaranteed income supplement will be increased by some $20 starting with the January cheque.

In face of the problems of inflation, an improvement as well was the reduction in excise tax on gasoline of some three cents a gallon, and a move by the government to try to hold down the increase in the crude oil price by $1 a barrel, an increase which would have otherwise gone into effect on January 1.

I must compliment the federal government on being able to equalize the price of crude oil right across the country, with minor variations for transportation costs, because in my constituency one of the very hot issues is the fact that we have such a wide variation, sometimes ten, 12 or 15 cents a gallon, in the retail price of gasoline. This is a responsibility of the provincial government in respect of which it has been reluctant to move to give some uniformity across the province, as the federal government has done in respect of crude oil, which is its responsibility. It seems to me that if the oil companies are unable to give us a more fair and equitable pricing mechanism, the province should move in an attempt to provide some equity in respect of retail gasoline prices, as the federal government has been able to do with crude oil prices.

We have to be careful when we listen to speeches on the motion in respect of the Address in Reply to the Speech from the Throne, such as those we hear from opposition benches, that we do not get caught up in all of this gloom and doom they send across the aisle to us, and across the country by way of television and radio.

If we look at many sectors of our economy today we will see some very positive signs. If you look at the merchandise trade figures which were released last Friday you will see that we are heading toward a $4 billion merchandise trade surplus this year, and that is up by some 33 per cent from last year. Naturally the Minister of of Finance (Mr. Chrétien) was pleased and delighted with the figures that came out for the month of September. These are not abstract figures which do not fit back into every constituency of the country where we produce resources such as we do in the Algoma-Manitoulin area.

If we look at many of these resource items produced in that area we will see some positive and dramatic changes in the price and demand for those products. If we look at beef production, cow-calf operations, we will see prices this year up by some 75 per cent to 100 per cent over last year. At the annual sales in Thessalon and Little Current we saw a top price for 1977 of $51 per hundredweight for some 72 steer calves. This year at the fall sale in late September the price was $90.50 per hundredweight for some 60 steer calves. This is a very dramatic increase in the price of calves, following a period of some four years during which the producers of these calves suffered from extremely low prices, due in large part to the opportunities which exist for trade and sales to the United States as a result of the reduction in the value of the dollar. If this kind of price for the cow-calf operator can be maintained for the next several years, and there seems to be every indication this will happen, we will see a much more stable and positive industry there, one which has suffered very severely during the last few years. However, in respect of this year we observed the best price since 1974.

If we look at another sector of the resource industry, at lumber, for instance, we will see that we have had one of the strongest markets for lumber this year that we have experienced in many, many years. The demand is strong and prices are very high, certainly higher by at least $100 a thousand for two by fours and lumber products from many areas of northern Ontario than we have seen during the last 18 months. This industry is penetrating into markets in mid-western and eastern United States, and this is helping to push forward these high merchandise trade figures the Minister of Finance announced last week. The same situation exists in respect of newsprint and paper, so we are seeing a forest products industry in Canada that is in one of the strongest positions it has been in for many years.

In this connection I was pleased with the decision of the Minister of State (Environment) (Mr. Marchand) with regard to the Petawawa Forest Research Laboratory. I know the hon. member for Renfrew North-Nipissing East (Mr. Hopkins) has made tremendous representations in this regard. Many of us concerned with the forest products industry have, as well, made strong representations regarding the continuation of this research centre. The minister saw the wisdom of these arguments, and I understand that in fact the research centre will actually be increased in staff. I am pleased in this regard because it plays a vital and important role in the forest industry in Ontario, in the country and, in fact, in the world. This is important at this time because the Ontario government is changing over to having much of the reforestation, planting of seedlings, carried out by private companies in the pulp and paper industry. This kind of forest research will be very important in ensuring that this industry remains alive, well, and able to reach the full potential that our resources promise.

If we look at another sector of the resource industry, the uranium mining industry, putting aside the gloom and doom we hear from the other side of the aisle, we will see one of the strongest circumstances there in terms of trade opportunities

and expansion we have been able to visualize since 1958-59 when that industry was at its peak. In the Elliot Lake area of my constituency, for instance, there are two mining companies, Denison and Rio Algoma, expanding at a record rate, hiring literally hundreds of miners each year.

● (1702)

If we look at the difficulties in some other areas of the country and at our generally high unemployment figures throughout the country, we see that there is opportunity for young people and people interested in becoming miners. During the next six years it is expected that each of these companies will hire some 400 miners. We will see a community which today has some 15,000 people expanding to some 42,000 people. This is important in terms of jobs and economic development in that community, and it is important to our country as well. We are talking about literally billions of dollars in foreign exchange and in trade. This will offset our expenditures for oil and merchandise items which are imported into this country.

Canada has the uranium to sell, and the government has a policy to ensure that our needs will be met. One policy is that every reactor which is put on line must have a 40-year supply of uranium. At the same time we will be able to take advantage of the trade opportunities this important mineral will supply, and perhaps meet the energy needs of our trading partners, West Germany, Great Britain, Japan, United States, etc. It is therefore important that this mineral is further upgraded to its highest potential, and that is why it is government policy that the uranium to be exported from Canada is exported as uranium hexafluoride, a highly refined state.

There are hearings going on this fall with regard to the location of a new uranium refinery in the province of Ontario. It is my hope that it will be located in northern Ontario in the north shore area, and we in that area are trying to put forward a very positive case to have it located there. Last Saturday the Minister of Energy, Mines and Resources (Mr. Gillespie) visited Blind River to apprise himself of the advantages of locating the uranium refinery there. If such a thing occurs, it will provide some 240 permanent jobs, millions of dollars in assessment and capital investment in the community and will meet our desire there to further upgrade and process our natural uranium ore.

The greatest need in the rapidly expanding community of Elliot Lake right now is the need for housing. Each year there is a need for literally hundreds of new houses. Elliot Lake will grow from a population of 15,000 today to over 40,000 people in the next six or seven years. A whole new town will be developed during those years which will accommodate some 20,000 people. The existing property lots are being planned and developed at the present time. Surely, CMHC and the Department of Regional Economic Expansion will have a part to play in this expanded community, especially in providing houses for people in the service sector. The mining companies tend to look after their own quite well, but often there is a need for assistance from the government agencies to people in the service sector, where the mining companies do not have a great responsibility.

Another industry that has been in a stronger position in the last year is the steel industry. I think the situation applies to the industry across Canada as well as to Algoma Steel at Sault Ste. Marie. The industry is operating at over 90 per cent capacity and is very close to 95 per cent of its capacity. If we compare our steel industry to that of Japan's, it is my understanding that they have had to shut down 22 of their 64 blast furnaces due to unused capacity.

The fact that our steel industry in Canada is in a very positive position is not something that can be taken for granted. Just a year or so ago Japan and several other countries were dumping steel on the Canadian market. A successful anti-dumping suit was brought against these companies and they have now moved back to a position where they are selling their steel in Canada at the same prices as the Canadian manufacturers. At the same time the Department of Finance and Department of National Revenue have established a benchmark procedure to assure that steel coming into the country is properly monitored so that there is no dumping.

If we look at the demands by the northern gas pipeline for steel, we can see that the market will improve in the years ahead. Just a few weeks ago the Foothills Pipeline company called tenders in the amount of 1.4 billion tons of steel. It is my understanding that during the next few weeks the Foothills company will be putting a procurement plan before the federal government and the minister responsible for the pipeline to assure that it meets all the needs of the Canadian market. I believe that we will see a continued strong situation in the steel industry in this country because of that pipeline, which will not only bring Prudhoe Bay gas to the lower 48 states, but will provide a transportation route for Canadian gas to the southern part of our country.

These are just four resource industries which are in a very strong position in our country. I hope that we recognize this as fact and do not listen to the doom and gloom we hear from the other side of the House.

It is important to note in the Speech from the Throne that significant incentives will be provided to the private sector during this coming year. Part of the strategy of the government in creating a healthy economy is to build on the strong industries we have today. The government intends to move back the level of government expenditure by $2.5 billion in order to let the private sector go forward.

At the same time the government recognizes that there are over 900,000 people unemployed in Canada today. The Minister of Employment and Immigration (Mr. Cullen) has put together a program called "Strategy for Employment" which will provide some $710 million during the coming fiscal year to create 113,000 man-years of work and thus provide training and job opportunities for some 368,000 people.

● (1712)

An important thing about this, in my view, is that in addition to the 70 per cent increase in the number of jobs in

the next fiscal year this program will provide young people with some $225 million in the next fiscal year through, for example, the job experience training program. This was started last year and will utilize some unemployment insurance funds to give young people on the job experience in industry and in the private sector, while at the same time increasing the work force in the private sector. I want to congratulate the minister on that. It is an important strategy and one that has not been discussed enough.

Not only will that program operate all year round but there is as well a Young Canada Works program whose budget has been increased from $48 million to $62 million. Every year dozens of young people in communities enjoy the advantage of this program and the communities they serve enjoy the advantage of seeing their community projects carried out.

It seems to me that as we look at the Canadian scene today, although we see many economic problems we can also see a great number of positive things in the economy, in trade and in the resource industries. We should build on this and not whine about the difficulties we face. It is only by using the positive aspects of our economy to build on, both through the private sector and the direct job-creation programs of the government, that we will fulfil the great potential of this country.

After the vote tonight I believe we should get on with the business of this session of parliament. There is much positive and constructive legislation to be passed and we should pass it in a spirit of confidence so that we may reach the full potential that the resources of this country provide to us.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I will try and condense my remarks as much as possible to comply with a wish by some official opposition members. First I would commend the mover and seconder of the address. The careful reader of the throne speech for this new session of the thirtieth parliament notes two priorities, the strengthening of our Canadian economy and the renewal of our federation, according to the Prime Minister (Mr. Trudeau). We are all agreed on the principle of a boost to the economy, but differences appear on the means of doing it. As concerns the renewal of our federation, we still do not have a clear notion of what the Prime Minister means by that phrase. A closest scrutiny might detect the dark ideas the Prime Minister is most jealously hiding from the people, his surprise box, so to speak. I shall come back to this in a few moments.

If we were to sum up in a very clear way the government's master thought in the throne speech and the legislative program, we might say it wants the provinces to pay the cost of its own mismanagement, taking this opportunity of a crisis of its own doing to take away from the provinces still more powers in order to reach its ultimate goal, the dictatorial federalism it has been trying to establish for ten years. When the Prime Minister refers to strengthening the economy, it is amazing how he sidesteps the issue of dealing with monopolies that affect the everyday life of Canadians, making them poorer by the day, to the point it is normal these days to suggest the rich are getting bigger and bigger and the poor are getting smaller and smaller, and greater in numbers. When I discovered that before the 40's, workers paid no direct taxes, income tax in other words, I found that in those years big corporations paid 75 per cent of the national budget, which left only 25 per cent to collect from royalties or indirect taxes. Today, workers pay 75 per cent of the national budget while the big industrial and financial monopolies pay only 25 per cent, although their net revenues are ten times bigger than 40 years ago. It is therefore pointless to ask why workers are heavily burdened by federal taxes. The government proposes to reduce its expenditures, but this once more will be at the expense of small wage earners. Indeed, it is getting at those who cannot find work, the unemployed, people under welfare who have been denied benefits.

● (1722)

As always and according to a pre-conceived plan, the federal government will let the provincial governments support the burden of its mismanagement while keeping all the taxation rights and unemployment insurance premiums. The ministers are well aware that restricting eligibility for unemployment insurance and reducing the benefit period will cut down the number of recipients and proportionally increase the number of people on provincial welfare programs. The policy of this government is always to take more from the pay cheque of the worker and give him as little as possible. It keeps the provinces quiet by promising them to deal with such or such a sector to obtain the exclusive taxation rights in this area, and then it reneges on its promise while keeping the taxation rights obtained from the provinces. You will say that this is hypocrisy, but it is much more than that. It is treason! However, I do not want to go on any longer on this economic subject, but I shall probably come back to it during the budget debate.

I want to call the attention of parliament to a particular subject, the question of federalism. We must draw the attention of our young people to this notion of federalism. As for the renewal of federation, as it is called today—and I wonder why since it never really existed in Canada as we still have a confederation system—as for a renewal of the federation, the answer is certainly not in totally sterile discussions such as that which we witnessed in the House the other day between the right hon. Prime Minister (Mr. Trudeau) and the Leader of the Opposition (Mr. Clark). This discussion reminded me of a cock fight, and this assembly should be above such things. Such bickering is of no use to the Canadian people who would rather have more information and more details about the political and economic direction of our country.

In the few minutes allotted to me, I would like to appeal to the intelligence of those members who want to leave the paths of petty politics on which many have ventured during the debates of this House since the first mention of an election. It is very important first of all to see where we are today. For ten

years, the Prime Minister and his government have repeated the words profitable federalism; they have said that we need a strong central government for a united Canada, and so on, and suggested that those who want to oppose this extremist policy which is a fore runner of the bureaucratic dictatorship that we have repeatedly denounced, are destructors of Canada or even separatists. Even the proposal of a third solution by the Pepin-Robarts Commission had no merit in the eyes of the Prime Minister who believes that he alone holds the true solution.

Mr. Speaker, I believe there should be an end to this verbal battle. The Prime Minister is trying to stir up a war between the provinces which want only one thing, that is to be given back the direct taxation right guaranteed under the British North America Act, which ensures their autonomy or their sovereignty, if you prefer, the base of the confederation created in 1867. I wonder if the greatest separatist nowadays is not the Prime Minister of Canada, because of his intransigence and his harshness towards the provinces. And to give the population an idea of the importance of the debate opening today, it is enough to define "confederation" and "federalism." These definitions are of major importance for all Canadians who will have to make a decision on the form of government of the future. Until now, the old political parties have played so much with words to delude the public and try to impose their ideology that the public wonders where it stands in regard with the 1867 confederation. Canadians seriously wonder if the words still retain their original meaning because the politicians have distorted them so much. Mr. Speaker, this is no time for confrontation but for negotiation. What is a confederation? I come now to it's definition. According to the dictionary a confederation is a union of sovereign, hence independent and autonomous states. That is the kind of confederation the Fathers of Confederation wanted. At least that is the meaning given to confederation in the dictionary. That is quite clear. So why does the Prime Minister call separatists all those who claim that sovereignty for the provinces and Quebec in particular? Is he denying that right of the provinces to sovereignty? That is exactly what the Fathers of Confederation wanted in all freedom in 1867, and that is what we should have in Canada today.

Had that confederation not been polluted by the ever increasing appetite of the federal government which resulted in the provinces being robbed of 50 per cent of their rights in the past 110 years we would not be having that fight to recover provincial rights guaranteed by the British North America Act, that sovereignty which was the essential condition of the confederative pact of 1867, with freedom of choice. Why has the Liberal government been trying for the past ten years to deny both? The evidence is there, and all governments since 1867 have recognized that undeniable fact. That sovereignty was always respected in spite of all the compromises reached at federal-provincial conferences. Indeed, even in 1942, that sovereignty was confirmed by the government of the time and recognized by all political parties in the House. In support of that, I refer those who want to read it to the schedule attached to the draft agreement of 1942. For ten years the Prime Minister has been waging the fight for federalism which he does not want to define to enlighten somewhat the people in that maze where he wants to keep them.

Mr. Speaker, I have here a few paragraphs of that agreement of 1942. You know that the province of Quebec gave up with the other provinces its rights to direct taxation on account of the war, and I quote:

> Whereas it is necessary that the federal parliament alone have the power to levy direct taxes on incomes and corporations to allow Canada to give a maximum effort in the pursuit of the present war;
>
> Whereas the federal government is willing to pay adequate compensation to the province provided it agrees not to levy such taxes for the duration of the war;
>
> Whereas the federal government recognizes that the province, in agreeing to do so, does not in any way give up or cede any part of its sovereignty or any of its constitutional rights, powers and privileges;

That seems clear to me. Those who want to read that agreement will see that the federal government recognized the sovereignty of the provinces and also respected it. And furthermore, it agreed to respect it. Mr. Speaker, that is what the Fathers of Confederation wanted in all liberty in 1867, and that is what we would like to see today in Canada. Why then make it a crime for a province to want to recover that sovereignty? I think we will see a good example of it when time comes to discuss monetary matters with the other provinces. They will want to hang on to their monetary sovereignty.

What is that federalism the right hon. Prime Minister would implement through force? I say "force" because not one province agrees with the government, and the best proof of it is what we saw in the last elections. Let us count what is left of the Liberal government in the provinces and we will have even better proof when time comes to discuss jurisdictions and the sharing of powers on the economic level. I want that definition to be remembered.

What is federalism? According to the dictionary it is a political system in which several independent and sovereign states relinquish a part of their sovereignty to a supreme state. It is quite clear. I think that is the idea that the right hon. Prime Minister has in mind. In fact, the provinces will have to sacrifice their sovereignty to the benefit of a strong central government. And the Prime Minister confirms my assumptions when he declares in his legislative program that "the new constitution must provide that Canada will remain a true federation." Is it possible in Canada? It might be possible when two nations are living in the same unified country and one of them is assimilated by the other; but I think this situation does not prevail in Canada as Lord Durham's prediction did not come true yet. The English provinces, also keeping a jealous watch over their economic sovereignty, have just proved it by rejecting the Liberal party in all their provinces. The province of Quebec is adult enough to make its own

decision about its future. When I hear charges of separatism, it reminds me of the fall of 1970 when the government saw the FLQ everywhere but forgot to check within its own party, its own departments and its own police force.

I prefer to believe that the present government will consider the provinces as autonomous states by giving them back their property taxes that are direct taxes, so that they can manage their own affairs. We recognize that every province is different and that in Quebec this difference is even more acute because of its language, its common law, its institutions and what have you. This is why we do not believe in unity but in harmony between Canadian nations. This is what we believe and what we propose.

Mr. Speaker, the right hon. Prime Minister declares for the hundredth time his desire to make Canada a united country with a strong central government, that is to make the people accept the bureaucratic dictatorship he has imposed on us in the last ten years. The Liberal party is continually proclaiming that the Quebec government was not elected to separate Canada and, in my view, that party answers by moving towards negotiation. But we want to tell the Prime Minister that neither was he elected to establish a dictatorship in Canada. The worst is that he knows what he is doing, and where he is going while he is shouting to Mr. Lévesque to explain clearly his sovereignty-association theory. Does the Prime Minister define clearly what his federalism means? He takes care not to do so, Mr. Speaker.

On our side, we want the government to tell the Canadian people how it defines federalism. Does the Prime Minister tell the people that his federalism is defined in the dictionary? Everyone noticed that he never says the word confederation. However this is what we want, and the 1867 union was a confederation, which was a bit of a sham, but it is what the four provinces at that time, which were still British colonies, wanted. They even gave birth to the federal government in all freedom, after consulting each other.

When I was a schoolboy they always praised the merits of the Fathers of Confederation. But as adults, we lived the reality of this confederative union. Today, we admit that the Fathers of Confederation had perhaps good intentions but it is not enough to establish a free country. We went through the sad experience of a colonized country, with all the underlying consequences, and this reality still haunts the minds of several of our older people.

This is why we want a renewal but this time it is wanted by us, a constitution written by the provinces clearly indicating the fields of activity that they would grant to the federal government which would become a creature of the provinces, that is what is was at the beginning, working in sectors well defined by the provinces such as currency, defence, external affairs, post office etc., those provisions being accepted at first under a provincial referendum to be ratified by a second national referendum.

Such is the position of our party, Mr. Speaker, a position which we have always championed and which we continue to champion to restore Canadian harmony. I am convinced that if we do not take a step in that direction, we will be led to disaster. I therefore ask each citizen to consider thoroughly the national issue leaving aside for a moment his partisanship to choose the form of government he seeks.

● (1732)

[*English*]

Mr. Arnold Malone (Battle River): Mr. Speaker, I wish to commence in the traditional way by extending my thanks to the mover and seconder of the Address in Reply to the Speech from the Throne. I do not do so because it is the tradition that we do it to newer members of this chamber, but because I believe they distinguished themselves in their content and in their eloquence.

Before getting into my remarks, I wish to state that I feel a very deep sense of uniqueness about today. While different members have spoken on national unity in this country, in the government and opposition lobbies we have been watching over television the first ministers' conference.

There are some tremendous debates on the various views and opinions in the country, in this House and across the street as to how this country ought to be forged together. In that vein, I wish the first ministers great wisdom. I hope they will have a far-sighted vision and genuine compassion for the regions of Canada. This is a very important day. All members will want to extend to them best wishes on what could be a very historical deliberation.

We are at a place in our history where we must give serious consideration as to how we are going to unite ourselves. This question of national unity has been surrounded with many myths which have been perpetuated by those who would like to put national unity in front of the Canadian people as a red herring in order to divert their attention from the real issues facing this nation.

Until Bill C-60 came before the House of Commons last spring, not a single constituent ever asked me about the Constitution of Canada and why it was not changed. In my four years as a member of parliament, in fact in the previous 30 to 40 years, there has not been a single bill, regulation or piece of legislation that has somehow been denied by the present constitution.

Some myths and falsehoods are being perpetuated by the present government. One was reiterated this morning by the Prime Minister (Mr. Trudeau) in his opening speech. He said that Canada does not have a constitution and that we have been trying to get one for some 50 years. He went on to say that no other nation in the world is in the situation Canada is in of not having a constitution.

We do have a constitution. It is defined as the British North America Act. Canadians from the Atlantic to the Pacific are fully aware that it is our constitution, that it belongs to us. It is unfortunate that it is implied that somehow we are a lesser

nation because we are not guided by some piece of paper and that we are thereby a colony of Great Britain.

Although our constitution came to us in a different form than did that of the United States, we do have a constitution. Having said that, I want to say this is a momentous day. The task is not that of writing a constitution for Canada. The task is trying to improve that which we already have.

There is another important idea which must be underscored at this time. There can be nothing terminal in the date of July 1, 1979. The Prime Minister has said that by the date the constitution of Canada must be passed or put in a form that is to his likeness. Obviously, it must have the greatest of deliberation. It must not be tied to a timetable simply to enable the Prime Minister to achieve his ultimate end of taking his place in history as the one who established constitutional reform in Canada. That is a dangerous program to follow. To take something so fundamental as the constitution and to put a time frame on it is to embark on a dangerous course.

Constitutions by their nature guide the very way in which we live. Whether it be a constitution for a youth organization, company or manufacturing organization, club or association, or for the government of the country, it is simply a piece of paper, a document to guide how we will act one toward another.

The government has chosen the wrong time to bring the constitution question into focus. Groups and societies decide how they will act together when they are in a state of harmony. What we have today is a country torn apart, a country that is divided, a country that is unemployed, that has no work, that lacks production, has a $50 billion debt and in every way has created tensions on language, cultural, ethnic and economic grounds. It is in that milieu that the Prime Minister is trying to say that we will formulate a constitution for ourselves and decide how we will relate to one another for however long Canada shall be. It is in that messy, ugly chicken coop that the Prime Minister, acting as the fox, is trying to preach national unity.

● (1742)

If we look, then, at some of the issues on which we note that division has taken place, we find there has been confrontation with the provinces, an assumption of unilateral powers by the federal government, and a desire to treat the Queen like some kind of Christmas tree ornament. Our balance of trade has significantly decreased, the value of the dollar is down, we have seen a 230 per cent increase in government spending, and the phasing out of small vessel insurance on the Pacific and Atlantic coasts which makes the workers feel that somehow less attention is being given to their concerns and needs.

The most dangerous threat to unity is to talk about unity at a time when you have not established common goals. I would submit that one of the most dangerous things we could be doing is talking about national unity at the very time when there is this sense of stress in the nation. We might even say that one of the greatest dangers to national harmony itself is the perpetual dominance of talk about unity. A country could well be like a marriage; if all we are going to do is talk about the things that make us different, obviously harmony cannot be found.

When you have common goals and common objectives, that is when you grow together, as was truly evident in this country in 1967 when Expo brought this nation together. It was clearly evident in the first hockey game between Canada and the Soviet Union, when we acted from our hearts as one. But it is clearly not the case today when, after ten years of this government's mismanagement, we see people divided, thinking in different ways. I believe strongly that the proper approach to national unity is to recreate for this country a common set of objectives, common drives, common aspirations. After a sense of goodwill has been developed in all regions of the country, we can then sit down in a spirit of mutual co-operation and hammer out the kind of nation we want to have.

Expanding some of the comments I was making when I said the Prime Minister had divided this nation, I would like to underscore some of the ways in which I believe he has very deliberately, I would say, cast an injustice upon my part of the country, namely western Canada. Two years ago they purchased from our side of the House a man to go to sit with them as a cabinet minister. That person was somehow to be the guardian of the province of Alberta in the cabinet. After going through the list of injustices which have been done to the province of Alberta, I can only conclude that sending the Minister of Inudstry, Trade and Commerce (Mr. Horner) to guard Alberta against Liberals is analagous only to sending an alley cat to guard mice.

Let us take a look at some of the detrimental things that have happened to the province of Alberta. If anyone is in any way intending to protect that province from the government, there is every reason to believe he simply is not being effective. We note that construction of the Lethbridge Research Laboratory has been cancelled. We note that the contribution toward the construction of a veterinary university has been cancelled; students from that large livestock producing province must now migrate to another province in order to get that style of education. The Canfarm program has been canned, together with the Canadian Dairy Commission's allocation for product research.

I think that is important, because this is a party which believes in trimming the fat from the budget. But much of what we are talking about here deals with the very kind of incentives that will increase the production of the country. The Farm Credit Corporation has suffered a reduction of some $23 million and there is no group of people in the nation today anywhere, by the admission of the Minister of Agriculture (Mr. Whelan), which has a better record for production and per capita output than does the farming population. Again, the forestry research stations are very closely related to production. Several of those were intended to be closed. The only ones that got reopened happened to be those in Liberal ridings; somehow the heat from back home warmed up some of the cabinet ministers.

How else, Mr. Speaker, would Alberta have felt recognizing that, when they wanted to make a natural gas trade with the United States in relation to some beef imports, the heavy hand of the Minister of Agriculture prevented it? How else would they act when there is a sales tax rebate program for every province except Alberta, and they do not get in on those federal cookies because somehow it looks to them like a Liberal barren wasteland? So they simply turn an ignoring eye. How were they supposed to act when the public utilities income tax transfer act made changes which most significantly affected Alberta? Because utilities in that province are largely privately-owned and therefore will not be part of this particular program. Take the Department of Industry, Trade and Commerce where they cut $9 million from marketing incentive programs and imposed a reduction in assistance for grains and oil seed marketing. Obviously, there are places where government can cut. I do not want to get on record as saying I do not think we should make cuts. But there are in excess of 360 Crown corporations, many of which could easily be put up for individual Canadians to buy shares in, much along the lines Alberta did with the Alberta Gas Trunk Lines; thus Canadians could invest in their own resources and take over some of these top-heavy government agencies which could easily go back into private hands.

We note that in transportation, market research, forestry and agricultural research, the area of assisting people in production, the very areas in which we are failing as a nation economically, the government has decided to cut back. One does not have to be an economist or need to have a very high education or a great sense of wisdom to take that blue book of expenditures off the shelf and turn through the pages and cut far more than the $2 billion the government cut without directly injuring areas which significantly affect the productivity of the nation.

My opponent in the next election has put out little match boxes in the riding which say "Re-elect an effective voice in Ottawa". All I know is that after the damage which has been done to the province by Ottawa we do not want effective voices down here, because every time we get them we lose. We heard that before when Pat Mahoney was here; we got the capital gains tax. I submit that is one of the most retrograde taxes which could be imposed on a democratic society. Democracies, in order to work, require a strong middle class. Capital gains taxes do not tax the poor because they do not make money, and they do not tax the rich corporations because they do not sell. General Motors does not sell, and IBM does not sell. Such companies do not therefore get into the position of having to pay capital gains tax.

But the owner of the local barber shop, small businessmen generally, are in a different position. To every generation of such people the government comes for its pound of flesh. It is a very dangerous aspect of our tax system in light of the fact that this is the part of society which creates the largest percentage of wealth, something like 55 per cent, and the largest share of employment, about 80 per cent. The government somehow thinks it has to go after that sector with the capital gains tax because it wants universality regarding retirement funds. The government would rather tax people and then put them on government pensions than give them incentives to produce.

• (1752)

I mentioned that Ottawa picks on the regions. It uses a sledgehammer to drive shingle nails. It has made cuts in an attempt to fool the public. The government claims it wants to cut back, but a serious analysis would show that there is no such intention. The cuts made were in the most popular programs in an attempt to get the public and the opposition angry so that later they will demand that those programs be reinstated. That would give the Prime Minister the opportunity to shrug his shoulders and say, "I tried to make cuts, but they did not like them". Then he will continue his rampant spending.

Transportation is seriously inadequate in all parts of the country. I began today by talking about national unity. I submit that one of the most important aspects regarding national unity is an improved transportation system. The inequities which exist in the present system cause one region to be angry with all or some regions of the country. Potatoes from Atlantic Canada often reach their destinations 30 per cent frozen because of a lack of insulated cars. Products from the prairies are not getting to market, yet this government allows 23,000 grain cars to be on loan to the United States because there is a better dollar for them down there.

We need to develop infrastructures which would give us a productivity level which would get our balance of payments back on track, but the reserves is the situation. For example, the government decided to sell five inland grain terminals which were underutilized. Even though they were underutilized, they had been making profits in the previous several years. The Hall commission report strongly recommended that those elevators not be sold but, rather, upgraded and utilized more. It is important that we recognize that grain should be dried and cleaned on the prairies prior to being taken to market. That has been talked about since the Western Economic Opportunities Conference. That conference was called because in 1972 the government lost four Liberal members in the province of Alberta, and the Prime Minister wanted to find out what Alberta really wanted.

The Western Economic Opportunities Conference brought great promise. It underscored many transportation requirements. It underscored many regional disparities regarding production. However, nothing was done. After that conference the Hall and Snavely commissions were set up. Those two commissions outlined palatable and acceptable recommendations as far as westerners were concerned, and western producers were encouraged, but the Minister of Transport (Mr. Lang) then set up another commission to study the recommendations of the first two commissions. The people of this country are getting tired of studies to find out what other studies mean. They want a government which is committed to

action which will right the inequities which exist and which will give them some sense of direction.

This government wears masks. It appointed an ombudsman for the Ministry of Transport, for whom there is no need. That is an absolute waste of money. The Auditor General is assigned the task of checking on various departments. Any well managed government department does not need an ombudsman. We may well need ombudsmen at the federal and provincial levels to act as clearing houses for citizens at large, but surely not at the departmental level. This kind of ombudsman concept smacks of a government which is admitting its incapacity to govern.

This government sold five elevators in an attempt to trim its budget, yet the elevators were making money for the federal treasury.

The government built a railway to Churchill, Manitoba, using 100-pound steel except for the last few miles, where it used 80 pound steel. Therefore, the only trains which can be used for the whole length of the track are trains which have loads no heavier than that which can travel on 80-pound steel. That is the kind of ineffective mismanagement that we have.

The government talks about increasing storage capacity at the terminals at the port of Churchill, yet we note that this year the port of Churchill was underutilized by some nine million bushels. The government talks about selling more grain abroad, yet it allows 23,000 grain cars to be on loan in the United States. The result is reduced productivity.

Mr. Speaker, I see that hon. members opposite are either sleepy or hungry, so I will call it six o'clock.

The Acting Speaker (Mr. Ethier): It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Malone: Mr. Speaker, I was very apologetic when I called it six o'clock. Even though there are many problems I should like to discuss, I will relinquish the rest of my time since there are other hon. members who want to participate in this debate.

[*Translation*]

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, I am grateful to the hon. member who has yielded his right to speak. I will try to be as brief as possible since there are many hon. members who wish to take part in the debate.

Last year I had the honour to be one of the movers of the Address in Reply to the Speech from the Throne. I therefore seize this opportunity to congratulate the hon. member for York South (Mrs. Appolloni) for the outstanding distinction with which she performed that task. As for the seconder, the hon. member for Verdun (Mr. Savard), I found it significant that he emphasized in his speech the difficulties senior citizens are up against in our society of today. Besides, I did point out in my speech last year the circumstances of the young, the old and the low income people. The federal government has done much in these areas but, like the hon. member for Verdun, I feel that it will have to intensify those programs.

Mr. Speaker, in the few minutes which I am being granted, I will attempt once again to raise the questions contained in the speech I delivered last year in the House of Commons and to assess the extent of government action in this respect.

Among the issues which I brought to the attention of the House last year was the economic development of the Quebec region. On that specific issue, I want to congratulate the government for the contribution it made to the development of the Quebec harbour by dredging the channel of the Saint-Laurent River so as to lower its level from 38 to 41 feet.

This year the government went one step further. The Department of Transports has already commissioned a study dealing with the construction of a wood product shipping harbour for the Quebec area.

Moreover we should mention the development project in the harbour of the old city of Quebec which was announced on February 13 this year during the travelling caucus of which I was chairman and which brought together five ministers and a dozen members from Quebec and Ontario into the riding of Louis-Hébert and the Quebec region.

Announced by the Minister of State for Urban Affairs (Mr. Ouellet), Quebec city's old harbour development project implies numerous and significant benefits on the economic development of the area. This $42 million federal program spread over four years is designed to give a new life to some 179 acres of federal acreage located in Quebec city's old harbour district. It will involve the relocation of some industrial, harbour and railway facilities that are now antiquated and do not belong in the urban and historical environment surrounding them. These facilities would be replaced by cultural, leisure and social services, as well as residential and administrative buildings.

However, I must insist that this should be only the beginning of harbour development in the Quebec city area because its harbour is in competition with other ports on the St. Lawrence River, on the Atlantic as well as the western coast. The Quebec city metropolitan area already has a good railway and road system allowing for the quick transportation of goods to the large centres. The Quebec city area offers tremendous potential, and I believe it is essential to develop its harbour.

In this vein of economic development in the Quebec city region, Mr. Speaker, the extension of its airport is a second priority which I dealt with in my speech last year. A few

months ago, the Minister of Transport made announcements in this regard. First, the hon. member for Charlevoix (Mr. Lapointe), acting as Parliamentary Secretary to the Minister of Transport, answered my question regarding the extension of runways. He announced in the House that in view of Quebec City's hotel accommodation and convention facilities, and I quote:

—it becomes more and more urgent to extend the present runway. This is why the minister intends to ask very soon for the necessary funds to extend the runway to 9,000 feet. We hope that the amounts will be invested in the area at the very beginning of summer.

Then, in August, 1978, at a press conference held jointly with representatives of the chamber of commerce and industry of metropolitan Quebec city, the Department of Transport tabled a master plan for the development of the airport over the next ten years.

The master plan of the Quebec airport provides for the extension of one of the two runways to 2743 metres, that is 9,000 feet, in order to accommodate big jets; the building of boarding ramps to be announced shortly; the addition of another storey to the air terminal in order to build a restaurant; and finally, the eventual separation of commercial traffic from small craft training flights and general aviation. That plan, which has been approved by the Department of Transport, is the result of joint studies and consultations by all interested organizations in the Quebec area, including the air companies and the Association des Gens de l'air. It is designed mainly to meet the increasing needs of the Quebec region and to promote the tourist industry in that area.

The national unity issue was also raised in the debate last year and again this year. It was dealt with according to the highlights of the Speech from the Throne made about two weeks ago.

I also know that the government's primary objective is to give back to the country a sense of unity. It is seeking solutions by consulting all individuals and all agencies or groups concerned about the country's future. Moreover, we cannot ignore the fact that we are all affected by the national unity crisis no matter what hon. members of the opposition say. We all know that economic prosperity will not be of a great use to us if we lose our country through internal quarrels and Quebec's separation.

In a very real sense, Mr. Speaker, national unity should remain our first subject of concern. We owe it to ourselves to pursue our search and to keep conceiving new policies and new strategies. We have to create the blend of collective will and individual attitudes that will allow all Canadians to feel at home everywhere in Canada and to participate in all justice and plenitude in the life and prosperity of the country.

To solve the problems that threaten the stability, the unity and the prosperity of our country, a fundamental renewal of the federation of Canada is imperative. At this turning point in the history of our country, we have a unique opportunity to reaffirm our basic values and adjust our practices, our institutions and our constitution to modern realities.

Further to its commitment, in June last the federal government tabled a white paper entitled "A Time for Action", which traces the main steps towards renewal of the Canadian federation, and Bill C-60 on the constitutional reform. Canadians, and more so Quebeckers, have surely been able to see that the government of Canada is in earnest, and that it does not deal in abstract notions such as the so-called sovereignty-association.

The government attempts to define an orientation, to prove, once more, Mr. Speaker, its will to come up with negotiable proposals. We saw that again this afternoon when the federal government made proposals. All the prime ministers of the provinces stressed the fact that the matter was not necessarily urgent. This afternoon, we heard from the hon. member for Winnipeg South (Mr. Richardson) and the hon. member for Battle River (Mr. Malone).

To that end, the government set up a special joint committee of the Senate and the House of Commons on the constitution of Canada. That committee, which was instructed to study and report on the proposals which have been made and will be made public at a later date by the Canadian government on matters pertaining to the constitution of Canada, heard several witnesses, individuals as well as organizations, all of whom are concerned with the constitutional renewal.

As one of the representatives of the House of Commons on that committee, I was in a position to see how necessary the reform of the constitution is, except perhaps in the eyes of a few hon. members.

● (2012)

[*English*]

Thus the need for a new constitution is a major necessity if we are to try to keep Quebec and Quebeckers in confederation. The dilemma with which we are faced is not simple. As professor Leon Dion of Laval University said in his brief before the committee:

Therefore, we have to decide whether it would be better to carry out the revision of the Constitution immediately without the participation of the Quebec government or whether on the contrary the whole matter should be postponed as long as Quebec, through a referendum or otherwise, would not have succeeded in expressing a unanimous opinion. By waiting for Quebec we risk causing a serious delay in the reshaping of the country, but by acting without Quebec we risk doing useless work and reaping sour grapes.

This dilemma is not simple and, if we add to it the resistance we have seen to the first propositions of the government, our task is far from finished.

[*Translation*]

This year's Speech from the Throne delivered by the Governor General mentions that the government is prepared to begin the study of the distribution of powers and jurisdictions at the same time as that of institutions and rights, and to give every aspect of the work a high and urgent priority. Even after meeting that request, Mr. Speaker, we saw once again this afternoon at the first ministers' conference that this is not

enough for the province of Quebec or the other provinces. I believe, Mr. Speaker, that the government of Canada should show once again a great flexibility and a great deal of good faith.

On the other hand, I am happy to see the increased importance the government attaches these days to the problems of unemployment among young people. The Minister of Employment and Immigration (Mr. Cullen) defined last week a score of programs to bring young people into the labor market through grants for the hiring of new graduates and young unemployed graduates. Those programs are intended to provide jobs for about 58,000 unemployed youths. Once again, we saw in the Speech from the Throne the importance the government attaches to that priority, namely the problem of unemployment among young people. And I quote from the Speech:

> The major thrust of the government's employment strategy is to encourage the creation of permanent jobs in the private sector. Special emphasis is being placed on the training and job placement of young Canadians.

The problem of unemployment among young people is not acute only in Canada; it exists in most western countries. I hope the government of Canada with its new measures will continue to show leadership in its fight against that plague. Mr. Speaker, let me say in concluding that after more than a year in the House of Commons I am proud to be part of this group of parliamentarians—with a few exceptions, I must admit—trying to help Canadians save this country regardless of their origin and their affiliations. I am proud to be part of this government and I am proud to represent and serve the people of the riding of Louis-Hébert from this side of the House.

[*English*]

The Acting Speaker (Mr. Turner): I recognize the hon. member for Parkdale (Mr. Shymko). I should like to point out to hon. members that this is the hon. member's maiden speech.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Yuri Shymko (Parkdale): Mr. Speaker, before making any comment on the debate on the Address in Reply to the Speech from the Throne opening the fourth session of the thirtieth parliament, I would like first to reaffirm one feeling and indeed one reality related to the fact that I am here as a member of the House of Commons, among this elite, this distinguished assembly, distinguished because of its speakers, its leaders and sometimes because of its actors.

First I speak of that feeling. Mr. Speaker, 25 years ago, as a youngster of 13, I arrived here in Canada as a political immigrant with my parents. Having survived hatred, war and death as one of the survivors from Dresden—everybody has heard and knows about the tragedy in that city—I came to this country of dream, of peace, of liberty and justice, and I am now among you as a member. That is possible only in a country like Canada. I must remind hon. members, Mr. Speaker, that I did not have to change my name Yuri for George and Shymko for Simcoe to achieve that. I hope that this country, where such a rare opportunity exists in a world of prejudices and intolerance, will continue to represent the dream, the hope, the optimism of knowing that what is impossible in other countries is still possible in Canada. That is possible because of the people, because of the moral and individual values which form the political, economic and social framework in which we as leaders are operating and which we must protect at any cost.

Referring to the second reality, Mr. Speaker, it is a fact inconsistent with all speculations, projections and political prophecies of those experts who predicted that the representative of the governing party would win the by-election in the Parkdale fortress. Well, here I am. I am not a ghost and what you see is real and possible, a prophetic indication for the spring of 1979 of which hon. members opposite are well aware.

It was Pascal, the great French philosopher who said: "The heart has its reasons which reason knows nothing of." Well, Mr. Speaker, the Parkdale constituents have shown their feelings when they voted against all the arguments of the media and political experts, in spite of two personal visits of the hon. member for Mount Royal (Mr. Trudeau), in spite of the constant visits of the hon. member for Ontario (Mr. Cafik). When they voted they showed their feeling, their compassion for this country, their love for that politically polarized, divided and as we know, economically bankrupt country. I will not quote any statistics, you have heard enough statistics given by my colleagues on this side of the House. This is why I decided to give my first speech in the House and I wish to comment on the following paragraph taken from the Speech from the Throne:

> We wish also to express our love of Canada. A great country is not created without difficulty, but to see it develop and grow stronger despite every obstacle has been for us a source of great joy and pride. Our faith in the future of Canada is stronger than it has ever been.

Mr. Speaker, I would like to speak of that love and faith.

● (2022)

[*English*]

I, too, will not be partisan, like the hon. member for Burin-Burgeo (Mr. Jamieson), the minister for external affairs, and I will try to digress somehow from the normal procedure. I will speak of the essence of our function as members of parliament and of our common responsibilities as servants of the people on whatever side of this House we sit. The Prime Minister (Mr. Trudeau) has said, "Canada grows stronger." It reminds me of the cliché of the past campaigns, "The land is strong." He has also said, "Our faith in Canada is stronger than it has ever been."

Let us look at the growing strength of Canada under the management, or more appropriately, the mismanagement, of this government. What kind of strength do we have with one million unemployed, a diminishing manufacturing industry

which, in fact, makes Canada a warehouse for imported manufactured products, with a Canadian dollar at its lowest base—lower than the worst period of the depression—with a standard of living that has fallen from second to seventh place in the world? How can the Prime Minister call Canada strong with a $15 billion deficit that is growing every day? How can Canada be considered strong when the government proposes a bill to borrow $17 billion to save the country from total bankruptcy? I could spend the next hour listing the Liberal interpretations of strength. If this is strength, I cannot imagine what the Liberal definition for a weak economy is.

The right hon. member for Mount Royal spoke about faith. We could see examples of that faith in our economy when 1.7 billion of Canada's dollars have left this country in the past three years, when the Prime Minister himself had to go to Germany to be "Schmidt-en" with the wisdom of realizing that the priority of this land is the economy. The proposals of Her Majesty's opposition to cut government spending by $2 billion were the best and the only options that made any sense. Ask and ye shall be given; the government asked and the opposition certainly gave the answers.

But above all, it represents one basic truth, that the government has lost its moral prestige and its moral authority in Canada and now wants to use its sole legal authority to make this fourth session an electioneering session to save face before its citizens. It will, indeed, be a tragedy if the government turns this session into an election campaign. If we do this it will destroy the very aim of parliament—to rule and to legislate, to serve, not to manipulate the hopes and needs of people. The function of parliament as I understood it before being elected, and as I still understand it, is not to become a pompous circus for the entertainment of others or for self-gratification. If such is the aim of the government, it would be much better to accept the reality, as many ministers have themselves admitted, that people in Canada have had enough. They are protesting, as illustrated by the results of the by-elections. The people want a change and there is nothing wrong with changing sides on the floor of this House. We do it as individuals and as gentlemen every day between debates, and all we need do now is to do it collectively.

The Prime Minister likes to pick on the opposition, as was illustrated last week when he colourfully referred to the posterior of a member of the opposition and wanted to kick that particular part of his anatomy. I admit it was quite an introduction to the House of Commons, to be here when that famous remark was made. It was interesting that it was the only remark that made the media. In the confusion I thought that the Prime Minister was referring to expanding his cabinet by picking another member of the opposition, following the example of the hon. member for Crowfoot (Mr. Horner).

Getting back to my earlier point, we can talk about love and faith, but we cannot legislate love and faith. Just as we cannot legislate tolerance, respect for the dignity of man and respect for law, we cannot legislate confidence in this land, confidence in this economy, confidence in this government and faith in our future. How can the government expect respect for the law from workers they have legislated back to work when, on the other hand, rumours and insinuations are rampant throughout this country that even some ministers of the Crown were tampering with illegalities? The government is responsible to the people and to parliament; the hon. member for Winnipeg South (Mr. Richardson) pointed this out this afternoon.

Lawmakers must be subjected to the rule of law, not to the rule of manifest unilateral authority. The Prime Minister, if he has not seen it by now, must stop moulding Canada in terms of the shape of his own ideas; he must change his views and values to reflect those of this nation and of the majority of its people. As for the question of unity, it would require another hour at least to adequately discuss this issue.

I would like to refer to the comments made today by the Secretary of State for External Affairs—

[*Translation*]

—who states that as a former citizen of Newfoundland before that province joined our Canadian confederation a few years ago, he was a foreigner and that he now considers himself completely Canadian.

Mr. Speaker, what is most tragic is that at the time the minister joined the rest of Canada, Quebeckers felt strongly that they were Canadians, while today many of them—and the number is increasing—feel more and more like strangers in this vast country, which was in the past a country of great dreams and great visions and where they enthusiastically celebrated their centennial 11 years ago, united in their hopes and beliefs for the future. But today, Canada is divided, polarized and torn by fear and suspicion. A great number of studies have analysed this situation and suggested solutions. I simply want to say that the question of unity, the problems that it causes or the means to solve them are not as simple as we would want them to be. Everyone of us, Mr. Speaker, every party, every member of parliament, every government leader, whether federal or provincial, and every Canadian, whatever his cultural background, will need to make a great effort of understanding, tolerance and sacrifice if we are to solve this problem.

Let us compare this with the case of Newfoundland. There is only one point that I want to make; if in its historical evolution, Quebec has progressed toward a responsible, parliamentary and democratic government with a blossoming of collective and individual rights, if in its efforts towards the creation of a French-speaking nation in North America, as other colonies in North and South America which have gained their own independence, if Quebec had been autonomous like Newfoundland until the second part of this century, I am certain that it would find it much easier now to join this Canadian federation after having tasted independence. It is the lack of this second stage in its history which now troubles the French-speaking nation. But if we see Canada, like Laurier, as a cathedral still in the process of being built, as a courageous experiment—

● (2032)

[*English*]

—by a segment of humanity in a world where majorities destroy and persecute minorities; in a world where hatred and wars, injustice, the destruction of civil, human and national liberties are the rule, where democracies are the privileges of only one-fifth of the world's population. Let us not destroy this dream, let us not destroy this vision.

Some hon. Members: Hear, hear!

Mr. Shymko: Let us build it with all the determination, all the faith, all the confidence, all the love and respect for one another that is at our disposal. Because I, as well as millions of Canadians, be they Anglophones, Francophones, or "neitherphones", still cherish this dream.

There is nothing wrong with bill 101, given a few revisions. There is nothing wrong with a referendum in Quebec, given that the majority of Québecois, as I firmly believe, will speak out for unity, will speak for this confederation of regions, of peoples and of cultures. What is wrong is our indifference. What is wrong is our suspicion, our fears and, above all, our lack of confidence in ourselves that we can indeed "make it".

What is wrong is not that the Québecois have taken over the civil service because they are the only bilingual segments of our population. What is wrong is that today only 43 per cent of high school students in such a great province as Ontario even bother to study French and that less than 5 per cent complete Grade 13.

An hon. Member: Right on!

An hon. Member: Tell Bill Davis about that!

Mr. Shymko: The reason for this, Mr. Speaker, as well as the changes that are made in Quebec where the study of English was obligatory, is the fact that it was made an option, just as the study of French had been obligatory when I came to this country, a time when the crisis of unity did not exist. It was obligatory, but when the issue in this country became polarized, French was made an option. Now, no one bothers to study French, and the same trend is beginning in Quebec.

Let us not point to the premier of Ontario or to anyone in particular. As I said earlier, this is the responsibility of every Canadian, of every prime minister and of every premier of every province.

Some hon. Members: Hear, hear!

Mr. Shymko: Finally, Mr. Speaker, let me conclude by referring again to the question of faith and love. Only the person who has faith in himself is able to have faith in others and is able to be faithful to others. In no other period in the history of this country has faith in ourselves been so diminished, so troubled, as in the last decade. Hon. members, Mr. Speaker, can deduce the reasons for themselves.

Faith is a condition of our ability to promise. As a condition of human existence, faith in the potentialities of others, the potentialities of government in particular, is slowly being eroded. Indeed, for one particular government very little is left.

As for love, Mr. Speaker, I should like to end my speech by quoting from a pocket book entitled "The Art of Loving". It does not deal with a subject that some hon. members would like to hear about. The author of this pocket book is Erich Fromm. At page 111, he has this to say:

> Our society is run by a managerial bureaucracy, by professional politicians; people are motivated by mass suggestion, their aim is producing more and consuming more, as purposes in themselves. All activities are subordinated to economic goals, means have become ends; man is an automaton—well fed, well clad, but without any ultimate concern for that which is his peculiarly human quality and function. If man is to be able to love, he must be put in his supreme place. The economic machine must serve him, rather than he serve it. He must be enabled to share experience, to share work, rather than, at best, share in profits. Society must be organized in such a way that man's social, loving nature is not separated from his social existence, but becomes one with it.

This is my conclusion, Mr. Speaker. It may have been a little philosophical but in the future I hope to have the opportunity to dwell on topics the surface of which I have just touched tonight. I thank this country for the honour and the privilege of being here with you and working with you for many months, if not many years. God bless you; God bless this country.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am happy to participate in the Address in Reply to the Speech from the Throne, and I would like to join all those who have congratulated my two colleagues, the hon. member for Verdun (Mr. Savard) and my colleague from Toronto (Mr. Robinson) who have been the first to speak in this debate. Mr. Speaker, I hope that this speech which I want to keep brief will allow me to correct certain figures, to set some facts in their true light, which will permit me to create the optimism that is necessary and that should normally flow from the situation prevailing in Canada.

A few weeks ago, as by-elections took place, I was personally involved in the riding of Saint-Hyacinthe. Mr. Speaker, I was surprised to see just how eager the opposition is to take power by any means, how they were prepared to use any argument without any basis in reality or on any economic fact. I see new members sitting on the opposite side of the House. Those new members are young people coming from all social classes, and I hope they will succeed in giving to the official opposition the desire to serve the cause at least by using sound and logical arguments which can be repeated throughout this country with the same conviction.

Mr. Speaker, we heard the Progressive Conservative candidate in Saint-Hyacinthe, probably as all or most of his other colleagues, saying that for one reason or another Canada had dropped from second to seventh rank—I do not know when—concerning the standard of living. Well, Mr. Speaker, that is absolutely false. Over the last ten years this country has recorded at all levels the best or the second best performance in the world.

We only have to look at the growth of employment from 1970 to 1977. The rate of growth in Canada was 23 per cent, followed by the United States with 15 per cent, then by Australia and Sweden—the latter being often cited as an example in Quebec—with 5 per cent. Japan, already cited as an example, also recorded 5 per cent. During the last decade, we have created around 250,000 new jobs a year. Mr. Speaker, you cannot find such a performance in any industrialized country during the last decade. As for growth of real domestic product, Canada ranked third with 4.5 per cent between 1968 and 1977. For the growth in industrial production, Canada had the second best percentage increase after Norway. In that country the rise was 38 per cent and 32 per cent in Canada.

Mr. Speaker, I could go on putting up figures and a list of impressive statistics; they are not accidental but due to the rational and consistent economic policy of this government. I will not mention what happened before 1974 when I became a member of this House. But in 1974, when we compared our situation—including the unemployment rate—with that of our main trading partner, the United States, we could note that Canada was holding better in that period than its neighbours. But in 1975, things changed; our country had to cope with a very high inflation rate and a sudden increase in unemployment. In 1975, Mr. Speaker, before the government decided to come up with a price, wage and benefit control policy, the wage increase in Canada was approximately 22 per cent while the rise in productivity was only 2 per cent. During the same year, the increase in wages and productivity was respectively 9 and 5 per cent in the United States.

• (2042)

Germany, which is often quoted as an example, had a 7 per cent rate of wage increase and its rate of productivity increase was around 8 per cent. Mr. Speaker, our country, whose economy is above all based on exports, had to act and change the situation which prevailed in 1975.

Instead of the policy advocated by members opposite calling for a price and wage freeze for a given period, our Prime Minister preferred a policy of price and wage as well as profit control spread out over a period of more than three months. Of course, some members opposite are laughing. However, from the results of such a policy in the United States as well as in Britain, one realizes that now the advisers of the American president as well as the Britons would never revert to such a three-month policy which works to the disadvantage of the workers.

Mr. Speaker, the government did not simply decide to control prices and wages; it also decided in 1975 to use its own budget to decide and state that from now on the growth in government spending would not exceed that of the gross national product, namely the growth rate of our gross national product. This commitment on the part of the government has been respected, Mr. Speaker, and last August the Prime Minister intervened again and stated that from now on not only the growth rate of government spending would not exceed the growth rate of the gross national product but would remain below it.

Mr. Speaker, it must also be noted that it is not merely by controlling government spending that the figures I stated earlier and several others which the Prime Minister referred to in his October 12 speech could be reached. Mr. Speaker, listening to the Tories during the last few months, you would have thought they had just discovered, after sitting down with a few Bay St. bankers and so-called businessmen, a series of new programs for economic recovery. We heard the Leader of the Opposition (Mr. Clark) mention programs for small and medium businesses. We heard the Leader of the Opposition and also the Leader of the New Democratic Party (Mr. Broadbent) propose an over-all employment strategy, an industrial strategy for Canada.

We heard the Leader of the Opposition, during the summer months, put forward a series of programs, and I believe the only correlation that can be made is with the coldness of his feet at the thought of an election. Mr. Speaker, it is unbelievable! In the morning, the leader of the Conservative party would come up with plans to cut $5 to $6 billion off government spending, while in the afternoon and evening he would be promising new programs. You know, it is rather difficult to convince a serious audience, not a chamber of commerce but a fifth concession, which does not even exist anymore in Quebec, to convince them their taxes can be reduced on the one hand while new incentives given on the other. Mr. Speaker, how can you spend and save at the same time?

However, probably due to leaks from officials as suggested by the Prime Minister, they took and did a poor job of copying certain programs that have been in the making inside the government for more than two years.

Mr. Speaker, this is my second year as Parliamentary Secretary to the Minister of Industry, Trade and Commerce. When I assumed that responsibility last year, the department was already engaged in an analysis of our various industrial segments in Canada for more than a year. Our department developed during that period a specific diagnosis concerning the 23 main industrial segments. At the federal-provincial conference of ministers of industry, trade and commerce in February of last year, we discussed with each of the provincial ministers these diagnostic studies that had been made available to them some months before, and we put to them the following question: Do you agree or not with that diagnosis we are making of the economic situation in such or such an area? No province told us: No, we are not in total agreement. Each and everyone, including management, including labour, recognized the accurateness of all the facts in those studies. On the basis of those first talks between industry and commerce ministers and of subsequent discussions at the time of the federal-provincial conference of finance ministers as well as the conference of first ministers, Mr. Speaker, our government and, more particularly, our department created 23 task forces made up of provincial, management and union representatives

as well as, of course, some federal government members, in order that from that diagnosis we would be able to develop recommendations involving all participants and certain measures to correct situations where corrections were needed.

● (2052)

Mr. Speaker, for the first time in Canadian history, a government has clearly shown enough responsibility to convince both management and labour to sit around the same table and not only discuss in times of confrontation over the negotiation of labour contracts. They have been sitting together since last April to study the source of those problems and the corrective measures to take in each area.

Mr. Speaker, 850 recommendations have resulted from that serious work. On those 850 recommendations, some 400 are directed to the federal government. Almost 300 are directed to provincial governments and the others, and this might be the most important denominator, the other recommendations—almost 200—are directed to unions and management. They decided to form permanent working groups that will engage in a continuing consultation process in order to establish common strategies.

Mr. Speaker, when the Leader of the Opposition can only designate the hon. member—and it is strange he is not called Prime Minister anymore but the hon. member for Mount Royal—when the only word the members of the opposition can find when talking about this man is confrontation, but I shall come back to it when I get into constitutional matters, contrarily to the members opposite what they call confrontation is to me a good knowledge of the subject, which is completely different.

Mr. Speaker, I am talking about the process which started more than two years ago to demonstrate to what extent the government, confident in the economic situation, in the rules of the game, in the future of our country, committed itself with its partners of the economic sector to create not only a climate of optimism but also the climate that will encourage investors and that will encourage people not to be motivated by fear but by confidence in the economy and the future of their country.

Mr. Speaker, there are also other economic policies which unfortunately have not been reported adequately by the press. I refer to the statement made last May by the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan) when he set forth his policy on research and development. By this announcement, the federal government showed its willingness to appropriate 1.5 per cent of our gross national product for research and development.

The federal government introduced a series of incentives designed to urge Canadian firms to invest more in research and development so as to ensure a better co-ordination between the research conducted in universities and in the private sector, as well as to create jobs in the private sector for university graduates and the research field.

Mr. Speaker, all these policies make it possible today for a Canadian firm committed to research and development to pay only about 20 cents for every dollar invested. Yet, Mr. Speaker, when we realize that after many years, and I make an exception for the ex-leader of the Conservative party (Mr. Stanfield), all the others propose a new R and D policy, it seems that R and D is something new for the Conservative party.

Mr. Speaker, there is another policy about which we said very little, that is our policy of assistance to small and medium-sized businesses as stated by the Minister of State (Small Business) (Mr. Abott) last June. That policy actually implemented many recommendations made by the president of the Association of Small and Medium-sized Businesses, Mr. Bullock. This is so true that a few weeks after our announcement, he wondered whether he was going to be asked to run as a Liberal candidate, and he would probably have been tempted to accept.

With the announcement of that policy, we agreed to tax rebates, we exempted from all federal taxes the first $50,000 of manufacturing production for each business, we agreed that family businesses, small and medium-sized, average their income over several years and be exempt from capital gains tax up to $200,000, if the business was sold to the children and grandchildren. In fact, we were accepting the major recommendations submitted by chambers of commerce, by pressure groups and particularly by Mr. Bullock's group.

Mr. Speaker, in August of this year, our government went a little further by announcing budget cuts to the tune of some $500 million for the current fiscal year, and of some $2 billion for the next one. Of course, there were members opposite who suggested that the Prime Minister had just become aware, that he had just discovered the way, a little like the third way in Quebec. If we made a mistake in the announcements we issued in August, it concerns not the accuracy of what we said but simply perhaps the form or format we chose. And I shall let the experts in communications pass judgment and do whatever analysis they require.

Mr. Speaker, I am convinced that our Prime Minister, no, I am not convinced, but I know for a fact that if our Prime Minister chose the month of August to announce a series of budgetary cuts after looking at the results of studies on the industrial sectors of Canada, after due consideration at the cabinet and subcommittee levels, and also in the Liberal caucus, it became clear that with the programs of industrial adjustment which had been studied by the cabinet, and approved in principle as for as their contents were concerned, it was necessary, because of their importance, to decide on further cuts elsewhere. With respect to the opposition members who have been announcing programs all through the summer, we know very well that they could only have picked them up from documents which some civil servants presumably fed up with the Liberals might have lost inadvertently. On that matter, as the Prime Minister said, there may be a lot more imagination in the critics raised by the Leader of the Opposition against us than in the quality of the programs that he developed by himself.

Mr. Speaker, in the economic field, I think that this government acted as a responsible and truly liberal government, because while we undertook some reforms, remedial action and adjustment programs, we always kept in mind that, being Liberals, we must always make sure that our resources will be honestly and equitably redistributed amongst all Canadians, and not in the manner described in the Mortgage Follies article published in the *Globe and Mail* of October 3, 1978, dealing with the mortgage program proposed by the Progressive Conservative party. If the Conservative members want to talk about the redistribution of wealth, I am prepared to answer any of their questions after my speech, and I will probably be able to teach them something on this matter. Even in your own province, there would be room for a better redistribution of wealth, for I know western Canada better than you know Quebec.

Mr. Hnatyshyn: Like Mr. Horner!

Mr. Loiselle (Chambly): Yes, Crowfoot is a constituency I know well; in fact, I like both the riding and the minister. Mr. Speaker, I believe the Liberal party can be proud, and its members can carry their head high. The Liberal party holds a record in the economic field which few other governments, amongst our neighbours, amongst industrialized countries, may boast of. This is evidenced by the fact that with a population of 23 million and a country like ours, we have been able to achieve the performances which are reflected in the statistics.

Mr. Speaker, I would now like to deal with the constitutional issue, one which of course is at the centre of all discussions in the three-day period we are living now, the first day having ended at about six o'clock. Like most Canadians, I listened to the first reports of commentators and political experts who analysed the first day of discussions of the federal-provincial conference on the future of Canada and on the constitutional changes.

I have to admit, Mr. Speaker, that I am a little confused because I had to go by those reports because I was unable to listen to the speeches of all the provincial premiers. From bits and pieces of speeches and reports, especially those by English-speaking commentators, I had the impression that the Prime Minister had behaved like a perfect jackass throughout the day, that he had lacked leadership. But when we turned to the French channel, we heard someone say that the Prime Minister had been outstanding. So I think we will have to wait for the eleven o'clock news to have the story from both sides. However, from the little I have heard about what has been said today, one question comes to my mind: we had, gathered in this forum, the ten provincial premiers and the federal Prime Minister, that is the eleven Canadians who are or should be the most experienced men on matters related to the future, the possibilities and the constitutional changes to be made in this country.

Mr. Speaker, after witnessing the conduct of some, after listening to interviews given by some premiers, I wonder if they realize that half of a country rests on the common will of its citizens and depends first and foremost on the choice of people of any language and culture to bring together their diversity, their skills, their heart and soul to live as a nation. The other half, Mr. Speaker, rests of course on economic and geographic reasons and one can prove, depending on the time and place, that reasons which were relevant ten years ago on economic grounds are less so today. But, Mr. Speaker, one thing that does not and will not change in any country of the world is the common desire to have a country and that desire is lacking in Canada.

Mr. Speaker, when one sees provincial premiers getting prepared for a conference in Regina to stonewall the federal government, one with natural resources, one with tariffs, another with off-shore resources and yet another using who knows what else, so they all say, like the Conservative leader, that they have come to a consensus, that they are all mad as hell. That Mr. Speaker, is the easiest thing to do. The problem is to arrive at some common denominator. The people from Alberta who are sitting here, my new friends whom I have learned to know since becoming a member of this House, there was a time when they needed the resources from the east to develop. Now it is us easterners who are asking them to show some heart and reason and help our economy. Indeed tomorrow if the wells dry up, they will have to live off their industrial development. Even the newly elected economists on the other side will not be able to deny such an obvious thruth.

Mr. Speaker, if we do not in this country define once and for all our willingness and reason for our staying together, or if we follow the Tory leader's philosophy and strip away most of the federal government's power, then I prefer being a separatist Quebecker. Because the day the federal government becomes a dead weight, Tory style—. What do you want, we might as well be Quebeckers, Ontarians, and westerners above all else. We will meet from time to time at the Calgary Stampede, but we will look after our own business. We would not thus take advantage of the benefit of the whole community because the country was made up of people who once shared common ideals, ideals of freedom and greatness throughout Canada, Mr. Speaker, ideals to build a country which would be envied by all humanists in the world. That challenge has been taken up by the right hon. Prime Minister (Mr. Trudeau) who has been trying to explain it to us for the past ten years, but we refuse to budge. It would be more embarrassing to pass a bill of rights which would compel Canadians to show some open-mindedness. Would it be more annoying for a premier of British Columbia who would not be much embarrassed if suddenly his fellow citizens wanted to vote against him as a result of the bill of rights? It would be better to restrict ourselves to a provincial charter as suggested by our premier, Mr. Lévesque, but at least we know why he says so while we are not so sure about the others. However, Mr. Speaker, rather than enforce a bill of rights which would be included in that constitution as it is in most countries, we say: Let us have

provincial charters. We are so much more familiar with our own environment and our own people; we are so much closer to them. However, Mr. Speaker, even Quebec separatists recognize that this country is useful for economic reasons. The proof is that they go on their knees to negotiate an economic partnership. And there are the other provinces; some of them assume a very proud attitude, but they will come to their senses sooner or later, and if Canada is a valid concept for economic reasons, Mr. Speaker, perhaps it is also a valid concept for humanitarian reasons or simply for the evolution of the human race.

Mr. Speaker, I see my colleague for Edmonton West (Mr. Lambert) on the other side. If this man can still live in French and express himself in excellent French as he does, could we not attempt to enable more Alberta citizens to have the same privilege for self-development as this man has? Could we not aspire to this, Mr. Speaker? In fact, when we create barriers which are much more psychological than real, it is of all this that we are depriving ourselves in Canada.

Mr. Speaker, I congratulate the leader of the New Democratic Party (Mr. Broadbent) who has at least the courage to say that we must maintain a strong central government in our country. Mr. Speaker, a strong central government does not necessarily mean a government which continually invades provincial jurisdiction, but rather a government which still has at its disposal the means to take action when necessary.

Can anyone think that it would be feasible for Canada to have ten monetary policies? Mr. Lévesque himself has just replied to this question. Would it be possible to have ten customs policies in Canada? Mr. Lévesque himself has just replied to this. Mr. Speaker, would it be possible to have ten energy policies in Canada? I hope that the Conference Board has studied this issue. Mr. Speaker, there is a long list of matters as basic as these three where it is unthinkable to divide the decision-making process. This is why our government has undertaken a review—

[*English*]

• (2102)

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I want to begin my remarks by congratulating the hon. member for Parkdale (Mr. Shymko) on his maiden speech tonight. He distinguished himself and the people of Parkdale, who are to be congratulated on their wise choice. I look forward to his further contributions to our debates and to working with him in the months and years ahead on the other side of the House.

I should also like to congratulate the mover and seconder of the Address, the hon. member for York South (Mrs. Appolloni) and the hon. member for Verdun (Mr. Savard). I must confess, though, that that was so long ago that I have forgotten the details of what they said. A lot of water has flowed under the bridge since then, but I do recall there was a lot more substance in their speeches than in the Speech from the Throne.

Indeed, it was a strange Speech from the Throne. And it has been a strange debate. The traditional approach is for the government to introduce by way of the Speech from the Throne its legislative agenda for the coming session. It lays out the plans it hopes to implement. The role of the opposition is to examine the government's proposals and to criticize them where they call for criticism. Members on the government side support the government. This time, though, we were given a completely vacuous Speech from the Throne. There was nothing in it, not a fresh idea. Then we had a speech from the Leader of the Opposition (Mr. Clark) containing positive proposals—

Some hon. Members: Oh, oh!

Mr. Andre: —while from the Prime Minister (Mr. Trudeau) we heard two full hours of criticism. We make no secret of the fact that we are practising to become the government, but I am surprised that the Prime Minister would demonstrate so openly that he was practising to be in opposition.

The Prime Minister proved again that he is a great Thespian, a great actor. He is long on style and short on substance. By a selective use of statistics he would have us believe that Canada's economy outperforms any other in the world. He sounded like someone from the Flat Earth Society trying to prove the world was flat. Nearly all the statistics he used were inaccurate, misleading or designed to disguise the truth. Since then a large number of editorialists and contributors to the media generally have drawn attention to this, while the results of the by-elections have shown that the voters had made that observation as well.

• (2112)

If our economy is performing better than any other in the world, as the Prime Minister would have us believe, why is our currency under such pressure? Why are people selling their Canadians dollars just as fast as they come into their hands? The Prime Minister would have us believe that Canadian dollars are the most coveted currency in the world because we have the strongest economy in the world. That is the kind of story he tries to tell us.

In his opening remarks the Prime Minister gave us a little psychology lesson. Recalling his earlier training, he said that the human mind has three facilities: memory, imagination and intelligence. He went on to demonstrate a very selective memory and a vivid imagination, and he tried to demonstrate that this House and this country lack the intelligence to see through his specious arguments. The great actor he is, he simply is not able to prove that the world is flat or that Canada's economy is out-performing the rest of the world.

I do not have the time to dwell on the many-faceted examples of misleading, total dishonesty and inaccurate information on the part of the Prime Minister in this debate. Nor do I have time to dwell on all of the reasons why the Trudeau government has mismanaged our economy. I want, rather, to deal with the questions which fall within my area of responsibility in this party, namely, the question of government spend-

ing and, in particular, government cutbacks. These subjects have been much in vogue lately.

This is a public issue. It started, I suppose, when the Prime Minister returned from Morocco. Prior to that, as a couple of people have indicated, he was "Schmidt-en" by the need to do something. He commandeered an hour or half an hour of prime time television and announced to the world that the government was going to cut back. He announced that to many of his ministers, who were quite surprised to find out that they were committed to take certain action about which they knew nothing. Then on September 8 we were given some details, finally, as to what these so-called cuts were supposed to be.

Since then we have seen some backing off on the part of many government departments, but the net result has been an escalation of public debate on government spending and on the amount of resources the government utilizes within our economy and, quite frankly, one of the most encouraging things which has happened recently has been the development of an attitude on the part of the population whereby people are sincerely and genuinely asking for less government.

Their voices are being heard. That is a position which my party and I have advocated for a long time, so naturally we feel encouraged by that sympathy for our view from the public.

Mr. Nystrom: Not in Saskatchewan.

Mr. Andre: Members of the New Democratic Party, of course, advocate just the opposite. They advocate more government, and I am sure that they feel that this view on the part of the public regarding less government, less involvement in the economy and less spending is a cosmic occurrence and a temporary aberration which will surely go away in time.

I do not think that is the reality of what is happening because it is evident to me, to people in my constituency, to people in other parts of the country and to people who have examined the record of the last decade, that governments cannot cure all problems. Over the last decade the view has been that any problem, be it economic or social, can be solved, given enough resources to be brought to bear and given good and well-motivated people with enough money. That was the approach which was taken, but it did not work. Government attempts over the last decade to redistribute income have, by and large, failed, as we have been reminded by the Council on Social Welfare here in Ottawa.

Governments over the last decade have taken on more and more responsibilities. They have been doing more and more, but they have not been doing well. The public is aware of that now and is very concerned about the lack of democratic control over spending. People have recognized that parliament has no control over the tax money which is being spent. People are now coming to appreciate that the cabinet has no control over the amount of money being spent. That is because of the style of the present Prime Minister, and it will change with a new prime minister next spring.

Part of this problem has to do with the sheer size of government and the resulting complexity. It is absolutely important that we bring spending under control because, quite frankly, governments in Canada are now spending more money than the people are willing to provide. Empirical evidence for that is everywhere. Recently I read an article which knowledgeably estimated that the so-called underground economy in this country may account for 35 per cent of the total economy. Up to 35 per cent of the economy is being handled in a non-reportable and non-reported cash sense. People are using paper money. The barter system is being used to get beyond the reach of the tax collector. People resort to using hard cash as opposed to writing cheques and keeping books. They are doing that to avoid the tax assessor. People resort to barter because barter transactions are not taxable. They should be taxable, but cannot be traced.

Knowledgeable people estimate that these kinds of dealings may account for 35 per cent of our economy, and that figure is growing. That is a clear indication that a very large percentage of our population is simply unwilling to pay any more taxes. We cannot tax people more than they are willing to pay. Therefore, over an extended period of time governments cannot spend more than people are willing to pay.

Mr. Nystrom: Like Ontario medicare fees.

Mr. Andre: The size and complexity of government means that large amounts of money will be spilled, and they are. A few days ago we were told that $142 million in UIC funds have been misspent. I think it was in the Montreal *Gazette* and I read an editorial today saying that that is only 4 per cent of all the funds handled by the UIC. It is a variation of the "what's a million" theme. It is only $142 million, but $142 million is a lot of money. Granted, it is only a small percentage of the whole, but it is a lot of money, and the individual Canadian taxpayer who might feel some conscience about seeking a tax avoidance scheme or who might not be paying taxes because he is engaging in underground economic activity finds that his qualms are dissipated immediately when he reads in the newspaper that the government has mismanaged UIC funds to that extent, when he reads that 16 per cent of civil servants are over-classified and therefore overpaid, that the Minister of Transport (Mr. Lang) takes his friends to football games at a cost of $8,000, or reads about any of the assorted examples of government waste of taxpayers' money.

That has contributed substantially to this reluctance on the part of people to pay for government expenditures. The classic response to this circumstance of governments throughout history is to increase the number of tax collectors, and that is exactly what the Government of Canada has done. Between 1968 and 1977 the number of employees of the Department of National Revenue, the tax collectors of this country, went up from 15,500 to 23,600, a 52 per cent increase.

The money spent by government—the amount actually declared is 42 per cent of the gross national product—is not available to the private sector. It is not available for other productive purposes, and that is a reality. That is something we must face up to. Government spending is not productive. I am not saying it is not useful, but it is simply not productive. It

does not go into the generation of the goods and services which are part of our productive economy.

Mr. Rae: They provide a service.

Mr. Andre: Of course they provide a service, but it is a service for which people are becoming unwilling to pay. A service is productive only if there is a customer who is willing to buy it, and when it costs 42 per cent of the gross national product, people become unwilling to pay for it. The evidence to substantiate that is everywhere.

● (2122)

Another effect of levying taxes beyond people's willingness to pay is a reduction in growth productivity. For example, an electrician who wants to build a rumpus room in his home for $6,000 might have to earn $10,000 pre-tax. If he builds it himself, it will cost $4,000 in materials. Therefore, he only needs to earn an additional $6,000 in order to have $4,000 after tax to do the job himself. The net result of that is that a carpenter loses $2,000 in salary, a net loss of revenue to the tax department of $2,000, and a loss of revenue to the government of $2,000.

Our present level of spending and taxation affects business decisions. Businessmen now make decisions on the basis of tax implications rather than other economic considerations. Investments are approached from the point of view of how much the tax load can be reduced by making an appropriate investment, rather than how it will affect the number of jobs and the growth of the company. After tax remuneration becomes the goal of people in unions and professions. Their goal is the actual amount they receive for the service performed. The service is immaterial; it is after tax remuneration which concerns them. Those pursuing that goal are stating categorically that they are unwilling to accept the tax load as part of their responsibility. The clear message is: they are unwilling to pay the taxes.

The other consequence of the disparity between government spending and people's willingness to pay is that it is impossible to reduce the deficit in a satisfactory manner. The raising of tax rates in order to raise more revenue is self-defeating. It results in less revenue. The people faced with the tax loads continue to borrow to finance the deficit. That merely results in greater problems for the future. There is the problem of having to pay back eventually and to sustain the interest charges and carrying costs on the borrowed funds.

Recently the country resorted to printing money as a policy option, which results in inflation. It offers temporary relief and growth in the economy, but over time it aggravates unemployment problems and causes serious consequences to the economy. The traditional Keynesian approaches of trying to spend oneself into prosperity do not work. We should address ourselves to this problem. We must close the gap between taxes and spending, working from both ends.

Another aspect of large government spending is the involvement of government in the economy and the effect of the sheer size of it. Last February the Minister of State (Small Business) (Mr. Abbott) introduced the Paper Burden Office. He quoted statistics from an American study which indicated that the effective paperwork produced by the American government cost approximately $500 per citizen. Taking all levels of government into consideration, our government is larger on a per capita basis than that of the United States, and it is reasonable to assume that that estimate is equally applicable in this country. Indeed, the minister stated that it was his view that the indirect cost of government forcing people to fill out forms, apply for permits for every activity, take out licenses and react to the demands of government, is approximately $10 billion. That is the cost of the intrusions of big government into the private sector by way of the demands it makes. The present estimate is that Canadian governments account for 42 per cent of the gross national product. If the indirect costs of government are added on, which cost is imposed upon our economy, and if government tax is defined as all expenditures resulting from government action, then surely it is obvious governments are responsible for far more than 50 per cent of the g.n.p. in a direct and indirect sense.

Indeed government spending is one of the most crucial problems we must address ourselves to if the economy is to work in the 1980s, and if the one million unemployed are to be put to work. There appears to be a public will in Canada to support endeavours to find ways to reduce the over-all level of spending. The Liberal party has been true to its flexible principles, has acknowledged its view in public, and apparently has launched itself on a path of reduced government expenditures. I say "apparently" because a lot was said on August 1 and September 8 which was not factual.

On September 8 the President of the Treasury Board (Mr. Andras) announced the details of spending cuts. Included were cuts to the Farm Credit Corporation of $23 million, to CMCH of $200 million, to the Export Development Corporation of $240 million, to the Federal Business Development Bank of $22 million, and under the Public Utilities Income Tax Transfer Act of $49 million. The supposed cuts totalled $534 million. They were not cuts at all, they were bookkeeping changes. The government indicated to the Farm Credit Corporation, CMHC, Export Development Corporation and others that they would not receive capital advances from the Department of Finance, but that they would have to go to the market and borrow those funds directly.

Because of that, these entries no longer appear in the blue book estimates which we receive each year. They no longer appear as government spending, and they are claimed to be cuts. They are no such thing. They represent no change in the operations of Crown corporations; they represent a change in the bookkeeping entries. If a private company attempted to make such changes in its accounting practices, it would be called to task by the stock exchange. The tax deductions claimed by a similar method for this current fiscal year amounted to over $1 billion. They were nothing but bookkeeping or accounting changes. They had nothing to do with cuts whatsoever.

The danger cannot be underestimated. The electorate will not be fooled because we will make sure they are informed. The danger is that too many people and organizations accept government figures as fact. In its latest report the Economic Council of Canada accepted the Treasury Board statements of government spending as fact. Those were the figures which they applied in order to arrive at recommendations for the future. Those numbers are wrong because the basis of determination has been changed. The government has disguised some of its spending. When the Economic Council of Canada and others engaged in the business of analysing our economy use numbers which are produced by the Treasury Board as true and factual estimates of government spending, they use the wrong data because the bases are changing from year to year. So they are bound to reach the wrong conclusions.

● (2132)

I think it behooves me in the last five minutes, and I will not be long, to outline briefly what can and should be done. First and foremost, in order truly to bring government spending under control and to bring growth level to a reasonable point, we must have more honesty and openness about government spending. This is not a unique or original idea. That is part of a recommendation of the C. D. Howe Research Institute policy analysis and report of 1975. Three years ago that institute recognized that one of the key contributors to this tremendous increase in government spending could be related to the government's not being honest and open about its programs and plans. This is an absolutely essential first step to providing control in respect of government spending.

We have many examples of the things governments are doing. We must examine some of the things governments are doing in order to determine if in fact the private sector could not be doing those same things, to see if in fact there could not be some rationalization, and to see whether some activities in which the government is now engaged, and perhaps has been engaged properly so in the past, should no longer be done by the government.

I am reminded of a story of a few years ago which illustrates the point I am trying to make. Someone examined the public accounts and discovered that the Department of Agriculture was making an annual grant to a horse racing stable owned by E. P. Taylor, a man of some means. Someone asked why E. P. Taylor, a very wealthy man, was receiving a grant from the Department of Agriculture. It turned out this was being done under an old program established in 1910, or thereabouts, to permit the development of better cavalry horses. Fortunately that program was brought to an end.

An hon. Member: It was an effort to provide a stable economy!

Mr. Andre: I wonder how many more such examples there are on the books. I am sure there are many. The proposal of this party is that we institute a sunset law under which all programs of government would automatically be subjected to a detailed and thorough review on a regular basis. There are scores of things governments are doing which in the first instance were very appropriate for governments to do, but which are now no longer appropriate and in fact should be turned over to the private sector. I am sure that among the 384 Crown corporations, at last count—and probably there are more than 400 now because the number is increasing at a rate of three a month—we could find some whose activities could either be discontinued or turned over to the private sector.

I think it is about time we assessed the real indirect costs of government, an example of which is the $10 billion resulting from the government putting demands upon the private sector. A sneaky thing which has been happening recently, and which is of great concern, is the way in which governments have been imposing additional costs. One example comes to mind regarding drilling in the high Arctic. The Department of the Environment, for good and valid reasons, has said that prior to such drilling the companies must conduct environmental assessments. There is good and valid reason for that, but that involves a cost; in essence a tax. No one has done a cost-benefit analysis of that requirement to determine whether the benefits achieved from that expenditure are in fact worth the effort. That is just one of scores of examples.

What the United States terms "deregulation" is a policy that must certainly be adopted in this country. We must engage in systematic deregulation and an examination of the demands the government makes upon the private sector. We must make a systematic check of the tests, permits and licensing policies which now exist. All these things should be subjected to a cost benefit analysis in order that we can determine whether the benefits produced are in excess of the cost.

We must also restore democratic control over spending. The former leader of my party, the hon. member for Halifax (Mr. Stanfield), made an excellent address about a year and a half or two years ago to Mount Allison University regarding the dangers to our democracy of a continuation of the type of growth we have experienced in recent years. If we are so shortsighted as not to recognize the potential dangers, so eloquently articulated by the hon. member, then we will be shortchanging our successors, our children and their children, to a very great degree. Because what we will be leaving them by way of a legacy will not be democratic, or a parliamentary democracy of the type we now know. Thus, we must give parliament more control over government spending. We must have more honesty from government in respect of spending and taxation, and we simply must stop deceiving the public. We must be more open and honest, and possibly during the throne speech debate or during—

The Acting Speaker (Mr. Turner): Order, please. I regret to imform the hon. member that his time has expired.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I do not think I am speaking only for and on behalf of the people in my riding who have spoken with me in the last few weeks, but rather for all Canadians when I say tonight, in the closing minutes of this debate, that by not calling an election when he

should the right hon. Prime Minister (Mr. Trudeau) has deprived the people of the opportunity of getting rid of the worst government we have had in this country since confederation.

Some hon. Members: Oh, oh!

Mr. Grafftey: If there is a worse government, my God, show me. I repeat, this is the worst government since confederation. I am reminded of an old man of 93 years of age who lives in a small town in my riding. He approached me the other day and said: "Heward, I have always voted the Liberal ticket. I am what you call a red, red Liberal. I have never liked you guys, the Progressive Conservatives, but the next time out, even though my ancestors may roll over in their graves, and I really do not like doing it, I intend to vote the Tory ticket in order to help you guys get rid of the worst government we have had since confederation."

Some hon. Members: Oh, oh!

Mr. Grafftey: I know they do not like to hear this, Mr. Speaker, but that is what the people are saying.

Some hon. Members: Hear, hear!

Mr. Grafftey: They are saying that this is the worst government since confederation.

An hon. Member: Oh, oh!

Mr. Grafftey: You better get back on your own side of the House where you belong, because this is going to get rough.

When I heard the Prime Minister this afternoon at the constitutional conference say that this country was divided and regionalized at it never has been before, I was reminded of the fact that some ten years ago the people of Canada voted for that prime minister with a high degree of expectation. They thought that he would be the great unifier. Something went wrong in the last ten years and the Prime Minister attempted to pretend today at that conference that he had nothing to do with that.

I am reminded of a president of the CNR who appeared before a committee of this House about 12 years ago. He spent about an hour and a half telling us what a mess the CNR was in, yet for the 15 years immediately preceding he had been the president. I asked him a rhetorical question. I said he was telling us that the CNR is in a mess, yet he had been the president for 15 years. This sort of thing could only happen in public life. I gingerly asked where he had been for the past 15 years.

If we have record unemployment, record inflation, a plunging dollar and division in this country, where, sir, has the Prime Minister been for the last ten years? This is why the people have said time and time again that this is the worst government we have had and they intend to vote Tory. I know these people voted Liberal in the past because I do not get elected by not knowing who votes Liberal and who votes Tory. This old gentleman, I can promise you, never voted anything but the red Liberal ticket.

• (2142)

An hon. Member: He is senile.

Mr. Grafftey: I dare the hon. member to come and tell him that he is senile. He has all his marbles and he is not voting for the Liberals the next time; he wants to get rid of you.

Some hon. Members: Hear, hear!

Mr. Grafftey: After I heard the news that the Prime Minister was not going to call an election, I thought that surely to God there would be something dynamic in the Speech from the Throne, that it would be laden with positive, fighting economic and social measures to get this country moving again.

I am sure hon. members opposite would say that I have been around here too long, and they are not going to like what I am about to say, and that is that if that was not the worst throne speech I have heard in my 20 years, I will eat my hat. It was easily the worst, the damndest document of generalities, at a time when the Canadian people were looking for leadership and positive economic measures to get the economy going; but instead the four million to five million low income people of Canada have been kicked once again. Canadians were looking for social legislation that had some meaning, but what did they get? They got the most general motherhood document I have ever seen in my life. Can anyone name me one significant thing outlined in that document—just one? I certainly did not hear any named during the throne debate either, because there was nothing to name.

Hon. members opposite are going to say, "Wait for our positive legislative package that is to be brought forward independent of that throne speech." It was not really a throne speech in the true tradition of the throne speech. I can think of past Liberal governments that were really serious vis-à-vis socioeconomic legislation, but I am sure that members opposite are going to have a pretty good time defending this document.

We are now told by the leader of the government to wait for the legislative package. I respectfully submit that no matter what the package is going to be in the weeks and months ahead, it will be too late to have any real, concrete effect at the grass roots level, because of the mess that this worst government since confederation has plunged the country into. The record is there—a fallen dollar, one million unemployed and inflation. Has there ever a worse economic situation?

As I said earlier, the Prime Minister has said that the country is divided today as it has never been divided before. Where have members opposite been for the last ten years, sitting complacently on their hands and doing nothing?

Some hon. Members: Time.

The Acting Speaker (Mr. Turner): Order. It being 9.45 p.m., it is my duty duty pursuant to special order made

October 20, 1978 to interrupt the proceedings and forthwith put any question to dispose of the Address in Reply to the Speech from the Throne.

The question is, therefore, on the amendment. All those in favour of the amendment please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment (Mr. Crosbie), which was negatived on the following division:

● (2152)

(Division No. 8)

YEAS

Messrs.

Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Bawden
Beatty
Beaudoin
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crombie
Crosbie (St. John's West)
Crosby (Halifax-East Hants)
Crouse
Darling
de Cotret
Dick
Dinsdale
Ellis
Elzinga
Forrestall
Fraser
Friesen
Gauthier (Roberval)
Gillies
Grafftey
Halliday
Hare
Hargrave
Hees
Hnatyshyn
Holmes
Howie
Huntington
Janelle
Jarvis
Jones
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
Laprise
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacKay
Malone
Masniuk
Mazankowski
McCain
McCrossan
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nowlan
Paproski
Patterson
Pigott (Mrs.)
Richardson
Ritchie
Schellenberger
Schumacher
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shymko
Siddon
Skoreyko
Stanfield
Stevens
Stewart (Marquette)
Towers
Whittaker
Wise—76.

NAYS

Messrs.

Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Brewin
Broadbent
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette

The Address—Mr. Grafftey

Messrs.

Comtois
Condon
Corbin
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Douglas (Nanaimo-Cowichan-The Islands)
Dupont
Duquet
Ethier
Faour
Fleming
Foster
Fox
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jamieson
Johnston (Westmount)
Kaplan
Knowles (Winnipeg North Centre)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Lavoie
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Nicholson (Miss)
Nystrom
O'Connell
Olivier
Ouellet
Pelletier
Penner
Peters
Philbrook
Pinard
Portelance
Prud'homme
Rae
Railton
Raines
Reid
Roberts
Robinson
Rompkey
Rooney
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Savard
Smith (Saint-Jean)
Stewart (Cochrane)
Tessier
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—127.

● (2212)

Mr. Speaker: I declare the motion lost.

Is it the pleasure of the House to adopt the main motion?

Motion (Mrs. Appolloni) agreed to.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved:

That the Address be engrossed and presented to His Excellency the Governor General by Mr. Speaker.

Motion agreed to.

* * *

SUPPLY

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I move, in accordance with Standing Order 58:

That this House at its next sitting consider the business of supply.

Motion agreed to.

Mr. Speaker: It being after ten o'clock, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.17 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, October 31, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FORESTRY

REQUEST FOR DOCUMENTATION RESPECTING REDUCTION IN RESEARCH PROGRAMS—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise to move a motion of urgent and pressing necessity under the provisions of Standing Order 43, seconded by the hon. member for Ottawa Centre (Mr. de Cotret). I move:

That the Minister of State (Environment) table all studies, reports and other documents that lead the government to believe that it would be to the advantage of the forestry industry of Canada to reduce research programs at forest research institutes, and make a statement on motions outlining the short and long-term effects of this decision, in new product development and employment in the forest industry.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

FIXING OF PRAIRIES GRAIN AT FARM MARKET PRICE—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

Four years ago, the farm producer received $4 a bushel for 3CW wheat. Since then, farm costs have risen an estimated 30 per cent, which makes it obvious that the selling price of $2.49 a bushel, for example in northern Saskatchewan, to the farmer is totally inadequate to cover even the cost of production.

I therefore move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the government should direct that the price of the said grain should be fixed on the prairies at the farm market price of $3.50 per bushel.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Diefenbaker: The Minister of Agriculture said "No".

* * *

VETERANS AFFAIRS

CALL FOR PRO RATA PENSIONS FOR WIDOWS OF DISABLED VETERANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43 and seconded by the hon. member for Greenwood (Mr. Brewin), I move:

That this House notes that on November 11, just 11 days away, we shall be commemorating the sixtieth anniversary of the armistice that concluded World War I, and this House believes that this is an occasion to do more for our veterans of all wars than giving them words of praise and, therefore, calls on the government to introduce forthwith an amendment to the Pension Act to provide pro rata pensions for the widows of disabled veterans where the rate of disability was below 48 per cent, it being clear that this House would pass such legislation without any delay at all.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

PROPOSAL THAT PRESIDENT OF A CHARTERED BANK ADMINISTER CANADA'S FINANCE—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion of national interest.

In view of the fact that according to the *Canada Gazette* dated September 9, 1978 the total assets of chartered banks as of July 31, 1978 amounted to $167 billion, that is $20 billion more than nine months earlier; considering also the $13 billion deficit incurred by the government for the same period, I

move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the House direct the Minister of Finance (Mr. Chrétien) to ask the president of one of the chartered banks to guide him in the management of our finances and teach him how and to lay out our wealth and money to advantage.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

FEDERAL COURT WRIT OF PROHIBITION AGAINST RCMP SUPERINTENDENT—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, regarding the administration of justice.

Yesterday, in the trial division of the Federal Court of Canada, Mr. Justice Décary issued a writ of prohibition against RCMP superintendent Norman D. Inkster prohibiting him from continuing with the trial of RCMP member William Patrick Radey whose legal difficulties arose, in part, from charges of entering into consultation or discussion with counsel for a judicial inquiry.

I move, seconded by the hon. member for Halifax-East Hants (Mr. Crosby):

That, in the interests of natural justice, the Crown refrain from further action by way of appeal, that some of the recommendations of the Marin commission of inquiry which reported in January, 1976, providing for fairer treatment for members of the RCMP, be implemented in order that members of the RCMP whom we expect to uphold the principles of justice will be entitled to greater protection for themselves.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN NATIONAL RAILWAYS

REDUCTION OF TRAIN SERVICE IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

In view of the fact that the Newfoundland division of CN has cancelled certain trains and laid off employees, in violation of commitments made by CN and by the Government of Canada, and that CN has now directed drastic cuts in capital expenditures and maintenance expenditures for the Newfoundland division for the year 1979, including a reduction in the capital budget for the restoration of track by 50 per cent, or over $1 million, and cuts in maintenance of $500,000, all of which will result in further lay-offs of railway employees during the winter of 1979 and ceasing of hiring of extra gangs during the construction season from May to October of 1979, with employment down by 200, and in view of the refusal of CN management to permit the replacement of 12 employees of the bridge and building department of the Newfoundland division who have retired or transferred to CN marine, so that the normal complement of that office is now 41 rather than 55, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House directs the government to order CN to cease their sabotage of the Newfoundland Railway, to advise CN that the government will meet operating losses and necessary capital expenditures of the Newfoundland Railway, which is owned by the government, and to direct CN or other management to make an effort to make the rail a viable mode of transportation in Newfoundland and to carry out the promises made by the Secretary of State for External Affairs on September 12, that the railway would not be abandoned but that every effort would be made to increase rail freight traffic.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

REQUEST INDICTMENTS BE WITHDRAWN AGAINST EXECUTIVE OFFICERS OF CUPW—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43.

In view of the fact that the postal workers have now gone back to work, in view of the fact that charges have been laid under section 115 of the Criminal Code against executive officers of CUPW, and in view of the fact that the Criminal Code should not be used in the settlement of labour disputes, I move, seconded by the hon. member for Broadview (Mr. Rae):

That this House calls on the Minister of Justice to withdraw the indictments.

Mr. Speaker: Presentation of such a motion can be done with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1412)

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

PROPOSAL THAT FEDERAL-PROVINCIAL RELATIONS BRANCH BE TRANSFORMED INTO ADVISORY OFFICE—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an important and urgent matter.

Considering the necessity of showing all the required objectivity in the discussions on the position of Quebec in the present Canadian federalism; considering that as full Canadian citizens Quebeckers pay federal taxes and that they are not unanimously prepared to see their money spent for political purposes, possibly against their constitutional option; considering that it would be to the benefit of all Canadians to know and study all the realities of the country without any passion, prejudice or electoralism to inquire on the best constitutional formula which could satisfy both major nations which make up this country, and because this option could be the establishment of a new Canada which would be in line with the diversity itself; and considering that the special committee co-ordinated by Mr. Tellier, from the federal-provincial relations branch seems to be used first of all for the political polemic against a government which was elected democratically, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the federal-provincial relations branch be transformed into an advisory office for objective consultation without any partisanship, to which supporters of the main constitutional formulas presently put forward could refer in all objectivity.

Mr. Speaker: The House has heard the hon. member's motion. Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CLOSING OF GOVERNMENT RESEARCH LABORATORIES—INQUIRY WHETHER INDUSTRY CONSULTED

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries. In a recent letter to the Prime Minister, the Fisheries Council of Canada pointed out that Canadian scientists and research managers have considerable work to do with regard to gathering knowledge of fish stocks and population dynamics. It is in this area that the federal government has the responsibility and expertise, and it should be directing its efforts there rather than to commercial activities which must be the responsibility of the private sector.

The minister announced his decision to close the department's technological laboratories as part of the government's program to cut back expenditures. I ask if this decision was made after consultation with the private sector. If so, did the industry suggest other methods of reducing the fisheries department budget which would not be harmful to the industry, and what were the industry's proposals?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the hon. member gives me an opportunity to put a few facts on the record. First of all, we are not closing scientific research in any capacity. We are looking at closing a technological branch. In fact, it is the industry's normal responsibility to develop the product that it wants to put in the marketplace. We have very substantially improved our scientific research capacity in stocks and management and will continue to do so.

I might say, Mr. Speaker, that the article I saw in the *Globe and Mail* this morning indicates that one company—which is one of the few public companies in fisheries—has tripled its income. Because of our policy, I think the industry is in a position now to do its own technological research.

Mr. Crouse: Mr. Speaker, since the need for scientific input has never been greater, due to our extended fisheries' jurisdiction on both coasts and the potential it offers our primary fish processing sector, will the minister indicate, in light of his recent answer, what sections of the work presently being carried out by the laboratories will be turned over to the private sector, and how this transfer will be accomplished so that vital scientific work and the scientists who are now doing it will remain in Canada and be available to all processors?

● (1417)

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, again I refuse to use the word "scientific". It is technological research; it is not scientific. I have made it clear that in the area of the primary producers—gear and other developments for fishermen—we will not cut down on the program. There are members of an industry who constantly sign letters in which they ask governments to stay away from certain sectors and to spend less money. Now that their profit picture has improved so much, we have asked the industry if they are interested in developing their own products, in which case we would make an orderly transfer to them. I must say they were less enthusiastic about this suggestion than they were about writing letters of protest.

Mr. Crouse: In the same letter to the Prime Minister, the industry pointed out that the minister's approach is one of increasing intervention and opposition to the private sector. The Prime Minister has stated there is a need to rely on the private sector to create the jobs necessary to improve the

employment situation. Does the minister agree with the Prime Minister, and does he intend to follow his policy? If so, when can we expect an announcement from the minister about the federal fisheries' development program?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, what the hon. member calls intervention is simply the federal department playing the role assigned to it by the present constitution, which is the management of fisheries. That management takes place for two groups, the fishermen and the processors. I indicated that I thought the fishermen should take their turn at bat, and that is what the policy is designed to do.

LICENCES FOR FREEZER FACTORY VESSELS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a supplementary question for the Minister of Fisheries. The Fisheries Council of Canada, in their letter of September 22, appealed to the Prime Minister to change the direction of the Department of Fisheries and to change government policy on fisheries. They pointed to the refusal of the minister to issue to Canadians any licences for freezer factory vessels to replace the foreign effort and enable our fishermen to catch new species.

Why is the minister refusing to issue licences for new Canadian freezer factory trawlers, when he is now permitting East German trawlers to land fish at Newfoundland's south coast ports to enable those plants to continue operating, presumably because the plants need the fish? Why will he not permit Canadians to acquire their own trawlers and start that process, in light of the fact he is now allowing foreign vessels to land their fish from the Canadian quota at south coast ports?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, it is obvious that the Fisheries Council and the hon. member did not bother to read a letter which was published in the Halifax *Chronicle-Herald* and, if my memory is correct, in the St. John's evening *Telegram* in which I said very clearly that if there were enterprises which wanted licences to catch under-utilized species, and only that, I would be willing to look at their requests.

The fact is that catch rates are still such that the existing fleet can take a very large percentage of the fish available to us in the zone in which we have traditionally fished. The East German landing of fish was done in order to help plants that are undersupplied mainly because of the failure of the Gulf redfish. We made an offer that was open to everyone. Companies that wanted to avail themselves of temporary charters to fish selected stocks, which we had not been taking, were invited to do so. A couple of companies responded; the others did not.

Mr. Crosbie: The letter also points out that there is ad hoc manipulation of fishery resources instead of forward-planning for development. There are now more deals in the fishery than in Las Vegas.

[Mr. Crouse.]

Will the minister tell the House why he is permitting East German vessels to fish traditional species and land them in Newfoundland, and why he gave permission to Bulgarian and Russian vessels to take 400 metric tonnes of herring on the northeast coast of Newfoundland, herring that, had it been landed in Newfoundland, could have kept plants operating and men processing fish? Is it because the president of the union—the minister appears to be his puppet—asked for this concession for the Russians and Bulgarians? What is the explanation of this?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, contrary to what the hon. member suggests, the East Germans are fishing for northern redfish stocks which we have traditionally not found economical to take. It is being landed in plants that are undersupplied.

On the second point, yes, I did authorize the sale of 400 tonnes, out of the total quota of 20,000 tonnes, to the Russians. I feel that our fishermen and our industry are not getting out of herring, which has become quite a luxury product, the full return which they should be getting. The industry asked me if there was a way of putting in a needle, and I answered yes.

* * *

• (1422)

CONSUMER AND CORPORATE AFFAIRS

INCREASE IN FOOD PRICES—GOVERNMENT ACTION TO CURB

Mr. Edward Broadbent (Oshawa-Whitby): I have a question for the Minister of Consumer and Corporate Affairs, Mr. Speaker. According to today's press, the Anti-Inflation Board reports that inflation in food prices is back with a vengeance, with a 1.9 per cent increase in the past month and a year over year increase of 16.5 per cent.

I have here another secret cabinet document of June 20—

Some hon. Members: Oh, oh!

Mr. Broadbent: —which the minister played a role in developing, and in this document a number of serious possibilities for government action to deal with food prices are spelled out, including special indexing of the GIS, tariff cuts and consumer subsidies. In view of this re-emergence of inflation in food prices, I ask the minister whether the government has done anything about these suggestions.

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): I am continually making representations to my colleagues and others with respect to food prices, food quality, and so on. In many cases, those suggestions are accepted; sometimes, they are not. But I shall continue to press forward with the suggestions I have made to them.

Mr. Broadbent: The minister has clearly demonstrated, by his answer, that he has had no influence at all, because it is apparent that the government has done nothing. I will direct

my supplementary question to the Deputy Prime Minister, who is sitting there with a benign expression on his face.

Since that document dated June 20 states that the cabinet will review by the end of September of this year—not next year—what ought to be done, including far-reaching action, I should like to ask the Deputy Prime Minister whether that review did take place last month and, if so, whether the cabinet has decided to take any action about food prices.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the question asked by the hon. gentleman has rapidly erased whatever benign expression I may have had on my face. I can tell him he will not find me authenticating any cabinet document by falling into the trap of his question.

Some hon. Members: Oh, oh!

Mr. Broadbent: The minister had better go back to Rome and get some better advice on how to deal with serious matters, if he thinks that answer will be persuasive.

Some hon. Members: Oh!

Mr. Jamieson: You had better go back to Rome and learn some humility.

Mr. Speaker: Order. The hon. member for Oshawa-Whitby.

Mr. Broadbent: My question to the minister is a serious one having to do with food prices, a subject which does concern consumers, if not the government.

Since both the documents of June 20 and an earlier document of June 14—and I quote from the latter document—say that food prices are likely to remain an important economic problem for the next 12 months, and since this was realized by the government last June, is the Deputy Prime Minister telling us that since then nothing has been done and the government can just laugh about it? Or does it intend to take some action?

Mr. MacEachen: The government has already taken some action. Last week, as I recall, we sent to committee amendments to the Old Age Security Act which will help to cushion the effects of inflation upon the most needy of the old age pensioners. Today we shall begin a discussion of amendments establishing a new program of child benefits which will mainly help middle and lower income families meet the obvious disadvantages imposed by inflation.

The hon. member has evidently missed a good deal of parliamentary development during his visit to Rome, and if that is to be the result I shall not take him in the future.

Some hon. Members: Oh, oh!

● (1427)

[*Translation*]

UNEMPLOYMENT INSURANCE ACT

INQUIRY WHETHER GOVERNMENT IS CONSIDERING RESCINDING SECTION 57

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my question is directed to the Minister of Employment and Immigration and concerns section 57 of the Unemployment Insurance Act regulations. Since this section stipulates that a farm or forest worker must have worked 25 complete days to be entitled to unemployment insurance stamps and since this regulation affects no other class of worker, does the minister intend, in due fairness to all workers, simply to rescind section 57 of the regulations, which is causing real discrimination against the farm and forest industries?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I will look into the situation described by the hon. member, and if there is some form of injustice, we will make the necessary changes.

Mr. Gauthier (Roberval): Mr. Speaker, I would like to seize the opportunity to draw the minister's attention to the fact that this section causes serious problems for farmers, especially those in Ontario, where many of our families go to pick fruits and vegetables because they cannot get the stamps they would earn in any other industry.

Mr. Cullen: Mr. Speaker, the hon. member has added weight to his argument by that remark.

* * *

[*English*]

POST OFFICE

MINISTER'S PRIORITIES IN RESOLVING LABOUR-MANAGEMENT DISPUTE—LEGISLATION TO MAKE DEPARTMENT A CROWN CORPORATION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. Now that the tactics used by the government in the latest Post Office confrontation have raised tensions in the Post Office to unprecedented heights, and lowered the morale of the workers to unprecedented depths, can the Postmaster General inform the House as to his priorities in resolving this critical labour-management situation?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, the reports received by the hon. member for Brandon-Souris are different from the ones I receive. Reports I receive indicate that workers are back to work: they are working better than they have ever worked.

With regard to the action we intend to take with workers who happened to be in difficult circumstances during the strike, I can assure the hon. member that we will use all

possible fairness. Laws and regulations exist and they must be applied, but the other side of the story is that many workers abided by the law and wanted to work despite the fact that their leaders told them not to do so. We have to be fair to these people, who are the most important part of the Post Office work force.

Some hon. Members: Hear, hear!

Mr. Dinsdale: Mr. Speaker, in an attempt to be conciliatory in this matter, I would like to ask the Postmaster General a very positive question. Is he contemplating early action on Crown corporation legislation? Will the legislation be put before key unions, such as the Letter Carriers Union of Canada, the Canadian Union of Postal Workers, the International Electrical Workers Union and the Public Service Alliance, and will they have an opportunity, because of its very vital importance, to comment on any draft legislation? Is the minister having consultations with them?

Mr. Lamontagne: Mr. Speaker, there is a difference between being conciliatory and understanding, and being soft. We intend to be understanding in this situation.

With regard to the second part of the question about meeting with the unions, we had a meeting last Wednesday with all the unions involved in the Post Office. We are having another one tomorrow to discuss the setting up of a Crown corporation.

• (1432)

Mr. Dinsdale: In view of the fact that prior to the erosion of the rights of members of parliament in this House we used to have an opportunity to express our viewpoint on proposed legislation, will similar consultation take place with the House leaders?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, of course if we introduce a bill on a Crown corporation, hon. members of the opposition, no matter of which party, will have the opportunity, when the House committee holds its hearings, to discuss the bill and express their views before it is passed. They will then have ample opportunity to discuss the matter and I can assure the House that when the bill is studied in committee I shall be there to stick up for it and the hon. members can then express their opinions.

[*English*]

REQUEST UNIONS SEE DRAFT LEGISLATION RESPECTING CROWN CORPORATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I think that the most important part of the hon. member's question concerned the draft legislation dealing with the Crown corporation.

I should like to ask the minister whether, in fact, the Department of Justice has now prepared legislation which is on his desk and, even more important, if that legislation is available, will he give the Letter Carriers Union, CUPW, the International Brotherhood of Electrical Workers and the Public Service Alliance of Canada the opportunity to look at the draft legislation in order to improve it because, as I understand, right now it is a mess?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I do not know where the hon. member got his information—

An hon. Member: From your office.

Mr. Lamontagne: —but if he were on this side of the House he would know very well there is a procedure to be followed before a bill is put before the House and before items can be discussed relating to labour-management relations, and that is what we are doing with our unions.

* * *

EMPLOYMENT

SUCCESS OF EMPLOYMENT TAX CREDIT PROGRAM

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance and it concerns the employment tax credit scheme which was announced initially by the minister over a year ago and was finally implemented in January after one day's debate in the House. Would the minister tell us how successful the program has been, a program which was to cost $140 million and create 50,000 jobs?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the program which was announced was particularly successful in one of the provinces. We have put our officials to work to determine where the roadblocks might be to private enterprise taking advantage of the program. They indicated some of the red tape they thought should be removed, and in effect we have done that in the hope that it would encourage private enterprise to participate in the program.

Mr. Stevens: Mr. Speaker, my supplementary question, presumably, should be directed to the Minister of Employment and Immigration. In view of the fact that while this bill was under debate in the House, the red tape to which the minister referred was drawn to the minister's attention. At that time he stated he did not wish to see first-time job seekers take advantage of the program and that, secondly, to use his words:

> One of the objectives of the program is to get people who have been in the work force and are discouraged because they cannot find employment back to work.

Would the minister tell us two things: first, is it true that a mere 8,000 jobs are attributed to this program to date and, second, have the regulations been changed or are changes to the regulations being contemplated so that the minimum manpower registration will now be two weeks, as opposed to eight weeks; and if that is so, how does the minister reconcile his new position with what he told the House last January?

Mr. Cullen: Mr. Speaker, in one breath the hon. member has criticized us for suggesting we should be flexible in that area. That is precisely what we are. We put the new program into place and we wanted it tested to see that undue strain would not be put upon the revenues paid by the taxpayers. Also, the 8,000 people who have those jobs do not think it is insignificant: they got a job as a result of this program and I suggest—

Mr. Clark: Eight thousand?

Mr. Cullen: I thought the Leader of the Opposition liked to be on the front bench. He is acting much more like a backbencher today.

An hon. Member: Answer the question.

An hon. Member: That is where he should be.

Mr. Cullen: Mr. Speaker, we have the opposition blowing their cool. That is not the way Mr. Paproski told them to behave this week.

Some hon. Members: Order.

Mr. Speaker: Order, please.

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PUBLIC WORKS

LEASE-PURCHASE AGREEMENT RESPECTING LES TERRASSES DE LA CHAUDIÈRE

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Public Works but in his absence I will put it to the acting minister. We would like to know why the government signed a lease-purchase agreement for 1.5 million square feet of space in the Les Terrasses de la Chaudière development in Hull while they still had an existing lease arrangement for 40,000 square feet of space in buildings in downtown Ottawa which are now largely empty and are still being paid for?

Hon. Marcel Lessard (Acting Minister of Public Works): Mr. Speaker, I will take notice of the hon. gentleman's question and report it to my colleague. The minister is now here.

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I caught the tail-end of the question. I think the hon. member referred to the 1,100,000 square feet of leased space. I suggest to him that the allegation is extremely unfair and unjust.

Of those 1,100,000 square feet, a quit lease has been negotiated on 375,000 square feet as of the middle of September. There were an additional 275,000 square feet in Les Terrasses de la Chaudière for which we have identified a tenant whom we expect to be there in the near future. There are another 140,000 square feet on which the lease expires today, and an additional 130,000 square feet are being prepared for the Department of Supply and Services, the Department of the Environment and the Department of National Defence and will be occupied before the end of the year. If you add all that up, you will come to something near one million square feet out of 1,100,000 square feet.

Some hon. Members: Hear, hear!

Mr. McKinley: It is still obvious that the minister had leased far too much space for occupancy at the same time. I should like the minister to explain the following. It has been reported that $500,000 a month has been paid for empty space. Can the minister advise us how this extreme waste of the taxpayers' money has been allowed to go on by his department?

Mr. Buchanan: Mr. Speaker, this figure refers to the space that I have just gone over and identified for the hon. member. In fact, as I said, these sums—

Mr. McKinley: How did it happen?

Mr. Buchanan: —are not now being paid out. I suggest to you, Mr. Speaker, that we have done extremely well. Many of these leases go back ten years. It would have been very difficult to foresee, ten years ago, that we would now be in the situation where, to all intents and purposes, there is zero rate of growth in the public service and a very significant alteration made by Treasury Board in space allotments. For instance, the department of my colleague in Ottawa occupied some 160,000 square feet, but because of the new restrictions in space allocation, when it was relocated it was cut down to 100,000 square feet. Yet in spite of all those changes we have been able to keep the amount of unoccupied space for which we are paying the absolute minimum in rental.

Some hon. Members: Hear, hear!

* * *

ROYAL CANADIAN MOUNTED POLICE

DOCUMENTARY EVIDENCE AVAILABLE TO McDONALD COMMISSION

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, I have a question for the Deputy Prime Minister. In view of the decision announced today by the Supreme Court of Canada in the Keable case, which decision fully supports the legal positions taken before the Keable commission by the present Solicitor General and his predecessor, can the Deputy Prime Minister assure the House, on behalf of the government, that the documentation which has been denied legitimately to the Keable inquiry will be made available to the McDonald commission?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I think that by way of clarification in reply to the hon. member's question it should be pointed out that there was complete and full co-operation with the Keable commission in so far as it was investigating

specific illegal acts within its own mandate. It was only when requests were made for documents beyond that mandate that the Solicitor General, properly, took the course of action which has now been vindicated by the Supreme Court of Canada.

I should add that virtually all the documents that were involved in the Keable commission are already in the possession of the McDonald commission, and I believe have been for some months.

SUPREME COURT OF CANADA JUDGMENT ON KEABLE COMMISSION DOCUMENTS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the Solicitor General a supplementary question, assuming he has seen the judgment and had his attention directed to that part of it which held that documents obtained by the Keable commission, and presumably other Quebec government officials from the law enforcement agencies of Quebec, were held contrary to the provisions of the Official Secrets Act and could not be published without an offence being committed under that act.

● (1442)

Can the Solicitor General advise the House about the present situation regarding those documents? Are they still in the hands of the provincial government of Quebec, or have they been returned to Ottawa? What is the government's intention in that regard?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I had a chance to go through the judgment, which I felt was a proper one and one in which—

Some hon. Members: Oh, oh!

Mr. Blais: —found support for the positions which had been taken by my predecessor and myself. I looked at the section referred to by the hon. member, relating to the Official Secrets Act. As yet, I have not ascertained where the documents are to be found. But I would like to point out to the hon. member that the judgment itself identifies the Official Secrets Act as being the nominating legislation. It does not matter who holds the documents. If they are classified as being secret, they come within the provisions of that act.

Mr. Baldwin: Mr. Speaker, this particular judgment illustrates the absurdity and the anomaly of section 4 of the Official Secrets Act. It provides that people who might have acquired documents quite innocently and genuinely may, in holding those documents, become subject to a charge, as in the case of Dr. Treu. Will the minister consider recommending to his colleagues repeal or modification of this legislation, as is being done now in the United Kingdom?

Mr. Blais: Mr. Speaker, the hon. member knows full well that the act is quite clear in terms of the classification of documents. There is no doubt that the classification itself is really the basic criterion. Surely the hon. member knows that if people have documents which could be classified, they have an obligation to make sure those documents are dealt with in accordance with the provisions of the act.

In terms of what intentions there may be relating to amendments to that act, I will take seriously the representations of the hon. member.

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EMPLOYMENT

FUNDING OF PROGRAMS TO ASSIST WOMEN IN FINDING EMPLOYMENT

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. It arises out of a response which he made on October 17 to a question put by the hon. member for Oshawa-Whitby.

On that occasion, the minister confirmed a directive from his department to the effect that Outreach will no longer consider funding projects which specifically help women. In light of that confirmation, can he tell the House what is to happen to Woman Power in London, Women's Career Counselling Services in Ottawa, and Times Change in Toronto when their contracts run out at the end of next March?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, in the ordinary course of events, those particular programs will be looked at to determine how effective they are, whether there are other programs which might be put into place and whether the specific Outreach program is appropriate. That will probably take place during the month of November.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on the same date, October 17, the minister said that Outreach programs which specifically help women are not needed because there are many other programs which do that. In view of the fact so many programs which help women have been cut, can he identify the programs which help women who are having difficulty getting employment either beause of age or lack of skills or training?

Mr. Cullen: Mr. Speaker, under the terms of the employment strategy of the department and the labour policy committee of my own department, we are looking at those specific areas to determine how we can better give assistance to women who have a particular need in a particular area, be it training or skilled training. We have set criteria for our offices in skill training for tasks not normally done by women. Primarily because of attitude, we have asked our offices to set a particular quota so that women, in fact, will participate in those particular programs and others which are in place.

FORESTRY

TASK FORCE ON FUTURE OF CANADIAN FORESTRY SERVICE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is directed to the Minister of State (Environment): It concerns the request made to him by the Forest Management Institute for a task force to look at the future of the Canadian Forestry Service and the development and continuation of federal forestry programs. Has he received that request for a task force? I understand it was delivered to his office on October 12. Has he considered that request? Can he advise the House what he intends to do about it?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I do not see any real value in employing a task force at this particular point. The Canadian Council of Resource and Environment Ministers now has ongoing a series of committees looking at a national forest policy. It is expected they will deliver that document to me next June. Once I receive it, I will be in a much better position to recommend to my colleagues in government where the Canadian Forestry Service should go and, as a matter of fact, what our national forest policy should be.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am aware of the report to which the minister refers. Also, I am aware of the time that it will be reporting—in June. The task force requested by the Forest Management Institute is one which would report on December 15, 1978. It would deal with the rationalizing of these programs in relation to the cutbacks.

In view of the short period of time for its consideration by the government, and in view of the concern expressed by Professor McNally of the University of Toronto and others, will the minister reconsider his decision and review the appropriateness of a task force which can report quickly? Also, would he undertake to table the reports of such a task force before the House, so that people in the Forestry Management Institute and others in the forestry industry would know quickly the government's intention respecting the maintenance of these programs which are vital to employment and other areas of Canadian life?

Mr. Marchand: Mr. Speaker, I will have another look at the representation made to me. Yesterday I received one report verbally from Dr. Solandt in relation to the forest products laboratory in Vancouver and the one in Ottawa. He made some very good recommendations to me. They were not much different from the ones given to me by my officials in the Canadian Forestry Service. As a matter of fact, I think the recommendations were fairly sound and fit in well with those announced previously by the President of the Treasury Board.

FISHERIES

SALMON ENHANCEMENT PROGRAM IN BRITISH COLUMBIA

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. On October 14 and 15, he was supposed to meet with a group of fishermen in British Columbia to take part in the signing ceremony of a salmon enhancement program in that province. Even though there have been several years of negotiations, that agreement has not been signed. Instead, he was in New Brunswick. It so happened that a provincial campaign was ongoing: I do not know whether his visit had anything to do with that.

Can we look forward to the signing of that agreement in the near future, as it is vital to the fishing industry of British Columbia?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, if it is so vital I cannot understand why the province took so much time responding to the initial draft which we sent them. Now that the province has done so, we are looking at the very fine print: the lawyers of the Department of Justice are looking at the legal language of the agreement. As soon as this is reported back to me, it will be ready for signing. Certainly, the reason for the delay has nothing to do with whether or not I was campaigning successfully in my own riding in New Brunswick.

Mr. Friesen: Mr. Speaker, I am sure the provincial officials will be glad to read that answer. If the minister was ready to sign the agreement on October 15, why does he now say he has to look at the fine print, and that they need extra time to negotiate the agreement?

Mr. Malone: For the "hal-i-but"!

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, at no time did I say that I would be ready to sign. I told the British Columbia minister that I hoped we might sign this agreement when I was up on the Adams River to see the return of the sockeye. As it turned out, the delays—which in good part were caused by the fact that the provincial government took a rather long time to define its own position—were such that I was not ready to go forward and sign the documents.

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● (1452)

CONSUMER AND CORPORATE AFFAIRS

REQUEST FOR INVESTIGATION INTO INCREASES IN FRUIT AND VEGETABLE PRICES

Mr. Ian Watson (Laprairie): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. I have received reliable information that vegetable and fruit importers have been utilizing the depreciation in the Canadian dollar to justify increases in fruit and vegetable prices which are far

in excess of any variation in either the dollar or production costs.

Would the minister undertake to investigate this situation to determine whether any excess profit or price-gouging exists, and report back to the House?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, if the hon. member would provide me with the information, I would be glad to look into the matter. I should point out that between July and September there was a 23 per cent decline in fruit and vegetable prices as indicated in the CPI, but it is true that in the past month there have been increases. I would be glad to follow it up if I could get the information.

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CANADIAN BROADCASTING CORPORATION

EMPLOYMENT OF MR. KNOWLTON NASH AS NEWSREADER

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State: it is a matter that I am sure the minister is well aware of, because it has been discussed in the public media for the last week or so. It concerns the recent employment of Mr. Knowlton Nash as chief correspondent to read the national news, at a reported figure close to, I believe, $90,000 or $92,000. That figure is in comparison with the $45,000 he was receiving as head of news and current affairs.

In view of the fact that there seems to be no audition procedure, that Mr. Nash himself was involved in the negotiations, if not the decision, with respect to the hiring of the newsreader, and that there is some question about violation of the collective bargaining agreement with the staff announcers of CBC, has the Secretary of State initiated any kind of inquiry to find out if the facts are correct in terms of this extraordinary salary which apparently was negotiated for a five-year contract?

Hon. John Roberts (Secretary of State): Mr. Speaker, I am not sure that the assumptions of the hon. member are correct, but I will be happy to solicit the view of the corporation on his comments and communicate it to him.

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CONSUMER AND CORPORATE AFFAIRS

FOOD AND LIQUOR CONCESSION AT DORVAL AIRPORT

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs: it has to do with what appears to be a rather extraordinary arrangement which has provided for a 20-year monopoly to a food and liquor concession at Montreal's Dorval airport, the details of which seem to be a very highly-guarded secret.

Having regard to the fact that this arrangement is due to expire in 1981, and the fact that there appears to be some debate within the Ministry of Transport as to whether tenders will be called, and since there is an outright reluctance on the part of the MOT and, indeed, the operator of that concession, to provide details with respect to sales figures, rents, etc., I wonder if the minister, in his capacity as protector of the consumer and defender of the spirit of free enterprise, is concerned about this and whether he or his officials will look into this very serious matter?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am not sure whether my department has jurisdiction over that matter. It seems to me that it would be what one would call a regulated industry and subject to control by another ministry; but I will refer the matter to the proper minister.

Mr. Mazankowski: Mr. Speaker, I would think that anything pertaining to impact upon the consumer or potential bidders for this concession should certainly interest the Minister of Consumer and Corporate Affairs, unless he is simply attempting to protect the skin of the Minister of Transport, if not his own.

Mr. Allmand: Mr. Speaker, as I said, there are rules and bodies which regulate that particular business. It may not come under my department, but I will look into it.

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CANADIAN NATIONAL RAILWAYS

TRAIN SERVICE IN NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to ask a question of the Secretary of State for External Affairs in his capacity as Acting Minister of Transport.

It has been almost two months since the royal commission on CN operations in Newfoundland reported. The minister, in fact, announced the policy, on behalf of the government, with respect to rejecting the principal recommendations of the royal commission, allowing CN to phase-out their operations in the province. Since that time, notwithstanding the assurances that there would be no cutbacks until the final report of the commission was made, two trains have been taken off, with a resultant decrease in employment with CN, Newfoundland, as a result of declining revenues. I ask, what is the position of the government with respect to the future of CN operations and declining revenues, bearing in mind the commitment the minister made on behalf of the government?

Hon. Donald C. Jamieson (Acting Minister of Transport): Mr. Speaker, I will attempt to answer the question within the confines of the question period. On the matter of the cutback of trains, I have personally made representations to the Minister of Transport. I have no hesitation in saying here that I believe the CNR is interpreting the instructions given them in the broadest possible sense, and I think it is quite inappropriate for them to have done so.

Mr. Clark: Are you speaking for the government?

Mr. Jamieson: Mr. Speaker, the hon. Leader of the Opposition has asked if I am speaking for the government. When I stand as Acting Minister of Transport, I am speaking for the government. Furthermore, I can assure him that I will also speak out vigorously and consistently for the people of Newfoundland and the workers of Newfoundland, as I have been doing for the past 20 years or more.

Some hon. Members: Hear, hear!

Mr. Jamieson: Mr. Speaker, I do believe that the Government of Canada must institute discussions with the CNR—this is in the short run—as to the appropriate interpretation of the instructions that were laid down with regard to maintaining the status quo until the Sullivan commission's final report is in. It is my view—and I repeat that I think this is something which we must make clear to CN within the limits that we can control the CN in this regard—that these cutbacks ought to be delayed.

I would further say, without having been invited to do so, that I think the same thing applies with regard to the rate increase on the bus service. I think that both of these matters are linked; that is the position: I cannot in this sense speak for the Minister of Transport as to how.

Mr. Clark: Oh!

Mr. Jamieson: Mr. Speaker, I am not sure if the Leader of the Opposition is interrupting or if he has hiccups, but I wish he would let me finish my answer.

Some hon. Members: Hear, hear!

Mr. Jamieson: Mr. Speaker, to conclude what must be said necessitated a long answer. I am not sure, because the Minister of Transport is across the street at the conference on the constitution, how far he has actually gone with instituting these particular talks with CN, but I will find out from him. Perhaps he will be here to answer for himself tomorrow.

Mr. McGrath: Mr. Speaker, could I ask the Acting Minister of Transport, what is the position of the government with respect to the position taken by CN, that because of declining revenues the service will have to be phased-out in any event? Is it the position of the Government of Canada, in keeping with its constitutional obligations, that to operate this service it will have to step in and look at an audited statement of losses; and can the minister tell the House if the Government of Canada holds the position that the government of Newfoundland has to share in these losses?

Mr. Jamieson: Mr. Speaker, on the last point, with regard to the government of Newfoundland—did the hon. member say the Government of Canada?

Mr. McGrath: The government of Newfoundland having to share the losses.

Mr. Jamieson: Mr. Speaker, in so far as the government of Newfoundland having to share in the losses of the railway is concerned, I do not believe that that has ever been suggested. Certainly, it is not anything I have ever contemplated in that particular sense and, to the best of my knowledge, the government has never formulated that idea, whatever CN may have said. There is, of course, the broader question of the whole transportation mix of services in Newfoundland and the cost-sharing between the two levels of government.

On the earlier question, the CN, of course, makes the point that if the revenues and the business is not forthcoming, then one of two things obviously will have to be done, either the trains must operate without having necessarily paying loads—or, indeed, even being filled on some occasions—or somebody other than CN directly must pick up the losses.

The question of auditing the books is one which is now being undertaken by the Sullivan commission. Indeed, I made a specific request, personally, to Mr. Sullivan, after the first volume emerged, that he look into two things, one being the rate structure of Canadian National, to put to rest one way or the other the claims which have been made that, indeed, it is the rate structure that is largely at fault. I understand that that is now going on.

The second thing that I have asked him to do—and which I am prepared to do in co-operation with other members because the hon. member for St. John's West has asked me about this as well—is to talk with all of the parties concerned. I do think—and hon. members, I am sure, will agree—that the business community in Newfoundland must be a part of those discussions, because what we have to determine is whether or not it is possible, given the best good will in the world, to put freight back on to the rail lines. If a meeting involving the business community, the CN and hon. members will help to resolve some of these questions, I would be glad to do what I can to initiate it.

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PRIVILEGE

MR. HORNER—UNPARLIAMENTARY LANGUAGE USED BY MEMBER FOR BATTLE RIVER

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I rise on a question of privilege. It has long been established practice in this House that we go to great lengths to keep the proper amount of decorum, because the purpose of this House of Commons is to encourage intelligent and rational debate. Therefore, when one's motives are questioned, that must be immediately substantiated or the accusation withdrawn.

● (1502)

Last evening I was not in the House, and this has just come to my attention today when reading the speech of the hon. member for Battle River (Mr. Malone) as reported at page

616 of *Hansard*. In the second paragraph of the right-hand column on that page, there appears this statement:

Two years ago they purchased from our side of the House a man to go to sit with them as a cabinet minister.

There is no question in my mind, or in anybody else's mind in this House, about to whom he was referring. Later in the same paragraph he names "the Minister of Industry, Trade and Commerce (Mr. Horner)." I am not going to get into a debate on the merits of name-calling—

An hon. Member: Or the price.

Mr. Horner: —but I do believe that we want to keep rational and intelligent debate alive in the House of Commons, which we all go to great lengths to do, and I believe the word "purchased" imputes a motive upon both sides—the persons being purchased and the persons offering the bribe. That is what the word means.

Mr. Fraser: Oh, oh!

Mr. Horner: If the hon. member for Vancouver South (Mr. Fraser) has something to say, he should rise and say it on his own question of privilege.

Mr. Fraser: This is not a debate I would want to get into.

Mr. Hees: Jack, the government is asking for a rebate.

Mr. Horner: Mr. Speaker, to my mind, the word "purchased" imputes a motive upon my services to my constituents and to the country of Canada. I ask you to ask the hon. member to withdraw it because it is unparliamentary. If we are to get into a name-calling contest, I think I will do all right.

Some hon. Members: Hear, hear!

Mr. Fraser: You have certainly done it before.

Mr. Horner: I want to say, Mr. Speaker, that surely everybody realizes the distance between these two front rows in the government and the opposition benches is the length of two swords. If we were to get into a name-calling contest the sword distance would have to be a lot longer to keep us apart, and to carry on that intelligent and rational debate that the Canadian people should be privileged to see and hear.

I say to you, Mr. Speaker, that the statement is imputing motives, it is imputing the fact that I was paid money. I want you to rule on the point I am raising that the statement is questioning my privilege to serve in this House for any other reason than the benefit of my province, my country and my people. I say that in all seriousness. If anybody wants to say that outside the House in the presence of a third person, they will have a lawsuit on their hands.

Some hon. Members: Hear, hear!

Mr. Fraser: Pay your price and get your product.

Mr. Alexander: Orders of the day. This is a lot of nonsense.

[Mr. Horner.]

Mr. Speaker: Order, please. In the course of this intervention I have been reviewing the fourth edition of Beauchesne which I have before me, and I am sure I can take more time to look at other precedents. At page 130, subparagraph 3 of citation 154 deals with the imputation of bad motives. Specific examples are cited. I am sure that this had not come to the attention of the hon. member for Battle River (Mr. Malone) when he used this language last night and it was not brought to his attention by the Chair at that time, but I want to draw his attention to subparagraph (6) on that page. This paragraph says that "the words 'purchased by legislation' applied to a member of a House are unparliamentary." Under that section on bad motives it is very difficult for me to be absolutely certain but in general there seems to be a very clearcut precedent there. Obviously, where any doubt would remain I would always want to resolve that doubt in favour of asking the member who had used a phrase like that—I am sure without malice aforethought and without even thinking of the complete implications of it—I would want to ask him to withdraw it, to be on the safe side.

Mr. Arnold Malone (Battle River): Thank you, Mr. Speaker. Certainly I would not want to cause any harm to the Minister of Industry, Trade and Commerce (Mr. Horner). I should like to change the word from "purchased" to the phrase "given away".

Some hon. Members: Oh, oh!

[*Later:*]

MR. MACEACHEN—UNPARLIAMENTARY LANGUAGE USED BY MEMBER FOR BATTLE RIVER

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I had intended, following the question of privilege raised by the Minister of Industry, Trade and Commerce (Mr. Horner), to raise a separate question of privilege founded upon the same sentence as that to which my colleague drew attention. However, I understand that Your Honour requested the hon. member concerned to withdraw the offending expression. But in the gale of laughter from the opposition benches which surrounded his withdrawal I was unable to determine the nature of that withdrawal.

I should like to look at *Hansard* tomorrow, and reserve the right to found a separate question of privilege based upon the same sentence. However, I will not do so until I have seen in *Hansard* the words which were used and which were greeted with such levity and hilarity by members of the opposition party. Given the gravity of the situation, I could not believe it was a sincere withdrawal when it was greeted with such laughter. However, as I say, I will look at the exact words tomorrow.

I say this because there is involved the sentence, "Two years ago they purchased from our side of the House a man to go to sit with them as a cabinet minister." Well, those who are sitting with the Minister of Industry, Trade and Commerce are the ministers seated here, and we have been accused of

buying a member of their party to come to sit with us. I think that raises a serious question of privilege, and the words ought to be withdrawn without hesitation or equivocation. In saying so I recall to Your Honour and to hon. members opposite an incident which took place in this House on the last day of the last session when a question of privilege was raised by the hon. member for Pictou involving the Minister of State for Urban Affairs (Mr. Ouellet). Your Honour ruled that the words used were offensive, and under strong insistence they were unequivocally withdrawn by the Minister of State.

An hon. Member: Be serious!

Mr. MacEachen: In my view the words used yesterday are even more offensive and I do not think they can be settled by a sort of copping out, in the midst of laughter from the hon. member's colleagues who ought to have been ashamed at the words he used.

[*Later:*]

Mr. Speaker: Perhaps we can now return to the prior but unfinished question of privilege which was raised by the Minister of Industry, Trade and Commerce (Mr. Horner), after which there had been what I took to be a withdrawal by the hon. member for Battle River (Mr. Malone). In this regard I refer back to the point raised by the Deputy Prime Minister (Mr. MacEachen).

The Chair is often as troubled by withdrawals of offensive remarks in this House as it is by the offensive remarks themselves. I reflect back immediately to three or four occasions upon which I have asked for withdrawals of offensive remarks, and I think the record will show that I have been met with some very ingenious and very qualified withdrawals which, in the circumstances, I have been obliged to accept. Whether I ought to be more insistent on an unqualified withdrawal in these circumstances is a point which I am not at all disinclined to discuss, and on examining this particular instance I refer the Deputy Prime Minister back to three or four cases in recent memory involving the Prime Minister (Mr. Trudeau), the hon. member for York-Simcoe (Mr. Stevens), the Minister of Finance (Mr. Chrétien) and, I think, the hon. member for Grenville-Carleton (Mr. Baker).

In those cases statements were made which I said ought to be withdrawn. On all those occasions there were presented to the House and to me a fascinating variety of withdrawals. I think we should examine all of them to see whether or not we should be insistent—I am not afraid of this if it is the will of the House—on a categorical withdrawal, not something that carries with it a qualification. In any case, if the President of Privy Council wishes to argue that point tomorrow, I will be glad to hear him.

MRS. HOLT—AFFRONT BY COMMISSIONER FAIBISH, MEMBER OF CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I rise in this House today on a question of privilege arising out of an incident that took place about 1.55 p.m., Tuesday, October 24. The incident, a gross and unseemly assault on me and my office as an hon. member of this House, occurred moments before my scheduled intervention on behalf of thousands of constituents and petitioners before the Canadian Radio-Television and Telecommunications Commission for the express purpose of stopping their harassment of citizens and infringement on the right of free choice on the main cable dial of television in the greater Vancouver area.

I gave notice to you of my wish to raise this matter last Friday, October 27, the earliest opportunity following my return to Ottawa.

My intervention was designed to tell the CRTC that no agency of government must overstep its mandate, that in no way has it a right to diminish or interfere with the freedom of cultural or entertainment choice of the citizens, as it exists now.

Mr. Speaker, I regret that in order to illustrate fully to you the enormity of the offence, I must use, in this House, the explicit language that one commissioner directed at me. However, I feel you can only properly judge the extent and the depth of the contempt by the words he used.

I want to say that I am hardly a neophyte in the world of vulgar, angry men. I have been through the wars of life where men have dominated. In my profession as a writer and reporter I have worked on the streets, in prisons, on skidroads, waterfront—yes, even in exclusive men's clubs and in city newsrooms—where the explicit language of inadequate men is as common as weather talk in a meteorological station.

But I was shocked and stunned when a public servant used assaultive epithets on me as a member of parliament, and thus on my constituents. Some of my constituents were witnesses to the incident, and one actually was struck by a button he seized from my hand and hurled across the space in front of the commissioner's desk.

Mr. Speaker, I will recount the incident and then will give you proof that I was there in my capacity as a member of parliament, that it was an extension of my job here, and, in fact, I could not be here that day because my constituency believed I had a prior duty to serve them before the CRTC in what many B.C. people consider to be a crisis in freedom. Further proof that I was working there before the CRTC instead of here will show in my attendance record this month, as it did in three previous appearances before the CRTC in the past three years. I was acting in my full capacity as a member of parliament.

In the final part of my submission, I will argue the reasons—the law—to show why I feel you should find contempt and a breach of my privilege as a member of this House, and refer this matter to the appropriate committee for action.

I had properly notified the CRTC September 28, 1978, with a hand delivered message to the chairman that I would be appearing as a member of parliament on behalf of my constituents and petitioners in the hearing on October 24, 1978, in Vancouver, on the renewal of cable licences.

The chairman himself, in response to a phone call I made to him, scheduled my intervention for 2 p.m., October 24, to accommodate my duty to be back in the House of Commons on the first available flight, the all-night flight, out of Vancouver to Ottawa.

Between numerous other duties, I worked almost 30 hours to prepare and finish my brief in time for the hearing. The zeroxing of the copies for the commissioners was completed by 1.30 p.m. About five minutes before my scheduled 2 p.m. appearance at the witness table I began to distribute copies of my submission to the CRTC commissioners who were drifting in to take their places at the table following the noon recess.

● (1512)

I was wearing one of the 10,000 buttons that had been distributed to my constituents, petitioners and those people who had called at my office for them and who came in to complain to me about the CRTC and its repeated attempts over the past three years to eliminate all American stations from our primary cable dial in greater Vancouver. The button says "CRTC Stay Out of B.C.". As I handed out the briefs several commissioners asked if I could give them a button. At no time, Mr. Speaker, did I offer a button to them. I carried only a few in my purse.

As I reached the centre table, commissioner Réal Therrien, who has always been cordial and responsible in our committees on broadcasting and at the CRTC, asked for a button. He said, "The last time we were here you pinned your previous button on me." I asked the obvious question, "Would you like me to pin this one on you?" In the good humour that we were sharing, I suggested that it might be wise not to wear it while sitting in Vancouver. He replied that he would like me to pin it on him.

As I reached across the table to fulfil his request, my hand was grabbed, the button taken from it and hurled across the space in front of the table. It struck a constituent who was standing a few feet from me. The assault on her, I have no doubt, was not deliberate. The person who flung this button and made the following statement was later identified to me as Commissioner Roy Faibish.

Mr. Faibish shouted or snarled. I cannot remember the sound, other than it was one of hysterical anger. I do remember what he said, however, "Get that damned button out of here." I said something to the effect, "How dare you? This is still a free country and you are not giving the orders." I remember telling him at some point that the chairman the night before, at the opening of the hearings, had asked for and received a button from me.

He said that he did not care who asked for the button, that I had better get them out of there or he would, in his words "Shove them up your . . .". I hesitate to use the word in here, but you know what I mean.

Some hon. Members: Oh, oh!

Mrs. Holt: I was livid with anger and reminded him that I was present at these hearings as a member of parliament—I was there, hon. members as an hon. member elected and representing my constituents—and that he was the servant and not the master of the people.

He repeated his first threat with, "I don't give a damn who you are, I'd like to shove that button up your—"

Some hon. Members: Oh, oh!

Mrs. Holt: Again I say I am not a shy person, but I think we should all be concerned that a bureaucrat, a person appointed to serve us, would treat a member that way. I am not new to bad language.

I could think of only one thing to say in rebuttal, "You chauvinist pig, I will take this further". I said during my submission, and it is on the record, and the whole commission heard it, that I would take this incident to the top. I did in fact wire the Prime Minister (Mr. Trudeau) details of this incident and had the message delivered to his desk at 2 p.m. Wednesday, October 25, with a copy to the leader of the government in the Senate, Senator Ray Perrault, who is the minister responsible for my constituency.

I might say that several commissioners apologized to me for what happened, and said that the language was uncalled for and the actions unacceptable.

But, Mr. Speaker, it did not end there. I want to point out further that because of Mr. Faibish's actions I was deprived of the opportunity to deliver my intervention with the normal strength and responsiveness that my constituents have grown to expect. I took my place at the witness table seconds after this incident to deliver my intervention. I was so shaken and angry at the contempt of my duty, this, the highest assignment, which you know best, Mr. Speaker, in the whole of the public service any citizen can accept, that my voice quivered and my hands shook. Friends who were watching the television on monitors at the back of the room expressed surprise later and wondered what had happened, since I had gone in there with confidence and was quite cool. Of course, the newspapers ridiculed my quivering weak voice and angry approach. It may be hard for hon. members to believe that there are times when one is weakened by anger.

When I returned to my duties I was advised Friday by my Vancouver constituency secretary that a friend of Mr. Faibish, his apologist in effect Denny Boyd, had published a statement that, I believe, compounds the contempt and adds to another serious offence against my duties as a member of parliament.

I believe, as a result of what Mr. Faibish did later and what he admitted he did in his statement, my constituents failed to receive a proper, unbiased, and full hearing from the CRTC on October 24 through their member of parliament.

Here is the published corroboration of this in a column in the Vancouver *Sun*, October 25, 1978, by Denny Boyd:

> After the shouting was over and Holt began reading her formal intervention statement, Faibish screwed a plug into his ear and listened to the French translation of her remarks. Faibish is not French; he is bilingual, however, and,

at that point, he had heard quite enough of the Holt voice. And after all, freedom of viewing and listening choice is what the CRTC is all about, isn't it?

Thus by his own admission to Boyd, Mr. Faibish treated my representations with bias and contempt. This and other articles were evidence that this public servant nurtured contempt in the media, not only for this member but of parliament itself.

It does not matter a whit whether Roy Faibish likes me or my method and style of serving my constituents. In fact even if he despises me, and obviously he does, it does not change the fact that he must respect the office I hold as an hon. member of this House.

Some hon. Members: Hear, hear!

Mrs. Holt: I was duly elected in Vancouver-Kingsway to represent the people of Vancouver-Kingsway. This was my fourth appearance before the CRTC in almost four years. Each time I made it clear, as I did in this case, that my constituents and others petitioned me to act in their interest to halt the repeated attempts by the CRTC to remove American television from our rich primary cable dial that we are so fortunate to have in the greater Vancouver area.

We receive six Canadian stations, four commercial American—two of them impaired—and one public broadcasting service. Repeatedly in British Columbia we have had attempts to remove them one after another. Constantly my constituents have written, petitioned, and begged me to work for reversal, which we have succeeded in doing in five different instances. In that respect I was working as a member of parliament here and in Vancouver.

Repeatedly before the broadcasting committee on which I serve, and at these hearings, I have made these complaints clear, as I did before the CRTC, that they were over-stepping their mandate. In these actions and in the interventions, starting January, 1976, I have always stated clearly that I was acting for my constituency and had literally thousands of petitions and letters. I have here a small sample from just this one week before the hearings. These people have asked me to act for them. They have made their anxieties clear to me about their concern over freedom of cultural choice. They have made it clear that big government agencies are diminishing or threatening that freedom, the right of cultural and entertainment choice.

● (1522)

Further and current evidence that I produce to you now to prove that I attended at the October 24 CRTC hearings as a member of parliament is contained in my September 28 notice to the chairman. In it I said:

This is to advise that I wish to intervene on behalf of myself, my constituents and numerous petitioners.

One set of petitions brought into my office is also proof of my appearance as a member of parliament. These petitions contain, I presume, 1,000 to 1,500 names. They are proof that I appeared as requested by constituents and petitioners. It begins simply with the heading "Petition". I quote:

Simma Holt, MP will be appearing on behalf of the undersigned at the CRTC licence renewal hearings commencing in Vancouver on October 24, 1978.

It goes on to say:

We demand the right of free choice of television from our cablevision channels.

Possibly the most graphic proof that I was acting as a representative, as a member of this parliament, and that I was seen as such by my constituents, was the writing on an envelope containing a petition requesting that all stations presently on the dial be grandfathered there. It was slipped through the mail slot of my office some time during the night before my CRTC appearance. At the top was a sketch of the button with the words "CRTC stay out of B.C." The letter was addressed to Holt Simma, MP, 303 Knight Road, Vancouver, B.C. At the bottom right hand corner was written:

Thank you Mrs. Holt Simma for fighting for our freedom. We appreciate this very much.

Sincerely A. Nandenberg

The return address was in Vancouver-Kingsway.

I say to you, Mr. Speaker, that such behaviour toward any citizen, whether member of parliament or private person, by a CRTC commissioner, is totally unacceptable. However, when the witness is a member of parliament, the offence must surely be contempt of this the highest of offices in Canada, and therefore of parliament as a whole.

Certain persons in position of power and influence, of whom Roy Faibish is one, seem unable to conceal their contempt for the elected representatives of the people and the institution of parliament. We have all heard this type of bureaucrat say or imply, "I wish that the members of parliament—or politicians—would stay out of our hair and let us do our job."

It is thus that tyranny by bureaucracy grows. They are not accountable and can do as they wish if they are not stopped. I say that every effort by this parliament, by cabinet, and in this instance by you, Mr. Speaker, must be used to halt this insidious and creeping interference with the lives of the citizens, and to halt contempt of their elected representatives. This may be the start.

Mr. Speaker, I tell you and hon. members that if it is the last thing I do in my life, whether in this place or as a private citizen, I will fight to restore freedom from these kinds of power hungry tyrants whose egos are bigger than their talent.

I must now move on to the law in order to back up these facts.

Some hon. Members: Oh, oh!

Mrs. Holt: Hon. ladies and gentlemen, I feel I had to state the facts and the proof before I could state the law. If any of you happen to be worth-while lawyers, I know you will understand.

Privilege in the parliamentary sense is the rights and immunities which are necessary, and indeed essential, for the member to fulfil his or her functions. It is the vehicle without which the member could not properly perform his or her functions. Since parliament could not perform its functions

without the unimpeded use of the services of members, privilege is thus enjoyed by individual members.

When the privilege of an individual member of the House of Commons or when the privileges of the House of Commons have been breached, this constitutes contempt of parliament.

However, apart from these rights and immunities, or specific privileges such as freedom of speech in parliamentary proceedings, by virtue of its penal jurisdiction the House of Commons has the right to punish actions which, while not breaches of any specific privilege, are offences against its authority and dignity. No precedent is required. If the House of Commons decides that such an action is contempt of the House and requires a punishment, no other court will set aside the warrant when expressed in general terms.

In this regard, a member of the House of Commons has the right to go about his or her business or to perform the functions of a member without being molested, intimidated, or obstructed. Any interference constitutes contempt of parliament.

The British House of Commons on June 6, 1780, resolved:

> That it is a gross breach of the privilege of this House for any person to obstruct and insult the members of this House in the coming to, or the going from, the House, and to endeavour to compel members by force to declare themselves in favour of, or against any proposition then impending or expected to be brought before the House.

In other words, when a member of the House of Commons is in the course of his or her functions as a member, such as speaking in a parliamentary proceeding and acting in his capacity as a member, that member is protected by certain specific privileges, for example, freedom of speech in a parliamentary proceeding and, in the event of obstruction—

Mr. Speaker: Order, please. I do not think there is any difficulty about definitions of basic parliamentary privilege. Had it been in respect of a proceeding of this chamber that this event had taken place, there would not be much doubt. The difficulty that the hon. member has, as I am sure she realizes, is that she was appearing, not at a gathering of the House of Commons or even a committee of the House of Commons, which might leave her in a stronger position, but rather before a public board which, while it may in some ways be an emanation of decisions of this House, nevertheless is a board at which the public can appear. Therefore, that is the area in which the hon. member should concentrate in establishing her privilege, that indeed she was there in her capacity as a member of parliament.

The difficulty is it may have happened to any other citizen, a difficulty I say only in respect of her establishing a connection with a long line of cases of parliamentary privilege which have always narrowed and confined it to proceedings of parliament or parliamentary committees—a parliamentary proceeding of some sort.

I want this in no way to be taken as diminishing the evident affront, which may equally be an argument that the hon. member may want to establish, to her, as a member of parliament, which is alarming in its proportions and its clarity, I am sure, to every member of the House. That, as a contempt, may be argued. However, in terms of the privilege of attending that proceeding, the hon. member ought to concentrate on the fact that this was a proceeding outside the House. I hope she will state her case in that difficulty.

Mrs. Holt: Mr. Speaker, I know it is not an easy task to determine when a member of the House of Commons is acting in the parliamentary capacity or whether, when you are not in this House or in committee, you are still a member of parliament. However, I feel very strongly that when one member is treated with contempt, not just by a newspaper, it is certainly relevant. There have been cases where contempt has been found as a result of newspaper articles. However, this is by an agency appointed by parliament, and involves a servant of parliament and a servant of the people. I feel very strongly that it is an extension of parliament. I know that if I were speaking before a Kiwanis Club or another group, it would be quite different. I should not have the protection. However, if I were assaulted for having voted in this House, it might well be a contempt.

I do not know whether the case of the *Attorney General of Ceylon v. de Livera* helps my case or not. I would like to present it. If Your Honour feels that I have already taxed the time of the House, I will not go on any longer. However, I would like to cite that case for your consideration. I feel it is such a gross and ugly contempt that further consideration should be given to it. I will not press my time on you if you feel that case will not be worth-while.

Mr. Speaker: I only wanted to indicate to the hon. member that it was not the basic definition of privilege that would assist her. Rather, she ought to concentrate on the difficulty that she faces by the evident difference between a proceeding of this House and a public proceeding in which any citizen might participate as a functioning member. I do not wish to restrict the hon. member in any way on any argument she may wish to develop that the behaviour of this member of a public body was contemptuous toward her and therefore contemptuous toward the House, because that seems to be a very strong argument.

● (1532)

Mrs. Holt: I just have a few more points to make, Mr. Speaker. Had I been there just as a citizen I contend that this paid official, whose salary would be voted in this House in supply, would still be in contempt of a citizen, but it was greater contempt when I was really there as part of my job in place of being here. I think I have adequately proved I was there and was accepted there as a member of parliament.

If you would permit me to continue, Mr. Speaker, I would like to say that in the case of the *Attorney General of Ceylon v. de Livera* (1963 A.C.103) the defendants gave money to a member of the Ceylon House of Representatives as an inducement to write to a minister requesting him to abandon a proposal to acquire the defendants' estate. For this they were charged under the Bribery Act which dealt *inter alia* with

offences by people offering gratification to a member to induce him to take some action "in his capacity as such member." The central issue to be decided in the appeal was the interpretation of the phrase "in his capacity as such member." This may be stretching the similarity of the cases, I do not know. But in determining the meaning of this phrase the court threw some light on what proceedings in parliament, or what the real or essential functions of a member are, for the purpose of considerations of privilege.

> Given the proper anxiety of the House to confine its own or its members' privileges to the minimum infringement of the liberties of others, it is important to see that those privileges do not cover activities which are not squarely within a member's true functions.

Again, if I were before a board of trade or a similar outside body, I would not expect to have the privileges of the House. But I do feel that as a member, appearing there as I did, and consequently absent from the House, I enjoy certain rights and a certain protection. Similarly, when I am asked by my constituents to intervene before a federal board which was established by and is accountable to parliament for public money, and then, as a member of the House of Commons, I ask and receive permission to present a brief to that board, can one say I am acting only as a private citizen and not in my capacity of a member of the House of Commons? Or, in the words of the Judicial Committee of the Privy Council, is not my appearance before the CRTC "sufficiently bound up with and analogous to a proceeding in the House as to be properly described as done by a member in his or her capacity as such"?

The difficulty in defining a member of parliament's role is also set out in the judgment in the de Livera case at page 121:

> The most, perhaps, that can be said is that despite reluctance to treat a member's privilege as going beyond anything that is essential it is generally recognized that it is impossible to regard his only proper function as a member as being confined to what he does on the floor of the House itself.

In the de Livera case, a member of the Ceylon House of Representatives had written—

Mr. Speaker: Order. I think the similarities are well understood between that case and the case raised by the hon. member. I do not think the analogy is very helpful. The difficulty in that case was to define the functions of a member of parliament in such a way as to include a bribe. The case before us is really quite different. There is no doubt that the hon. member was before the board in her capacity as a member of parliament. That is really not the point. The argument is whether or not privilege can be extended so far as to cover a member wherever that member may appear, whether in the course of his duties or not. In my view, this case is quite different. Perhaps if the hon. member has any other arguments to address to the Chair as to the aspect of contempt, she would conclude them.

Mrs. Holt: I was simply citing the principles as stated by the Privy Council. I was hoping to get the benefit of the doubt and that a committee would be allowed to investigate the matter. I was only using the case to cite a principle which should have protected me in my job.

Some hon. Members: Hear, hear!

Mr. Speaker: I should like to get these questions of privilege sorted out at least, if I cannot resolve them. I did notice that the President of the Privy Council (Mr. MacEachen) was seeking the floor at the time I recognized the hon. member for Vancouver-Kingsway (Mrs. Holt). I did not observe, however, that there were other members who wished to make a contribution to the discussion of the question of privilege raised by the hon. member for Vancouver-Kingsway and I should like to rectify that situation.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my contribution will really be short. I listened intently to what was said by the hon. member for Vancouver-Kingsway (Mrs. Holt). I am not one of the lawyers to whom she referred. I speak for myself as a member, and as a former coal miner, among other things. I certainly think the hon. member has a case and I would plead with Your Honour and your advisers to think carefully about her presentation. There are others who have been brought before the appropriate committee of this House. Frankly, I get fed up with some of the actions of the flunkeys, lackeys, and pseudo intellectuals who are appointed to some of these boards and then act as they did toward the hon. member for Vancouver-Kingsway. I hope you will give this question every consideration.

● (1542)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, I will be very brief, and I will not take too much of the time of the House. I just want to make sure that my understanding of the point being made by my colleague, the hon. member for Vancouver-Kingsway (Mrs. Holt), is as I believe Your Honour understood it.

What the hon. member is saying, in essence, is that in our duties as members of parliament we are obliged to attend here and to participate in debates, and that were someone from the outside to prevent us from participating freely in debates, that would be an affront to the rights and privileges of members of parliament and to parliament as a whole. I suggest that the same is true in an extension of that rule to committees. We are obliged to attend at committees and to do our work in committees, and were someone to prevent us from freely undertaking our duties in committees, that again would be an affront to parliament and to individual members of parliament.

The hon. member for Vancouver-Kingsway put her case before the House at some length, and I do not blame her for that because she was closely and emotionally involved in the incident. If I might telescope the matter, what I think the hon. member is asking Your Honour to find is that our rights and privileges as members of parliament should extend beyond this chamber and beyond committee meetings to meetings which may take place outside parliament at which we are called upon as members of parliament, on behalf of thousands of constituents, to put forward points of view on their behalf. It becomes physically and in many cases geographically impossible for thousands of our constituents to go to one meeting and to

present in one voice a coherent platform, feeling, or point of view, and often as members of parliament we are called upon to attend on behalf of our constituents before a committee and to speak with our voices for all of them.

I think what my hon. colleague is asking Your Honour to find is that there is an extension of the privileges and rights of members of parliament so that they are able to go before the CRTC or other board or commission to present argument, without hindrance, and without insult. My hon. colleague is asking Your Honour to find that members of parliament should be able to do so freely. I think we would all ask this for ourselves. I think we would all ask that any member of parliament be allowed to go before a board on behalf of his constituents without having to face insults, preventive measures, whatever they may be, or obstruction. I think that, in short, is what the hon. member is asking Your Honour to find.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I did not intend to get into this until my friend raised a very interesting point, and I think it is very important that we understand the parameters of the case being put by the hon. member for Vancouver-Kingsway (Mrs. Holt). As I understand the parameters of her case and what she is asking Your Honour to look to, the hon. member raises the question of her right to appear in an unhampered way before a federal board or commission which gets authority from this House of Commons.

The reason I rise with respect to the remarks of the Parliamentary Secretary to the Solicitor General (Mr. Young) is that there was an implication that it might be considered that Your Honour might have authority to go beyond that point, but I do not think that is so because breaches of the privilege which is enjoyed by members of parliament can bring penalties. I think there is a line which must appropriately be drawn, and I want to make sure that Your Honour is considering this matter within the fine distinction made by the hon. member for Vancouver-Kingsway. We are dealing here with federal boards and commissions.

Members of parliament are not special creatures when they appear before, for example, provincial boards or commissions. I suppose they are entitled to good manners, a reasonable hearing and so forth, but a question of privilege cannot be invoked with respect to any other matter, if there is a question of privilege at all, except matters relating to an appearance before a board or commission of the federal government, created by a federal statute and responsible to report ultimately to the federal parliament. I hope Your Honour understands the distinction I have tried to make.

Mr. Speaker: I regret that I understand the distinction very well. It seems to me that we have three problems to deal with in the point raised by the hon. member for Vancouver-Kingsway (Mrs. Holt). The first is that the behaviour, described by the hon. member, of a member of a federal commission is distasteful in respect to any person appearing anywhere near a hearing of the Canadian Radio-Television and Telecommunications Commission. That directs itself, however, to those who are responsible for appointments and presumably, therefore, for the conduct of people who are members of that commission. That responsibility lies within this House as well, and therefore it is certainly proper that the matter be brought to the attention of those people to see whether disciplinary action or dismissal results from any member of any public commission behaving in this way.

The second problem is the difficulty of extending the definitions or the parameters of that special privilege which attaches to members of this House because, after all, it has to be remembered that it is a special privilege that attaches to members of this House for one purpose and one purpose only, and that really is to see to it that those who are elected here have the right to do the job which is fundamental to their role as elected members.

The increasingly complex role of members of the House of Commons now draws us more and more into appearances before boards. It draws us into constituency offices and related activities which did not exist only months ago, but to argue that because we have a special privilege in respect to being here, coming here and voting here, and that in addition we have obligations of other kinds and that therefore privileges have to go with us, is an argument which just simply breaks down. It does not follow, and to extend this privilege into other proceedings which are not proceedings of this House would be a step which, I am sure, is not warranted on the precedents as I understand them at the present time.

However, I do not think that relieves us of the third difficulty. The suggestion which troubles me greatly as well as, I am sure, other members of this House, is the suggestion that an elected member of this House, in the circumstances described here this afternoon, was treated in what was obviously a most contemptuous and most abusive manner by a member of a federal public board, and in examining whether this member has been treated with contempt by a person I think we are entitled to take into account the capacity of the member in her appearance there, which was obvious and well advertised, as she argued this afternoon.

In addition, I think we are entitled to take into account the capacity of the person who was delivering what we might consider to be a contempt, his capacity at that time, which surely clothes him with some knowledge and some responsibility in respect to his position. I cannot decide at this moment that there has been in fact contempt of a member of parliament and therefore contempt of the House, but that is an aspect of the argument which I wish to consider, as the hon. member for Cape Breton-The Sydneys (Mr. Muir) invited me to do. That is an aspect I want to consider very carefully before coming to a conclusion as to whether the House can address itself to this matter as a question of contempt or privilege, and I will certainly study it very carefully.

● (1552)

POINT OF ORDER

MR. MACKAY—AFFRONT OFFERED TO MEMBER FOR VANCOUVER-KINGSWAY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a brief point of order. I think all members of the House were shocked to hear the revelation of the treatment which the hon. member for Vancouver-Kingsway (Mrs. Holt) suffered, and without prejudice to the very important question of privilege, on which you are presumably still deliberating, Mr. Speaker, I wonder if it would not be appropriate for the House leaders to request that you, as our chief presiding officer, communicate with the chairman of CRTC and express the unanimous feeling of the House at the outrageous treatment the hon. member received, so at least there will be an official communication expressing what is, I am sure, the unanimous condemnation of the House of Commons of the behaviour of Mr. Faibish. In that resolution perhaps it could be suggested that an investigation would take place and that appropriate reprimands or punishments would occur.

At the same time, on a point of order, I would like to remind my friend, the Deputy Prime Minister (Mr. MacEachen), that, although he sometimes dwells in the past with respect to his thinking on government policy, my constituency is not Pictou, any more than his is Antigonish. I hope he can change that on the record, and I hope it is not an indication of the way he is thinking these days.

Mr. Speaker: Before I hear the Minister of Agriculture (Mr. Whelan), who has been seeking the floor on a point of order, let me point out that I would want hon. members to reflect on the suggestion of the hon. member for Central Nova (Mr. MacKay). It would be inappropriate for me to take action before the House comes to a decision, but members of the House might want to give their consent, if I feel bound by the precedents to find that technically no case of privilege is established here, to a committee of the House dealing with the matter so that in some way the House could express displeasure, without in any way extending the parameters of privilege. But that lies ahead of us, and perhaps after I have had a chance to examine the precedents we might consider that again.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to make one short point. Like other hon. members, I sympathize with the comments made by the hon. member for Vancouver-Kingsway (Mrs. Holt), but I want to make one precautionary point.

I would hesitate to move on this until we hear both sides of the story, because here we are dealing with someone who is on a commission and who does not have the right to defend himself before this body. I know the hon. member for Vancouver-Kingsway very well and I have no reason to doubt her word, but I mention to you, Mr. Speaker, only as a note of precaution, that before we proceed to condemn anyone perhaps we should hear both sides of the story.

PRIVILEGE

MRS. HOLT—AFFRONT BY COMMISSIONER FAIBISH, MEMBER OF CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Mr. Marke Raines (Burnaby-Seymour): Mr. Speaker, if I might add to the question of privilege raised by the hon. member for Vancouver-Kingsway (Mrs. Holt), may I say that I too appeared before the same commission, and in fact I followed the hon. member for Vancouver-Kingsway. While I support her in every way, I would like to add that she was there in her capacity as a member of parliament, as I was, and further, I would ask you, Mr. Speaker, to keep in mind that the hon. member for Vancouver-Kingsway is a member of the Standing Committee on Broadcasting, Films and Assistance to the Arts and as such her work will flow directly back to that standing committee and therefore back to this House of which she is a member.

I would also ask you, Mr. Speaker, to take into account in your ruling the matter of privilege I raised a year or so ago which stemmed from the Standing Committee on Broadcasting, Films and Assistance to the Arts. At that time, Mr. Speaker, you allowed me to bring the matter of privilege but you would not rule on it.

I submit that in the matter brought up by the hon. member for Vancouver-Kingsway, and in my own question of privilege, whereas she appeared before a federal body where minutes were kept, and I appeared as a member of the Standing Committee on Broadcasting, Films and Assistance to the Arts, therefore the matters flow once again back to the House of Commons, where my subsequent vote as a member of parliament, for or against the government, might hinge on the information which I would or would not have gained as a member of the House of Commons.

Furthermore, I suggest, Mr. Speaker, that you take into account the fact that the hon. member for Vancouver-Kingsway was there not only, as she says, quite properly in her role as a member of parliament but also in her strong role as a member of the Standing Committee on Broadcasting, Films and Assistance to the Arts. That might help you in your decision, Mr. Speaker, to show the link that this breach of privilege had in so far as the duties of a member of the House of Commons are concerned.

I ask you, sir, when you bring in your ruling, to take into account once again my point regarding the raising of matters of privilege stemming from a standing committee of the House.

Mr. Speaker: Order, please. Tabling of documents.

ROUTINE PROCEEDINGS

[*Translation*]

FINANCE

TABLING OF VOLUME I OF THE PUBLIC ACCOUNTS OF CANADA FOR 1977-78

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to the provisions of section 55 of the Financial Administration Act, I wish to table, in both French and English, Volume I of the Public Accounts of Canada for fiscal year 1977-78.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that the questions be reserved.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, be read the second time and referred to a committee of the whole.

He said: Mr. Speaker, this bill contains one of the most significant social policy reforms of the decade in this country.

On August 24 I announced the measures that form the substance of this bill. At that time I said:

> These measures represent a major restructuring of our social programs to provide greater benefits for . . . lower and middle income families with children.

The changes are a significant reform of the child benefit system. They represent an improvement in federal social programs in line with current realities. They demonstrate that it is possible to achieve liberal reform even in the context of restraint in government spending. I am proud to be associated with them.

Support for families with children has been a cornerstone of federal social policy for decades. Let me describe the main elements of the child benefit system in place until now.

Family allowances have been paid monthly to mothers since 1945. In 1974 they were substantially raised and indexed to increases in prices. They became part of income tax purposes, and thus subject to progressive rates of tax geared to income, to ensure that net benefits were higher for low income families.

In addition, the personal income tax system has provided exemptions in respect of dependent children. There has been one for children under age 16 and a higher one for those over this age. This distinction dates from the days when family allowances were paid only for children under age 16.

In 1977 the government introduced the $50 child tax credit. It was limited to taxpayers with incomes below some $26,000. But it was of no value to those who did not pay any federal tax.

In considering reforms to this existing child benefit system, I wanted to accomplish three things. They are: to make sure government resources were directed to families which needed them most, to couple reductions in government spending with reductions in taxes, and to ensure that the total amount of federal support of families with children was maintained. Along with this, I wanted to make certain that the share of support going to mothers was not eroded.

● (1602)

I have indicated my goals. To achieve them, I am proposing a three point program: first, replacement of the simple income tax credit of $50 per child with a refundable tax credit of $200 per child; second, a reduction in the monthly family allowance to $20 per month; and third, elimination, on a phased basis, of the differential in the basic deduction for children aged 16 and 17.

Now I wish to explain the mechanics of these reforms. I am proposing that the current child tax credit of $50 per child be abolished and replaced by a new one. This new tax credit is $200 per child and, most important, it is refundable. This means it will benefit those who have no tax to pay, as well as those who pay income tax. It means a parent eligible for the child tax credit, but owing no federal tax, will be entitled to a payment from the government. Thus, a parent who has already paid all his or her tax through payroll deduction will receive a cheque from the government. Similarly, those with incomes too low to tax will be paid to prescribed amounts.

It means a parent who owes some tax will be able to offset this against the credit which he or she is entitled to receive. For example, a mother eligible for a child tax credit of $400 and owing no federal tax would get a refund cheque of $400 from the federal government. A mother owing $100 in federal tax and eligible for a child tax credit of $400 would receive a $300 refund cheque. If a mother owes no tax and her husband owes $100 in tax, the mother will still receive $400, and the husband would pay his own tax.

In addition, benefits are geared to income above the $18,000 level. Full benefits go to families with incomes below $18,000. Above that level, benefits are reduced by 5 per cent of the family income in excess of $18,000, or $50 per $1,000. A family with two children and an income below $18,000 will receive $400. At an income of $20,000, they will receive $300. At $22,000 of income, the credit will be $200, and above

$26,000, a family with two children would receive no tax credit. This is a tax cut amounting to some $810 million a year. It goes mainly to lower income families with children, and represents a major new social reform. In fact it will create an increase in disposable incomes for families below the poverty line in the amount of $156 million.

This is the first federal refundable tax credit. Many have criticized tax cuts which failed to help those in need. This government progressively has eliminated taxes on lower income Canadians through measures such as tax indexing and federal tax reduction. Now we are using the tax system in order to go further, actually to supplement the incomes of such families directly. This is a responsible measure designed in a humane and careful way to re-order government priorities to help those in need. But I want to introduce a note of caution here. This bill is not the beginning of a round of social welfare measures disguised as tax reductions. The costs of this program will not balloon out of proportion.

In overhauling the child tax credit, I had the benefit of thorough study and analysis. This study goes back several years. It involved finding out how the tax system might better be used to provide social benefits. First it was the subject of careful analysis in the federal-provincial social security review conducted in 1973. The federal government set up an interdepartmental committee in 1976, headed by my department, to study the possibility of integrating social program payments with the personal income tax system. This committee examined the matter for more than a year, with particular emphasis on the child benefit area. It is this extensive review which forms the basis for the measures before you today.

The second major proposal in the bill is the reduction in family allowance payments to $20 per child per month. The savings in federal expenditures amount to approximately $690 million a year. They will go toward partially financing the new credit to which I have just referred.

[*Translation*]

The third change is the elimination of the differential in the amount of exemption for children of ages 16 and 17.

The exemption has been higher for these children because originally they were not eligible for family allowances. Now that family allowances are available to children up to the age of 18, I am proposing to rationalize the exemption system under the Income Tax Act. The amount of exemption will be uniform for all children under the age of 18. However, this change will be phased in. Thus, children who are currently 16 and 17 years of age will continue to qualify for the higher exemption.

The changes that I have outlined are virtually self-financing. The reduction in expenditures is $690 million in 1979-80, with a net reduction in revenue of $655 million. The revenue reduction works out this way. First, the new child tax credit reduces tax revenues by $810 million. As family allowances are reduced there is less tax revenue, some $130 million less. The elimination of the $50 child tax credit saves $260 million and the phased elimination of the differential in the exemption for 16 and 17 year old children saves $25 million in the first year. The net reduction in revenues is thus $655 million.

Mr. Speaker, the new tax credit will be claimable by and payable to the person who receives the family allowance. This will normally be the mother. Thus, while mothers face a reduction in family allowance payments they are the beneficiaries of the new credit. Essentially, these measures will aim federal child benefits at those who need them most. This is accomplished without increasing federal financial requirements. It is accomplished out of saved resources. The amount of benefits going to families with below-average incomes is increased by some $200 million. And as I said earlier, it will create an increase in disposable income for families below the poverty level in the amount of $156 million.

Let me give you a few examples of what this credit will do for a family. A family with two children under age 16 and an income of $5,000 will receive $400 under the new credit. The same family will receive $480 in family allowances for a total of $880. This is $194 more than under the current arrangements. For families with $10,000 of income the gain in disposable income from the changes is $159. Mr. Speaker, at the end of my speech I shall table the figures showing what the various amounts will be according to families and net income.

I would like to say a few words about the timing of the introduction of the measures. The reduction in family allowance payments, the elimination of the current $50 child tax credit and the changes to child exemptions start in January, 1979. The new refundable credit is claimable at the time of filing of 1978 tax returns early in 1979, and is applicable to children qualifying at the end of 1978. The purpose of timing the credit in this way is to maintain the cash flow to families. Lower and middle-income families with children will receive the new credit before they experience the full reduction in family allowances.

I expect this will create some additional economic stimulus, both from the fact that more money will be received earlier and because more of the benefits are directed to lower-income families, those who naturally spend all money they may receive.

Mr. Speaker, I would now like to detail for hon. members some of the major features of the new tax credit. First, children eligible for the credit are all those in respect of whom family allowances are payable at the end of the taxation year. This will be all children who are below age 18 at the end of the year. A child born in the year will be eligible for full credit. A child who turns 18 in the year will be eligible for the higher tax exemption that will remain for those of this age.

Second, the credit will be claimable by and payable to the person who receives the family allowance. In most cases this is the mother. Fathers will claim credit in families where there is no mother. Forms for claiming credit benefits will be mailed to family allowance recipients early in 1979.

Third, the amount of the credit will be indexed in a fashion similar to the current indexing of tax exemptions and brackets. The benefits to lower and middle-income families will not be eroded by inflation. Family allowance payments will continue to be indexed as well.

Fourth, the amount of the credit is related to the family's income. Family income is defined to include the income of both spouses supporting the child. This ensures an equitable pattern of benefits. The computation of the credit has been kept as simple as possible. Income will be net income as already determined on the tax form. Families will indicate the number of eligible children and the amount of family income and will claim the resulting benefits.

Finally, Mr. Speaker, I want to say a word about the way the credit benefits will be payable to families. Benefits will first serve to reduce any tax otherwise payable by the person who claims the credit. Any amount of credit left over will be paid in full to the claimant at the time of processing of tax returns.

Mr. Speaker, I have detailed the proposals contained in this bill. I have outlined their effects with some care. I believe this is warranted in describing what amounts to a major overhaul of the child benefit system. This bill is fully in line with the commitments the government has set for itself. These were outlined in the address of the Prime Minister on August 1. The measures are a re-ordering of social priorities to better aim benefits to lower and middle-income families, using only saved resources. At the same time, the measures are equitable. The refundable child tax credit, based on family income, is a response to today's priorities through innovative tax policy. It deserves the support of all members of this House.

• (1612)

[*English*]

I would like to seek the unanimous consent of the House at this time to table three tables outlining the way in which the proposed changes will operate and their effect on government revenues and expenditures.

[*Translation*]

Mr. Deputy Speaker: Does the House agree to let the minister table those documents?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Does the minister want those documents to be included in *Hansard* or merely to be tabled?

Mr. Chrétien: To understand the debate, it is important to have them published in *Hansard*.

[*English*]

Mr. Deputy Speaker: Does the House agree that these tables be attached as an appendix to *Hansard*?

Some hon. Members: Agreed.

[Mr. Chrétien.]

[*Editor's Note: For tables mentioned above, see Appendix "A".*]

[*Translation*]

Mr. Chrétien: Mr. Speaker, this concludes my comments. I hope that the committee will take the necessary steps to deal very soon with the bill which will enable us as early as 1979 to pay a substantial increase to low income families. It will also show Canadians that it is possible to be more flexible in our fiscal and social policies and perhaps as we did today arrive at a successful agreement.

[*English*]

Mr. James A. McGrath (St. John's East): It is right and fitting, Mr. Speaker, apart altogether from satisfying a legal technicality, that this bill should be introduced by the Minister of Finance (Mr. Chrétien). I have great respect for the Minister of Finance, but he has not a great liking for honourable gentlemen. He has not had an easy time of it, and I am delighted that he has had this opportunity, the first in a long time, to get up in the House and give us some good news, at least news which will be substantially good for a number of Canadians.

I say at the outset that it is my party's intention to support this bill. We look forward to an opportunity to probe the minister's remarks he has made, and the documents that he has tabled, as we get into committee of the whole. The minister referred to the fact that this was the most significant social policy reform of the past decade. That is an interesting observation, because if you examine the record of this government over the past decade you will find a number of significant social reform measures brought to the House.

Many of the reforms of this government have been presented as the be all and end all, or a kind of panacea to cover the problems of equitable and just income distribution in this country, especially to low income earners. In 1965 there was the declaration by the government of a war on poverty. It was an obvious recognition at the time that something was not quite right in our society, that there were people who were falling behind, and that there was a significant proportion of our population who were living below the poverty line, who were being denied an adequate income to provide them and their families with a healthy environment and an adequately nutritious diet.

Then we come up to some of the later social reforms. The bill now before the House, which is being amended, was brought in, as the minister indicated, in 1974. It significantly amended the universal Family Allowances Act by providing for increases in the amount of the universal family allowance payment, added the youth allowance provisions, and provided for indexing to cope with the inflationary situation. That, of course, was in addition to the new unemployment insurance program which was introduced at about the same time, another significant social reform designed to address this inequitable situation in our society whereby a number of our fellow citizens were falling behind. The gap was widening; the poor seemed to be getting poorer and, in fact, seemed to be

getting more numerous. We know what happened to that reform, commendable though it may be.

I understand that later this week we will be faced with further amendments to the Unemployment Insurance Act. We know what happened with respect to the administration of that act. We know that this is the second time since the new bill was introduced that the House has been called upon to change it significantly, either to curtail abuses or cut down on the amount of benefits or tighten up on the qualifications and method of paying benefits.

● (1622)

The fact is that all of these reforms seem to be brought in as a response to the moment without any means of adequate preparation, any adequate study, any adequate forecasting, any adequate—and I do not apologize to my friends on the left—planning. We just go from one ad hoc significant social reform to another, like the Minister of Agriculture (Mr. Whelan), who goes from one dairy policy to another, so that we never know from one year to the next exactly what the position is in Canada. As far as the production of food in this country is concerned, the result is nothing short of catastrophic.

I state that, Mr. Speaker, because I think it is significant and relevant that this bill is introduced by the Minister of Finance. I would refer the minister and the House to the Senate Study on Poverty in Canada, sometimes referred to as the Croll committee report, which was tabled in the other place in 1971. At page 171 there appears the following statement:

> Poverty is not only the problem of the poor it is the problem for all Canadians. If it is not checked vigorously and solved, not only will the poor continue to suffer, but Canada as a whole will suffer, socially and economically.

Of course, that is true. When we have one million unemployed in this country, our productivity suffers. That is just common sense.

The report continues:

> To eliminate poverty in Canada, we must recognize that economic goals such as national economic growth are not ends in themselves but means to the achievement of ends. Without sustained and stable economic growth, Canada could not afford to take the steps which will be necessary to eradicate poverty.

In my view therein lies the answer to the dilemma of the government—why we have to be faced with one significant social reform after another in the eyes of the government. The fact is that the government is not able to create the economic climate in Canada which would make social reform successful, which would help to narrow the gap between the poor and those who seem to get welfare.

In 1974, Mr. Speaker, the Canadian economy stopped growing at a great rate. The 3.7 per cent rate of growth for that year was less than half that of the year before. It fell to as low as 1.1 per cent in 1975, which economists told us was the equivalent of zero growth. We have had a less than 5 per cent rate of growth in the last five years and we are unlikely to achieve the same rate until 1983, according to the Economic Council of Canada. The result, of course, is familiar to this House and country—it is continuing rising unemployment, continuing inflation, and an economy that has not kept pace with government expenditures. It seems to me that this government has a penchant for dividing a pie that keeps getting smaller and smaller and smaller, and it is the poor who suffer.

One of the first things the government did in 1965 when it declared its war on poverty was to set up a special planning secretariat within the PMO, and one of the first agencies to get the axe in the austerity program that followed was that special planning secretariat. It is the innocent who seem to have to bear the burden and the consequences of mismanagement of the economy by this government. The gap widened, notwithstanding studies such as that of Senator Croll, the various agencies, and the ministers of national health and welfare who come and go, show their concern, then leave the portfolio as they found it without any significant change as far as achieving the objective is concerned.

Most economic commentators, even the Minister of Finance, agree that the potential rate of real growth in Canada is about 5 per cent. At least for the rest of this decade, and possibly for the next five years, the rate of unemployment will not fall unless economic growth approaches 5 per cent. If the potential is 5 per cent, then the Canadian economy has not achieved sustained steady economic growth in recent years, nor is it likely to do so in the future. Since 1971, and including 1978, economic growth has exceeded 5 per cent only twice, almost achieved it once, and has been well below it four times. That record is hardly indicative of the kind of sustained steady economic growth referred to by Senator Croll as being necessary to eliminate poverty in Canada.

I have great regard for the Minister of National Health and Welfare (Miss Bégin), Mr. Speaker. I had regard and respect, although not to the same degree, for her predecessor. We heard him speak in the House when he introduced the bill that is now being amended, and we heard that the indexing of family allowances was going to solve some of the problems of inflation. It was a commendable move, one that received and has continued to receive the support of the House and the country. I have made the point over and over again in this House, however, that the major reason for indexation, as far as the working poor are concerned, is the fact that it is based on the consumer price index which does not give sufficient weight to food, shelter, and clothing. For the poor, eating out is academic; for them, sirloin steak is an unachievable luxury.

Let us examine the cumulative effect of indexing since 1974. In 1974 the rate of inflation was 10.4 per cent at a time when food prices rose by 16.3 per cent. Coincidentally, figures released yesterday by the Anti-Inflation Board show that food prices are currently running at 16.5 per cent this year. During those four years indexation meant an increase of 28.4 per cent in family allowances, whereas during the same period food prices increased by 46.1 per cent, which is the equivalent of the total increase in the consumer price index. Low income families continued to fall behind; the bill before the House is a painful admission of that fact.

• (1632)

One would think that as a result of the more generous use of the Family Allowances Act, indexation which I have just referred to, introduced at about the same time, and a more comprehensive, generous unemployment insurance program, low income families would be able to catch up. But, sir, the reverse is true. They have in fact fallen behind.

Just a few days ago in this House the Economic Council of Canada tabled its fifteenth annual review and they made reference to the fact that in spite of a generous universal family and youth allowance program—I am paraphrasing—and the revised unemployment insurance program, the poor of this country in terms of government social transfer programs are falling behind. I quote from the Economic Council of Canada "A Time for Reason", fifteenth annual review, at page 93:

> The combined effect of these and other changes was to increase the share of transfer payments going to members of the labour force and their families from 58 to 63 per cent, and the share going to those with some unemployment from 23 to over 30 per cent. The result has been a reinforcement of the incomes of the non-poor. Over all, the percentage of total government transfer directed towards family units with incomes below the poverty line dropped from 45 per cent to about 29 per cent.

The poor continue to fall behind. This government continues to react with ad hoc measures, which in the economic context of the day are not satisfactory and will not in fact achieve their objective.

Poverty, as the Minister of National Health and Welfare well knows, is everywhere. It is not confined to the so-called have-not provinces, one of which I have the honour to represent in this House, and it is not confined to any region. It is in our small towns and it is equally in our large cities. It is to be found in the rural parts of our country, and, of course, it is to be found in great measure in the northern areas and among our native peoples. It is something in this country which we measure in millions. Indeed, nobody will dispute the fact that given the measurement of poverty by Statistics Canada we have fully one-fifth of our population living well below the poverty line. This is something, sir, of which we should be ashamed.

A few days ago the Anglican Church of Canada tabled a report of a special task force on poverty in Canada. I quote from that report. They refer to the fact that:

> Roughly one in six Canadians live in poverty. Almost two-thirds of the poor families in Canada belong to the 'working poor', that is, their heads participate in the work force, and work for annual incomes that are often less than they could receive as welfare clients.

That is something we often lose sight of in this House as we talk about unemployment insurance and about the number of people who are unemployed, that is, the plight of the working poor. I have them in my constituency, and I suspect they are in every constituency in the country.

This report goes on to say:

> Of the remainder, who depend on the welfare system, 84 per cent do so because they are not capable of earning a living: the disabled, the female heads of young families—

[Mr. McGrath.]

Here is a group, growing, and continuing to fall further and further behind. You talk about equality in this country! It is a joke when one considers what is happening to female heads of families by comparison to their male counterparts.

I continue to quote:

> Poverty is concentrated in certain areas, occupations, and educational levels. In the Atlantic provinces, 45 per cent of all families live in poverty; as do 46 per cent of all rural families across Canada. The incidence of poverty is well over 50 per cent in the case of farm workers, loggers, fishermen, trappers and hunters. 89 per cent of low-income families are headed by persons who have not completed high school.

We are talking about the poor in this country, the working poor, or the unemployed, or those who have to get by on fixed incomes. We dealt with this the other day when we were dealing with a bill amending the Old Age Security Act and increasing the amount payable under the guaranteed income supplement. We think of what inflation must mean to them. We think of food prices which have gone up this year so far by 16.5 per cent, shelter prices, the cost of heating a home, the cost of clothing and the cost to the female parent trying to provide an adequately nutrious diet for her family.

I ask the Minister of National Health and Welfare: What happended to the Nutrition Canada survey? That was something undertaken by her predecessor. It was a very commendable move at the time when he was minister of national health and welfare. He is now Minister of State for Federal-Provincial Relations (Mr. Lalonde). That survey was completed, it was national in scope and it cost a considerable amount of money. It identified the problem in so far as the poor are concerned. It also indentified that we have serious nutritional problems in so far as middle income earners are concerned, large families, children going to school without an adequately nutritious breakfast, the situation where both parents are working and where the children cannot be given an adequate breakfast, where there is no adequate lunch preparation and they get by on junk food, soda pop, potato chips, and things that have no nutritional value. All too often when these children get to the first meal of the day it is around seven o'clock, because they have to wait for both parents to return home.

The minister's department made a submission to the Senate committee on poverty with respect to nutrition. It is worth noting because it refers to the impact that nutrition has on poor people. It refers to the impact it has on the learning ability of children, mental illness, and retardation. In fact the whole complex nature of the growing child is adversely affected by inadequate nutrition. That submission was made in 1971 to the senate committee on poverty, and we have heard nothing about it since.

If a poor family cannot maintain a child, and has to surrender the child to foster care, and this is a sad commentary, the government must provide the foster parent with two or more times the welfare allowance, plus the family allowance to care for the child.

I do not quarrel with what the minister is trying to do. I merely say to her that in the context of what this government

is doing, by the economic mess we are in today, it is the poor, the voiceless poor of this country who have to bear the greatest burden, whether it is with respect to inflation, or the consequences of government mismanagement, unemployment, regional disparity, or any of the problems that flow from the kind of situation that we find ourselves in today.

● (1642)

The number of families in Canada that are below the poverty line continues to grow at an alarming rate. I referred to the number of families with female heads living below the poverty line. In 1969, 41 per cent of the families with a female head were below the poverty line. In 1976 that figure had grown to 43.2 per cent. Last year, 1977, 44.1 per cent of families with a female head in this country were forced to live below the poverty line. The number of families living below the poverty line in Canada jumped by 10 per cent in 1977.

These figures are startling. If they are not, they should be. The number jumped from 645,000 in 1976 to 712,000 last year. The total number of Canadians living in poverty in Canada last year grew by over 300,000. Is it any wonder that we should concern ourselves with a bill of this nature?

I could talk about what the government is trying to do with regard to negative income tax. We will be going into committee of the whole. There will be ample opportunity to discuss those parts of this bill which cause some of us some problem. The confidentiality of the Income Tax Act, for example, is being breached in a very significant way by this bill. We will have more to say about that when we get into committee of the whole.

In order to arrive at a figure for family income, it is necessary to know the income of the other spouse. However, giving the minister the power to furnish information on the income of one spouse to another would be and is, as I have said, a very significant development.

Hon. members have anticipated what the Minister of National Health and Welfare would say. What would a Conservative government do? What would the Leader of the Opposition (Mr. Clark) do if he were the Prime Minister of Canada, and that will be his responsibility in a very short time?

Some hon. Members: Hear, hear!

Mr. McGrath: I say to the Minister of National Health and Welfare that I look forward to seeing her as the social critic on this side of the House. It is a role to which she is especially well suited.

Miss Bégin: What is he going to do? How much will he do for the children?

Mr. McGrath: The Minister of National Health and Welfare is very, very sensitive these days. She knows how spectacularly unsuccessful the government of which she is a member has been in addressing the problem of the growing disparity between the poor of this country and the rich.

Mr. Martin: Rubbish!

Mr. McGrath: What would a Conservative government do to solve the problem of poverty in Canada? I would refer the minister and the House to what Senator Croll had to say in his report in 1971. The first thing we would have to do and would do, and this would have positive consequences for the poor of this country, would be to get this economy back on the rails again, get it back on a sound, healthy, and even keel. That is absolutely vital if we are to address the problem of adequate income distribution in this country.

Miss Bégin: What is your social policy?

Mr. McGrath: I do not know what the minister is saying. I am looking forward to her speech.

Miss Bégin: What is your social policy?

Mr. McGrath: The minister would do well to listen to our social policy. For example, we would pay the spouse's allowance until a spouse reached age 64 or 65. How is that for a start? Then we would address as a separate issue, not ignore it, the problem of the single woman who has no pensionable income. The minister ignores that. We would provide the economic framework whereby these injustices could, if not be eliminated, certainly be substantially reduced. Under this government, the gap seems to grow and widen. The poor seem to be falling further and further behind. We would allow housewives to participate in the Canada Pension Plan.

Miss Bégin: Rich housewives with husbands.

Mr. McGrath: That is like the rich homeowner who will participate in the provisions for income tax. Is the minister saying that only the rich will participate? What about the middle income woman who wants to stay home but has no pensionable income and faces poverty because this government would cut off the spouse's allowance at age 60 if her spouse dies? We believe, as did the minister when she was secretary to the Royal Commission on the Status of Women, and my party puts this forward as policy, that it is unjust to deprive the female home-making spouse of the right to participate in the Canada Pension Plan. The minister agrees with that.

Miss Bégin: No, I do not.

Mr. McGrath: She was the secretary of the royal commission which made that recommendation ten years ago and which this government continues to ignore.

Miss Bégin: You obviously have not read the report.

Mr. McGrath: The Minister of National Health and Welfare—

Miss Bégin: Would you read the report? I wrote it.

Mr. McGrath: The minister's impetuousness reminds me of a hen in a barnyard on a hot rock. She keeps getting up, fluttering all over, not knowing what to do with herself. She

walks across the floor of the House and hands me the report of the Royal Commission on the Status of Women in Canada. She is obviously hypersensitive about this report because she was the secretary to that royal commission. She knows better than most members of this House that most of the recommendations of the royal commission have been and continue to be ignored by this government.

Miss Bégin: That is false.

Mr. McGrath: If the minister thinks that that statement is not correct, let her get up and identify the recommendations of the royal commission that have not been acted upon, including the one dealing with eligibility of the home-making female spouse in the Canada Pension Plan. I look forward to hearing the minister speak. Perhaps we might even have the rare privilege of hearing the hon. member for Welland (Mr. Railton), who continues to interject from his seat. I know that hon. member would agree with another very important point in our social policy. I refer to the provision whereby people of this country are forced to retire when they reach that magic age of 65. Where does the hon. member's colleague, the Minister of National Health and Welfare, stand on that particular aspect of social policy?

The hon. member for Welland is probably the most dramatic exponent of how productive one can be when one goes beyond 65 years of age. I hope the hon. gentleman will continue to serve in this House with the same degree of productivity, camaraderie and good nature that has characterized him throughout the years.

I could go on. We are all very anxious to hear from the minister. She is sitting here. She obviously has something to say. She knows where we stand. Let's hear where she stands.

Some hon. Members: Hear, hear!

• (1652)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before I comment on Bill C-10 I must say I always enjoy these exchanges between the Minister of National Health and Welfare (Miss Bégin) and various spokesmen for social legislation on the front bench of the official opposition. I notice how friendly they become as they engage in these exchanges, and I notice that the hon. member for St. John's East (Mr. McGrath) always has a reply that he shouts out at the top of his voice, but he never gives any figures.

I should like him to tell us how much he proposes should be paid as an old age pension or a spouse's allowance. I should like him to tell us precisely how he intends to provide for home-maker spouses something of the equivalent of the Canada Pension Plan and, in the case of family allowances, I should like him to tell us precisely how much it is intended the payment should be. I should also like him to be more specific as to what he intends should be done in terms of income tax adjustments, not only in terms of the amount by which the poor are to benefit but in terms of the many loopholes which exist in the income tax legislation which redound to the advantage of the wealthy. Maybe some day we shall get specific answers to questions like that from the spokesman for the Conservative party—

An hon. Member: Don't hold your breath.

Mr. Knowles (Winnipeg North Centre): —but the advice I am getting not to hold my breath is, I think, good advice.

Mr. MacDonald (Egmont): It will all be in the next Speech from the Throne.

Mr. Knowles (Winnipeg North Centre): The hon. member for Egmont (Mr. MacDonald) says it will be in the next Speech from the Throne. Well, whoever brings in the next Speech from the Throne, I hope there will be a lot more in it than there was in the one we had at the beginning of this session.

When the announcement was made in August about the change we are discussing today, the double-barrelled change, namely, adjusting the rate of the family allowance and making certain changes in the Income Tax Act, my first reaction was one of pleasure. It looked to me as though the net result of these changes would be to improve the position of the poor in our society, particularly the position of families living below the poverty line, and that the cost of doing so was to be borne by those in the higher income brackets. Indeed, I indicated to the Minister of National Health and Welfare personally that I thought she had won another of her victories in getting this type of change out of the tight-fisted cabinet of which she is a member. I still commend her on getting the cabinet to face up to social problems. My hon. friends over here think I am so impressed by the speeches the Minister of National Health and Welfare makes around the country that I would readily support anything to which her name was attached.

Some hon. Members: Hear, hear!

Mr. Broadbent: He is going soft!

Mr. Knowles (Winnipeg North Centre): In this case, though, the bill is introduced by the Minister of Finance (Mr. Chrétien), and any affection I might have for the Minister of National Health and Welfare does not necessarily carry over to him. Indeed, the more I study this legislation the more questions I find myself asking, and as I try to answer those questions I am afraid I have come to feel that the heart of the Minister of National Health and Welfare was in the right place when she fought for this in the cabinet but that when these changes are put into effect the result will not be all I thought it would be when I first heard of the legislation in August. I thought, then, that here was a plan which would put more money at the disposal of our poorer families, and cause the rich to pay for it. But as I study the legislation, especially the income tax legislation as a whole, it seems to me that though the changes will put more money into the possession of the lower income families, it is the people in the middle income group who will pay the price.

The income tax structure is such that at the higher levels just about every change made in the Income Tax Act results in more money for a fortunate few. It is not a new result of Liberal social policy to make the middle income groups pay for benefits granted to those at the lower levels, and it is for this reason I feel strongly that the legislation should be studied further. I did not like the reduction of the family allowance from roughly $26 a month to $20 a month when I first looked at the proposal and noticed there was to be this $6 reduction. Then, on examining it closely, I found that a noble purpose was being met, not by making those in the higher tax brackets pay the cost, as ought to be the case, but by imposing the burden upon middle income people. This is one aspect which ought to be looked at further.

The bill before us is mostly an income tax measure. It contains ten clauses, only one of which amends the Family Allowances Act; all the others amend the Income Tax Act. We shall have to look at this more closely.

There is one point upon which you and I will agree, Mr. Speaker, namely, that it is five o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock (Mr. Friesen)—Finance—Grants in lieu of taxes; the hon. member for Palliser (Mr. Schumacher)—External Affairs—Supplying arms to Southern Africa; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Health and Welfare—Policy regarding extended use of social insurance numbers.

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

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I think that the House is willing to give its unanimous consent to proceed with the consideration of Bill C-203 standing in the name of the hon. member for Edmonton West (Mr. Lambert) and that the previous bills be allowed to stand.

[*English*]

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Shall order No. 1, in the name of the hon. member for Windsor-Walkerville (Mr. MacGuigan), stand at the request of the government?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Shall order No. 2, in the name of the hon. member for Calgary North (Mr. Woolliams), be allowed to stand at the request of the government?

Some hon. Members: Agreed.

* * *

● (1702)

INCOME TAX ACT

MEASURE TO AMEND

Hon. Marcel Lambert (Edmonton West) moved that Bill C-203, to amend the statute law relating to income tax, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, this bill is an amending bill. It is very simple in form. It consists of two clauses. It seeks to delete from the Income Tax Act two subsections of section 234. It calls for its provisions to be retroactive to January 1, 1977, when subsections (5) and (6) came into force.

This bill appears for the second time on the order paper, it having appeared early in the last session when I put it on. This bill arises by reason of the fact that the guillotine was used in passing Bill C-22 in 1976. That bill was an income tax amendment bill arising out of the budget delivered previously, and this provision was one of those little provisions which was sneaked in. It is purely bureaucratic policy. It has nothing to do with government policy except to this extent: in the period since 1964 when the concept of the social insurance number was introduced the concept has been moving step by step toward a total identity card, and a total requirement for an identity card.

The way the social insurance number is applied is very unfair. It is fortunate in one way, and yet unfortunate that this House got to clause 65 of Bill C-22 when the guillotine fell, but when clause 75, which contained subsections (5) and (6) of section 234, came along, there was no question of any debate or discussion. However, fortunately some of us here who were aware of what was happening called out "on division", and so therefore we are not hemming and hawing when I present this bill.

What do subsections (5) and (6) of section 234 of the Income Tax Act provide? I will read them as follows:

Income Tax Act

(5) Where an amount is to be paid or credited to a resident of Canada who is an individual, other than a trust, in circumstances where an ownership certificate referred to in subsection (1) is required to be completed, and the ownership certificate does not contain a social insurance number assigned to the individual by the Unemployment Insurance Commission, the debtor or other person paying or crediting the amount shall deduct or withhold therefrom an amount equal to 25 per cent thereof and shall forthwith remit that amount to the Receiver General of Canada on account of the individual's tax for the year under Part I and shall submit therewith a statement in prescribed form.

(6) Where an amount has been deducted or withheld under subsection (5) from an amount paid or credited to an individual, it shall, for the purposes of this act, be deemed to have been received by the individual at the time the amount was paid or credited to him.

That has certain implications too. My colleague, the hon. member for Perth-Wilmot (Mr. Jarvis), told me today about a constituent of his who is a mother of a young child who some years ago was given a $50 Canada Savings Bond. The bond matured this year. The mother went to a bank or trust company to cash the Canada Saving Bond. The child does not have a social insurance number, and it cannot qualify for one. The mother does not have one either. Why should she? She does not seek unemployment insurance. She does not have to be registered. However, the bank or trust company held back $12.50, to be credited to whom, the child, who is not a taxpayer, or to the mother, who is not a taxpayer? If the bond is cashed, 25 per cent of the face value and of the coupons can be claimed back only in the following taxation year. In the meantime, the government will have had the benefit of the funds. The individual concerned has been denied the value of the Canada Savings Bond which was sold by the government.

Whenever anyone bought a bond, he was told that he would be entitled to the face value at the sale of the bond. Now there is talk about a social insurance number, but millions and millions of bonds are outstanding. Incidentally, over four million people here in Canada do not have social insurance numbers, nor do they need them. Children and young married women who do not work have not applied for social insurance numbers. They are nowhere near being in a position where they might want to apply to either for Canada Pension or old age security.

Social insurance numbers were introduced in the first place so that people could get social security at age 65. Let us go back to the days of Mr. Pearson, who introduced the concept. He was questioned by the then leader of the opposition, the right hon. member for Prince Albert (Mr. Diefenbaker), and I have the quotations here. It was categorically asserted by the then prime minister that social insurance numbers would not be used for income tax purposes, but here we have the introduction of a use of the social insurance number attached to a penalty. There is now a requirement. Every T-1 or T-1 short form filed by personal taxpayers has a space for the social insurance number, but there is no penalty faced by taxpayers filing returns because none is provided. Taxpayers need not be registered for social insurance. There is no law which says that an individual has to be registered. Many of the wives of hon. members do not work and never have, that is outside, in order to qualify for unemployment insurance.

[Mr. Lambert (Edmonton West).]

People must have social insurance numbers for purposes of unemployment insurance, but that is a social security purpose. However, millions of people in this country have not worked under those circumstances, and they can file income tax returns without having social security numbers. But now we have this amendment to the act which says that if a person cashes a Canada Savings Bond and that person is not the possessor of a social security number, the bank, trust company or other cashing agency shall deduct 25 per cent. There is no deduction from accumulated interest, but in some cases 25 per cent of the capital is sequestered. That is sheer confiscation, and I say it is unjust.

It was put forward by bureaucrats in the Department of National Revenue and, by God, they would never have got by me if I had been that department's parliamentary secretary, as I was in the past. I can assure you that, if you are a good parliamentary secretary, you ensure that that sort of thing stops when budget books are being prepared. At that time budgets were brought down in the early spring, so therefore budget books were prepared in the early winter months when proposals were put forward from all sides and considered by the interdepartmental committee on finance and national revenue, and other interested persons were called upon to discuss any particular proposal.

● (1712)

This looks fine administratively, but I want to tell you, Mr. Speaker, that the more use is made of the social security number, the more cheating there will be. It is rather strange, but when my colleague, the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) raised a question the other day, I must confess that I was deeply disappointed in the answer given by the Minister of National Health and Welfare (Miss Bégin) who has become completely the tool of the bureaucracy when it comes to expressing views with regard to the use of the social security number, and likely her parliamentary secretary is too.

This gave rise to some newspaper articles. I will only refer to one in the *Globe and Mail* and one in the *Gazette* which appeared today indicating how far the use of the social security card has crept in by agencies which have no blessed business using it, particularly now that there are computers which store and compare data. The Minister of National Health and Welfare said that with a program of millions of dollars she had to have a computer so as to prevent cheating. Has she seen the statistics on the types of cases involving cheating of unemployment insurance, such as cases of people holding 50 or 60 cards? Why is that? Because with the insistence on the social security number, the value of the card increases, and greater and greater reliance is placed upon it as the true means of identification. Then it becomes an absolute sinecure to cheat the UIC in any manner that can be devised.

Certainly today trust companies do not ask the holder of Canada Savings Bonds whether they may see his social security card or the ownership certificate or that the redemption form be filled out. So long as there is a nine digit number that is reasonable for the area, they say, "Thank you very much,

madam, that is perfectly fine". It does not mean a thing because, for the purpose of the Income Tax Act, this is supposed to be a cross check. Someone might have Canada Savings Bonds which they should not have, and they are trying to cheat.

I do not know what promoted this because we were not able to question the Minister of Finance (Mr. Chrétien) on the reasoning for it, but all I say is that this is a nefarious subsection in the Income Tax Act. I do not know whether members in the House have considered how unjust it is when, in other cases, they say there is a withholding of 25 per cent of the dividends to a foreign owner, or income which you are paying to a former resident and you withhold 25 per cent in order to ensure that your money is covered for a potential income tax. But it is not that, it is 25 per cent of the capital value as well. Therefore, the Department of Finance is lying in its teeth to the public of Canada when it says that people will be repaid the face value of the Canada Savings Bonds they purchase. Now they have added this kicker, "provided you have a social insurance number." That was not a condition of the purchase of those bonds.

Very few bonds that were subject to this condition are being presented for cashing now. This bill only came into force in 1976. As a matter of fact, it became effective on January 1, 1977. How about all those bonds that are held by individuals, that were purchased prior to that date and were not subject to that condition? There are hundreds of millions of these bonds, possibly billions of them, a high proportion of which are owned by people who do not have a social insurance number and have no need for it.

I would like to make one last point on this. Do you know, Mr. Speaker, that there are many senior citizens in Canada who drew their old age pension before 1964, before there was a requirement for a social insurance number, and they have never had to file for one? These people are over 80. Does anyone want to know what forms of proof of identity you must put forward in order to get a social security number? You can get a passport just as easily. You need a birth certificate identifying you here in Canada, in addition to which you need a marriage certificate, if you are a female, and a secondary form of identification. Incidentally, all those people who were born abroad—my goodness, how many do we have here in Canada—will find that a birth certificate from a country other than Canada is not valid as primary identification. There has to be a marriage certificate, and then something like secondary identification or a tax notice on which a person's name has appeared, or some such silly thing. You ask elderly persons of 85 or 86 to go through this rigamarole to get a social insurance number so that they are able to cash in their savings without having 25 per cent of them confiscated, until they can file an income tax return in the following year, which they are not required to do any way!

To that extent, I ask that the House approve Bill C-203 and give it second reading.

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, I appreciate the opportunity to spend a few minutes making some comments on Bill C-203 proposed by the hon. member for Edmonton West (Mr. Lambert). I will preface my remarks by saying that I do not in any way profess to be an authority on the tax system or to have the kind of legislative background that the hon. member for Edmonton West has, but having read the bill and after listening to him, I thought I might offer a few comments.

I was perplexed as to the reason why he was so exercised by the subject matter of the bill. I noticed the outpouring of emotion, and it seemed to me rather odd because in my constituency, for instance, the minor hockey league requires that all children have social insurance numbers before being allowed to play on any of the teams which represent the municipality outside that area, and so do indeed some of the other minor leagues, even for house league play, as do some schools for their records. So it seems to me that if this is acceptable, it is not because those organizations have any legislative authority to enforce it, other than to bring some pressure to bear on both the parents and the children who may or may not be able to play in those leagues.

But when we are dealing with a measure which is designed to improve the efficiency of the tax system, I have some difficulty in understanding the hon. member's indignation. During oral questions hon. members opposite have indicated with great moral indignation that apparently the efficiency of government is not as high as it should be. They have asked what ministers are going to improve administrative procedures, so that money can be recovered or at least not lost. If it is acceptable to parents and a large number of other people to have social insurance numbers for minor league sport, it seems somewhat peculiar that such a requirement in the Income Tax Act to improve its efficiency would be wrong.

• (1722)

I should like to respond to some of the points raised by the hon. member for Edmonton West. When social insurance numbers were introduced in 1964 by the previous prime minister, the government of the day made commitments regarding the new system. The commitment made was that information contained in application forms for social insurance numbers would be processed and maintained in Ottawa for government purposes, including unemployment insurance and the then proposed Canada Pension Plan. A further commitment was made that the confidentiality of this information would be protected.

No commitment was made then, or at any other time, to the effect that social insurance numbers would not be used in order to identify individuals for the purposes of a common system of government record keeping, such as that recommended by the Glassco commission. The hon. member indicated that the present minister had violated an undertaking by a previous government and prime minister. Perhaps that is not in accordance with the facts. The confidentiality of material on application forms is guarded very carefully. At that time it was stated that the information would be used for unemployment insurance, the Canada Pension Plan and other social measures,

but no commitment was made that it would not be used as an extension into the common system of government record keeping.

The introduction into the Income Tax Act of the provision for withholding tax respecting ownership certificates which do not bear individual social insurance numbers does not make it mandatory for any taxpayer to produce his social insurance number, or indeed, to acquire one if he has not previously applied for the assignment of a social insurance number because of some provision in the law. If a person chooses not to apply for a social insurance number, and for some reason feels it would be uncomfortable to have one, because of some moral objection against it, there is no requirement that he must. As I understand it, the law requires that 25 per cent of the interest coupon value would be prepaid. It would be credited to the tax system, and it would be refundable if no other tax was owing.

Also I wonder if the hon. member for Edmonton West was correct when he suggested that 25 per cent of the face value of bonds would have to be deposited. I question that. Perhaps I am not the financier the hon. member is, but my understanding is that it would be the coupon value. I am sure the hon. member would agree that the principal of the bond is not taxable, but the coupon value is. In fact the current issue of Canada Savings Bonds do not have coupons attached to them. Much of what he raised in his argument will disappear as we go forward.

At this point in time, I question that there are four million Canadians who do not have social insurance numbers. Obviously that number will decline dramatically if substantial numbers of school children are required to have social insurance numbers for school and minor sports purposes. The most commonly purchased bonds in Canada are Canada Savings Bonds. If those bonds do not have coupons, the use of this procedure would be considerably less.

I hope the hon. member was not implying in his remarks that the 25 per cent was a penalty. It is a clear requirement to prepay in order to have on record that a certain amount of money was cashed. Further, there is a liability on the part of the person who cashed the bond to prepay an amount to his income tax account, not forfeit it. The hon. member referred to one inequity in a system where money is credited to the account of a taxpayer. If there is a refund owing to that taxpayer, that money may be in the system for a period up to a year. I suppose it could be argued that essentially there would be no interest rate, whereas if the money went to the taxpayer it could be reinvested or used for some other purpose. That is the narrow aspect of it, in terms of people cashing bond interest and not being in the category of owing some type of income tax.

The alternative to the existing social insurance number requirement would be the withholding of tax on all payments of interest. Recently the United States Treasury proposed a mandatory withholding on all interest because of the extent of under-reporting of income in this category by taxpayers in the United States. While this would resolve the compliance problem, it would cause some hardship for a large number of taxpayers. This should be considered only if experience reveals that existing procedures are inadequate.

I apologize to the House and the proposer of the bill that I did not have time to do the amount of research I would like to in terms of an estimate regarding the amount of bond interest not reported. I think in some cases non-compliance with the act is fairly significant. It was rather interesting that an hon. member opposite would set out his argument in great flowing terms that we should not use modern methods to increase the efficiency of the tax system, and therefore perhaps operate the system less inefficiently. Surely any hon. member who has listened to questions directed to ministers involved in social programs, finance, employment or manpower programs, will realize the theme of the questions was efficiency of administration. If the opposition is sincere and believes what it proposes in question form, then such an argument is not terribly consistent.

I am not aware of income reporting slips being issued for bank interest, or any other type of investment, without social insurance numbers being included on them. Some tax forms without social insurance numbers are mailed to elderly senior citizens who have never had such numbers allocated to them. But I am sure approximately 90 per cent of all income tax forms mailed to taxpayers include social insurance numbers.

● (1732)

I find it a little bit strange that in an effort to improve the efficiency of the tax system the hon. member for Edmonton West would argue so vigorously against a practice that is accepted apparently in minor sports, in schools, in all the business transactions involving every other type of investment and, indeed, I would venture to think in well over 90 per cent of all the income tax forms filed in Canada in any one year.

Those are the comments I wanted to make, and for the reasons I have given, I would find it very difficult to support Bill C-203.

Mr. Leonard C. Jones (Moncton): There is no question in my mind, Mr. Speaker, that I would support this bill. It would be ridiculous to do anything else, if an individual has any knowledge of what takes place in some banking companies.

There are thousands of senior citizens in this country who have not applied for social security numbers and have not been asked to apply. These are people who in fact and in practice have to redeem bonds. One of the reasons why they must redeem their bonds is the high inflation rate, and they have to keep up their standard of living because they are not getting enough support from the government.

The situation which this bill is attempting to correct can arise particularly where a spouse attempts to cash in the bond of the deceased spouse. I had a situation only yesterday that brings this act very much into play. I went to the bank with a widow in our community to cash a bond. The bank asked her if she had the social insurance number of the deceased. The spouse had died at 93 years of age and had never applied for a social insurance number because it was not necessary to do so

when he purchased the Canada Savings Bond. Despite that, the bank took off 25 per cent of the principal and interest on that bond.

At the time the bank officers had this very act in front of them and they quoted from it. I was flabbergasted that this type of thing would take place in this day and age. That woman had to forfeit that money, temporarily though it may have been, which could have helped to pay doctor's expenses, ambulance bills and, of course, funeral costs. She will not get the money back for some time, and she will lose her discount on the funeral expenses. It may seem like very little, but to this lady it was a lot.

It is bad enough that the bank take 25 per cent of the accrued interest, but as the hon. member has said, it also takes 25 per cent of the principal. The situation I have just related is not the first time that I have run across such dealings. I think that the hon. member, instead of being ridiculed by members on the government side, should be complimented on bringing in a bill of this nature. I support him fully.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I would also like to make a few comments and take part in the debate on Bill C-103. First of all, I would like to congratulate my colleague from Edmonton West (Mr. Lambert) for having raised this matter.

Mr. Speaker, this concerns once again some type of regulations established by our bureaucratic dictatorship, which is greatly concerned with technological efficiency, but very little with reality and even less with human dignity.

As was explained by my colleague, there are many people who, for various reasons, do not have a social insurance card. This included senior citizens and younger people. It seems to me that a deduction of 25 per cent is a somewhat unfair penalty for someone who has neglected to take the necessary steps to obtain a social insurance number. Many people do not have a social insurance number simply because they never needed one. As my colleague from Moncton (Mr. Jones) underlined earlier, many Canadian wives do not have their own social insurance card. And such cases as those mentioned by the hon. member are really quite unfair to those people.

Of course, the majority of Canadian citizens have this little red and white card. It seems to me that it would have been more realistic, fairer and no more complicated than necessary to ask the banks and the financial institutions where savings bond interest coupons are cashed in to give an application form to their customers who do not have a social insurance number and to urge these customers to complete these forms for future use. It seems to me that this decision was made rather arbitrarily and with no period of transition. I have in my office an employee who used to work for a Canadian chartered bank. He told me recently that quite often, nearly every day, people would go back home very frustrated and angry at the fact that they could not cash in their savings coupons because they did not have a social insurance number and the bank deducted 25 per cent from their interest.

These are the few comments that I wanted to make about this unfair situation. If we are to require this card to deal with the government, it seems to me that the government should launch an advertising campaign to tell each citizen to obtain it. Let us distribute application forms in public establishments and advertise on television, but for God's sake, let us not take some money away from a poor man who does not have a card; let us give him this card instead. It seems to me he should be given a chance to get his card before being penalized.

What I am thinking of here, Mr. Speaker, is a publicity campaign. Some people will tell me that publicity campaigns are expensive. Perhaps, but recently, last month in fact, in one of the shopping centres in Hull, the information centre on national unity set up a puppet show praising the bounties and virtues of the federal government. The people did not stop shopping for all that, and I can understand them. There was a din of background music. It reminded me somehow of the swan's song of the Minister of Finance (Mr. Chrétien), as my colleague from St. John's West (Mr. Crosbie) likes to remind us.

So, Mr. Speaker, once again I thank the hon. member for having pointed out that injustice to the House, to which I trust remedies will be found in the very near future.

[*English*]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): In reference to the remarks, Mr. Speaker, made by the hon. member for Rimouski (Mr. Allard), it may be of interest to note that on the passing of Bill C-22 it became the responsibility of Revenue Canada to administer the provisions of the amendments, and in that connection it carried out a publicity campaign by placing ads in papers across Canada as well as having counter displays set up in banks, trust companies and other institutions that cash coupons. Since this legislation applied to all coupons, not just Canada Savings Bonds, it was directed specifically to Canada Savings Bonds holders. The publicity campaign was carried out in 1977.

Personally, in my own constituency I have had very little problem with people not being aware of the terms of this particular legislation. The hon. member for Edmonton West (Mr. Lambert), and I am sure that it was quite unintentional, used the word "principal" several times regarding the 25 per cent deduction. Yet I note his own bill, Bill C-203, says in the explanatory notes:

> —that required all holders of bonds, especially Canada Savings Bonds, to have social insurance numbers, failing which 25 per cent of the bond interest would be retained at source.

I hope that will lay to rest the fact that we are not dealing with principal but are dealing with interest.

Mr. Lambert (Edmonton West): I would like to draw to the hon. member's attention, Mr. Speaker, the practice that exists

in some places where the cashing authority is insisting on taking 25 per cent of the capital as well.

● (1742)

Mr. Anderson: Mr. Speaker, if cases of this kind are brought to the hon. member's attention, I trust he will report them immediately to Revenue Canada. In their operating brochure it is stated that if an individual does not want to show the social insurance number—and I do not know why that would be—the alternative is to have 25 per cent of the interest deducted, file an income tax return and then claim a refund if no tax is payable.

What we have here today would sound very unreasonable to anyone who wandered in here and heard that a social security number is required in order to obtain interest on bonds or coupons. But what was the purpose of the amendment in the first place?

Mr. Ellis: Sheer bureaucracy.

Mr. Anderson: That is stupid thing to say.

Mr. Ellis: It may be but it is a fact.

Mr. Anderson: Obviously people were collecting interest on bonds and clipping other coupons but were not declaring them as interest. When the hon. member says it is sheer bureaucracy, it shows he has not paid much attention to the original legislation. Its purpose was to correct a problem. Members of the official opposition have told us time and time again that it is the responsibility of this parliament to run an efficient government.

Just the other day the government was severely criticized for having paid $142 million to recipients of unemployment insurance funds which the Auditor General said should not have been paid. Various members of the official opposition were indignant that this government could be so negligent as to pay $142 million to people who did not deserve it. The fact that they might have had a job but in the meantime a cheque had been sent out was not considered.

The hon. member opposite is saying that this is a bureaucratic administration because it is attempting to gather revenue from people who have obtained income from bonds and who have not reported it to Revenue Canada. I think they should also show wrathful indignation at those people who over the years have collected money from bonds and coupons but have not declared it on their income tax report. Apparently the hon. member is saying it is all right for them to collect money and not report it, but it is terrible that money should be sent out to recipients of unemployment insurance funds who for one reason or another are disqualified. I find that a strange attitude.

I think hon. members on both sides of the House would agree that in order to run an efficient government, in order to collect moneys owed to us—because revenue from stocks and bonds must be declared on income tax returns—the fact that we use the social security number as a cross-check should be applauded and not condemned. If tomorrow a newspaper headline said the Government of Canada was failing to collect $300 million in interest on bonds because it was not declared as income, I am sure there would be an expression of wrathful indignation and an accusation that we are not running an efficient government. I know hon. members opposite would be the first to say so. Instead, we are told that this is a bureaucratic mess.

For these reasons I oppose the bill brought forward by the hon. member for Edmonton West, though not in a spirit of anger or confrontation. If there is to be an accounting of payments to recipients of social welfare and UIC, by the same token there should be an accounting of revenue derived by people who clip coupons to make sure that income is declared. I have no vendetta with them, Mr. Speaker—I have no bonds—but I think it is fair to ask that an accounting take place. The hon. member for Edmonton West has much more financial experience than I and he knows that not all our taxpayers are honest all the time. It is easy for the tax department to see how much a person earns in a year because they get a slip from the employer, but it is not always easy to get an accurate accounting of interest on bonds.

I think that Bill C-22 and its amendment merely do a bit of housekeeping to prevent abuses that have existed heretofore and make things fair for all taxpayers in Canada. For that reason I support the amendment and Bill C-22, and I regret that I cannot support the hon. member's bill.

Mr. J. R. Ellis (Hastings): Mr. Speaker, if it were not that I considered the source of the remarks, I might have got upset by a stupid comment made a few moments ago. Having given due consideration to the source, however, I am going to let the matter go by.

Surely some members of the government realize that the social insurance number—not the "social security number"—is being used as a sheer bureaucratic measure and nothing else. It is iniquitous and it is oppressive. The hon. member for Moncton (Mr. Jones) spoke of a case he had, and I intend to outline the case of a widow of many years who tried to cash her Canada Savings Bonds. The bank told her that she must have a social insurance number in order to do so. This particular bank did not give her the right to give up 25 per cent of the interest—which she would likely never get back anyway. Being a very law-abiding lady, she applied for a social insurance number.

One of the things that my colleague the hon. member for Edmonton West did not mention is the fact that the method of issuing social insurance numbers by itself is ridiculous. When the request for a number goes into that behemoth of a computer, all records of that input are destroyed and if nothing comes out no one ever knows what happened to them. If the application form does not arrive there—and goodness knows, with the mail system recently there is a good chance of that—no one ever knows what happened. This poor lady consulted my office and we were told the next issue of the computer would be available today, October 31—my birthday. If that did not come out of the computer today, Mr. Speaker,

this lady is in trouble again because we do not know whether her application for a number ever went into the computer. We know she put the application in the mail but we do not know what happened after that and we have no way of knowing. Neither have we any way of speeding up the process. She could put in another application for another social insurance number and perhaps end up with two. That does not seem to make much sense, Mr. Speaker.

This inefficient, iniquitous piece of nonsensical legislation was forced upon us through closure. It would not have been so bad had we had a chance to debate it at the time, but we never got to it; the guillotine fell and we did not have a chance to do anything about it. It is a particularly objectionable example of bureaucratic bungling.

● (1752)

I suspect such things are happening in other ridings throughout Canada. The banks, because they are not inhuman, are quietly advising people who come in to buy Canada Savings Bonds to buy something else. This is something I deplore but it is happening simply because of an overriding bureaucracy.

It is getting close to six o'clock, Mr. Speaker, and I would like the Parliamentary Secretary to the Minister of Finance (Mr. Martin) to substantiate the reason for talking this bill out, as I am sure the government will. This bill deserves the support of the House. It would repeal at least one iniquitous clause in the Income Tax Act.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I think many of the comments I would like to make were made on this side of the House in defence of the legislation that was passed a year or so ago and against the proposition put forward by the hon. member for Edmonton West (Mr. Lambert). I have worked with the hon. member for a number of years on finance committees and other committees, and I know that he has put a lot of thought into a bill of this nature. Everything he does is always done with a great deal of care and thought.

However, it seems to me that before we complain about people, being asked to identify themselves by means of a social insurance number so that tax compliance can follow when cashing coupons, should we not take a look for a moment at the young girl or boy who has a temporary job in the summertime? For example, I had a young girl working in my riding office recently but I was not able to pay that girl even so little as $10 or $15 until I informed the House of Commons payroll division as to what that individual's social insurance number was. I am not against that procedure, although it is quite a nuisance especially when one employs temporary help for a few weeks. However, all businesses face this problem.

Why is this requirement necessary? It is required for one reason only, and that is to assist in the compliance procedure within our income tax system. As hon. members know, our system is based on self-assessment.

An hon. Member: It is done for other reasons too.

Mr. Martin: It is done for other reasons as well. It is done for unemployment insurance purposes, etc. Social insurance numbers are recorded on tax returns and T-4s so documents can be matched, all as part of the compliance procedure. For us to say that we do it for high school students, or whoever they may be, who are earning small sums of money for a short period of time and then to say it is unfair to do it for people who have more substantial means and have managed to acquire bonds but are upset when cashing their coupons on finding that they are required to show a social insurance number—

Mr. Ellis: Widows in their eighties.

Mr. Martin: —I do not think is a complaint that is really justified.

Mr. Lambert (Edmonton West): All rich people?

Mr. Martin: No, I did not say rich people, but richer than a young high school student who has taken his first job.

Mr. Ellis: Not by a long shot.

Mr. Martin: We are living in a computer age whether we like it or not. There are many credit cards today; oil companies have them, the major department stores have them. Banks have had account numbers for ages and ages. Everybody works by means of identification of accounts through a number system. This is simply done to ease administration, to facilitate the handling of thousands and thousands of accounts, and to simply make things easier in terms of the administration of many thousands of documents.

Mr. Hnatyshyn: Invasion of privacy.

Mr. Martin: For us to talk about a tax system that is based on a self-assessment system, as is the case in this country, and to say to our tax authorities, "Look, for goodness sake be careful how you respect this compliance; don't tread on anybody's toes, don't ask people for too much information"—

Mr. Lambert (Edmonton West): There is a penalty.

Mr. Martin: There is no penalty involved, Mr. Speaker. The hon. member for Edmonton West refers to a penalty. There is no penalty whatsoever. What is being done is withholding money at source, a procedure the hon. member is familiar with. This is done with all kinds of payments. The money is returned to the individual when he or she files an income tax form.

Mr. Johnston: Breaks the contract.

Mr. Martin: That is what happens. If the hon. member for Okanagan-Kootenay (Mr. Johnston) wishes to participate in this debate, assuming there is sufficient time, I will be glad to hear his comments. But indeed that is exactly what happens. Just as is the case with income tax, the deduction is made at source.

Why is income tax deducted from salary at source?

Mr. Lambert (Edmonton West): It does not have to be.

Mr. Martin: No, they do not do so in France, and I believe in some other European countries. But what happens? There is a great game at the end of the year chasing after people to get them to pay thousands of dollars worth of tax. Deduction at source makes a lot of sense for a number of reasons. Once that deduction is made then the identification of the person from whom the deduction is made is very important. That is where the use of the social insurance number is of great assistance.

People in my riding have not been coming to my constituency office with this matter. They have many matters of concern to them but I have not had one person come to me making an honest case or complaint about how they have had great trouble when cashing bearer coupons by having someone ask them to supply a social insurance number.

Mr. Ellis: Wait until this is over.

Mr. Martin: Otherwise they might have tax deducted at source. It is not a point that has been brought to my attention at all. I honestly think it is a little unfair that in the case of the person earning minimum wages, or wages for part of the year, we insist on reporting and checking standards. Why not be equally insistent in the case of people who are fortunate enough to be obtaining money through the medium of bond coupons?

This is a problem which really will not exist in the future as far as Canada Savings Bonds go, because they will not have bearer coupons. So we are talking about a problem that is phasing itself out so far as Canada Savings Bonds are concerned.

I do not want to carry on very much longer, Mr. Speaker.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. parliamentary secretary that his allotted time has expired.

I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

[Mr. Martin.]

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed consideration of the motion of Mr. Chrétien that Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973, be read the second time and referred to a committee of the whole.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in the few remarks I made in the debate on second reading of Bill C-10 just before five o'clock, I tried to make the point that there are some aspects of it which I think should be studied further. If my hon. friend the Minister of National Health and Welfare (Miss Bégin) looked a bit worried and wondered where I was proceeding in light of what I was saying, I would like to tell her that my purpose was to try to make her realize that this bill is not perfect.

This bill launches out in a new area by using the Income Tax Act not only for the purpose of collecting taxes from Canadians, but for making payments out of income tax collections to those who need them. Although it is new in that it moves into that area and is therefore to be welcomed, no one knows better than the Minister of National Health and Welfare that the Income Tax Act is still full of many loopholes, many opportunities for the rich to profit. If those loopholes could have been plugged, she would not have had to agree to reducing the amount of the family allowance from $26 to $20 a month.

From time to time we have had a good deal to say about the unfairness of the Income Tax Act in terms of what it does for the wealthy. I have two or three statistics here that have been given on previous occasions by members of my party, and I think they make the point.

In 1972, there were 92 Canadians with incomes of $50,000 or more who paid no income tax. They managed to take advantage of the escape clauses and the loopholes in the legislation. In 1973 that number rose to 156. I point out that the situation is getting worse, because in 1974, the last year for which I have this kind of statistic, 252 persons in Canada with incomes of $50,000 or more paid no income tax whatsoever. The average income of those 252 persons was $92,000 and 17 of them made over $200,000.

It is because of that sort of situation in the Income Tax Act that I wish the Minister of National Revenue had had a little more influence with the Minister of Finance (Mr. Chrétien). It is good what is happening in that a $200 refundable tax credit is being established. As I say, the Income Tax Act is not only being used to take money from persons, but to give money to certain people. A lot more money would be available for the equalization of incomes if the provisions of the Income Tax Act could be tightened up.

• (2012)

One of the discussions in which we take part around this place has to do with whether or not we are making progress. One of the persons who has documented very well the continuing discrepancy in the amount of income received is the Minister of National Health and Welfare herself. I would point out that according to Statistics Canada the distribution of income as between the bottom 20 per cent of income earners and the top 20 per cent has changed very little. In 1951 the bottom 20 per cent received 4.4 per cent of total income earned. The figure fluctuated a bit from 1951 to 1975 when it was down to 4 per cent. In 1976, it was 4.1 per cent. So it may be said, as was said by a member at the foot of the government side the other day, that in terms of dollars the poor now have more than they used to have. But in terms of their percentage of the national pie, they have scarcely moved at all. On the other hand, as opposed to the fact that the bottom 20 per cent received about 4 per cent of the earned income, the top 20 per cent got around 42.8 per cent—the figure went up and down a bit—and in the last year for which I have statistics their share was around 43 per cent.

It is this I had in mind when in the few minutes for which I spoke before five o'clock I said that for all the good there was in the bill now before us there was room for a completely new look at the income tax legislation. I realize this bill is in the name of the Minister of Finance and that I seem to be speaking about it as though it belonged to the Minister of National Health and Welfare. I feel it is more hers than his though, because it does deal with a change in the way in which family allowances are provided.

The other day in the course of another speech I was making, the Minister of National Health and Welfare made an interjection which I did not hear at the time but which I enjoyed very much when I got to the *Hansard* office and read what she had said. I had suggested that if she made certain improvements in the old age pension she would improve the stock of the Liberal party at the next election and might even become leader of the Liberal party. Her interjection, which I did not hear but which was on the record, was: "Minister of Finance would be okay." In light of the statements she has been making in speeches around the country, and in light of what she has said about loopholes in the Income Tax Act to which I have referred tonight, I would be quite happy if she got that portfolio and pushed to the limit the possibilities there are for equalizing the distribution of income by making changes in the Income Tax Act.

In saying, as I did a moment ago, that if the Income Tax Act were applied on a fair and equitable basis there would be sufficient money for the Minister of National Health and Welfare to have instituted a $200 cash credit without cutting back on the basic amount of the family allowance payments, I implied, and I hope the implication was clear, that in our view this is what ought to have been done. We approve the refundable tax credit idea; it is one we have proclaimed from this part of the House for a long time. But we do not think it is necessary to reduce the basic amount from $26 to $20.

I am aware of all the arguments about people in the middle and upper brackets not needing the money, but I believe many families will notice the difference, especially in the face of rising prices, when they are confronted with this reduction of $6 per child, especially families whose incomes are such that they will not get the $200 tax credit in March or April. We know the reason the minister could not get through the kind of program we would like to see. It was because of the inequities and loopholes that are still present in the Income Tax Act.

Having said all that as an indication of our attitude toward Bill C-10, I should like to say a few things about elements in this measure of which we approve. We note with respect to the family allowances program that universality is being maintained. It is true that the amount everyone will get is reduced, but the program is still to be applied universally. That is the way it was brought in in the first place and that is the form in which it has survived over the years.

There was a time in the parliament of 1968-72 when the government tried to bring in a program bearing the name FISP. It almost got approved but the measure died on the order paper as that parliament ended. The result of the program would have been to destroy the universality of family allowance payments. In the succeeding parliament when the government was in a minority position FISP was thrown out the window and universality was maintained. Despite any shortcomings the bill before us may have, it is continuing the principle of universality and we welcome that.

We welcome also the fact that the principle of indexation is still alive. It may not be well this year, or in 1979, but it is still alive. The basic amount of the family allowance will be cut back in January from $26 to $20 a month, but in 1980 it will be escalated or indexed according to the rise in the cost of living.

It is also a fact that the $200 tax credit is to be indexed annually and that the $18,000 cut-off is to be indexed. I am glad to see the minister nodding her head to confirm that the things I am saying are true. What worries me about this assurance that indexation will continue is that this minister may not always be in her present portfolio and that under another minister it may have less value. We remember how the indexation of family allowances was suspended for a year—the government cancelled it—and now it is being cut back for the second time. So who can be sure that the guarantee of indexing in 1980 or 1981 will be honoured when the time comes? Nevertheless, if there are enough of us here who believe in these things, let us hope universality of social payments and the right of indexation will survive.

• (2022)

I am looking forward to the speech the Minister of National Health and Welfare is going to make tonight, and I hope she will take the same stand with regard to the indexing of family allowances that she took the other day with regard to the indexing of benefits under the Old Age Security Act. If we can have that kind of assurance from her, well, we will have to

count on it, but down the road I suspect that these things will still have to be fought for time and time again.

That is something I have learned from experience around this place. No battle ever really stays won. I remember how long and hard we fought to get rid of the means test and to get pensions on a universal basis and when it happened there was really great rejoicing and satisfaction, but after only a decade, or a generation at most, some people were talking about the means test as though it was something that might be employed again.

I am conscious of the long battle we have waged to get the government into our economy for the benefit of all the people the government represents. I am conscious of those years when we were aware of how little the private sector and the free enterprise economy did for our people, but today, when we have many government programs which have made life better in Canada, "privatizing" has become a word which both Liberals and Tories like to mouth in this place. We are aware of the fact that battles which have been won have to continue to be fought.

I welcome the battle that the Minister of National Health and Welfare fought inside the cabinet, even at a time of restraint and cutbacks, not to have a total cutback in the family allowance but to get the kind of program we have before us tonight. It is a fact that although people in the higher middle and upper income brackets will be receiving fewer dollars for their children in that they will get only a $20 a month family allowance, in the case of those where the family income is $18,000 or less there will be, in return for that $6 a month they will lose, a $200 credit in March or April of the succeeding year. That is good. We welcome that, but we think that the principles underlying it must not be forgotten.

We think also that this beginning of the use of the Income Tax Act to make payments to people should be pushed a long way, and the way to push it is to plug some of the loopholes which make it possible, as I have already said, for 252 people in 1974 to make $50,000 a year or more and 17 of them over $200,000 but not pay one cent of income tax. We are reminded of all the various escape clauses there are. If ever a sentence in the Bible was true, it is that one about things being given to those who already have. The income tax seems to be very biblical in that respect.

Before I sit down, and because the Minister of National Health and Welfare is on the list to speak, there are one or two points I hope she might deal with when she gets the floor. I wonder if she will be able to tell us of any discussions she has had with the provinces about these matters. I have two points in mind. On the one hand, when persons have their allowance cut from $26 to $20, does the minister know whether any provinces are likely to make up the difference?

The other side of the story relates to the $200. What is going to happen in March or April of next year when some families get $200 per child? In some cases that will amount to a total of $600 or $800. What will that do to the position of those families which are on welfare or benefiting from any social program in any of the provinces? I realize that this is totally federal legislation, but still there is hardly anything left in this country which does not become the subject of discussion between Ottawa and the provinces.

Then there is one other matter which I hope the minister will have something to say about tonight. I believe reference was made to it this afternoon. I refer to the consumer price index. I welcome the fact that the minister has stood firm and won the continuation of indexation of family allowances as well as pensions, but the recently announced change in the way the consumer price index is made up gives some of us cause for concern. I refer in particular to the downgrading of food as an element in the basket, particularly at a time when Statistics Canada tells us that the cost of food is rising. I believe this month it rose more than in any month for a very long time.

This will affect pensioners and those who depend heavily on family allowances very severely. There is already the feeling, if not the fact, that indexing is always behind and never seems to keep up with rising costs, but if the consumer price index is being revised in a way which will result in even less accurate increases under indexation, that is something which is very serious.

I do not recall whether I have had discussions with this minister during the time she has been in this portfolio on this issue, but certainly I have discussed it with previous ministers of national health and welfare. I refer to the desirability of having a special index for senior citizens or for families. After all, the consumer price index is made up by Statistics Canada on the basis of the Canadian population as a whole, but senior citizens have special needs on which they spend their money, and mothers of families, especially those who are having a difficult time, also have special needs. I realize that the consumer price index is tabulated under the aegies of another minister—it does not come under this minister—but as I recall, at least some of her predecessors have expressed an interest in looking at this, and I wonder if she will tell us whether she has tried to get Statistics Canada to come up with an index which would be appropriate to those who depend on family allowances and to those who are in receipt of old age pensions.

Those are our views respecting this bill. As we have said several times, it is good that in this time of restraint, which we think is false, uneconomic and turning the country the wrong way, one minister has been able to bring about some progress, and in that sense we welcome this bill. It will have our support, but we shall keep on pressing for the changes which ought to be made in the Income Tax Act to get rid of those loopholes so there will not be so much leakage and there will be more money for distribution to those who need it, whether we are talking about senior citizens or about families.

We are also glad that provision is being made for the $200 per child to be given to mothers in the spring. We will go along with the technical arrangements which are necessary to make that possible. We heard some explanation of that this afternoon from the Minister of Finance, and I look forward to hearing from the Minister of National Health and Welfare tonight. I hope she will deal with some of the points I have

raised, and I hope she might even go so far as to make the commitment that, if she ever does become Minister of Finance, she will do something about the gross inequities in the Income Tax Act.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, like my colleagues, I am pleased to participate in this debate.

We are now studying a bill to reduce from $25 to $20 the family allowances paid for every child. This bill also proposes to grant a tax credit of up to $200 for every child in families whose income does not exceed $18,000 a year. In addition, any family with earnings of up to $46,000 a year and at least seven children under 18 years of age could also claim tax credits to be indexed annually, according to the Minister of National Health and Welfare (Miss Bégin).

That new program is, of course, a positive step towards the redistribution of wealth among the middle class who are always the first to bear the brunt of the economic problems we have had to face in the last decade. Through this new system of tax credits, we are getting away from the situation where family allowances existed for all families. Their purpose was to encourage demographic progress in the country and, in addition, to give substantial financial assistance to large families.

Naturally, with the new system based on the redistribution of wealth, many families will lose that financial aid. In addition, the new measures, which the people do not understand too well, will surely create a nightmare for our bureaucracy. Let us just imagine, Mr. Speaker, all the confusion that will arise in the income tax returns. Many interested parties have pointed out that millions of women who have no income, and consequently do not file income tax returns, will now have to change their habits.

It also appears that everyone qualifying for tax credits will have to file a separate income tax form, which means that in a single income family where the breadwinner is the father or the husband, the wife or mother will have to send in her own income tax form. And what about the problems of separated couples and the incomes of dependent children? It looks like it is going to be an absolute administrative mess. Revenue Canada will have to check over two million additional income tax forms, make sure that all statements filed by husbands and wives agree, scrutinize all enclosures, income adjustments and required documents.

Mr. Speaker, I am happy I do no work in the Department of National Revenue because I am sure several people in that department will have a big headache next spring. I also expect a full scale publicity campaign will be necessary to inform the public about these changes. All in all, I think I would rather work in a publicity agency than in the Department of National Revenue. Maybe these agencies will pull the big buck out of this mess.

Mr. Speaker, we must not forget that benefits from family allowances decrease as income goes up since they are taxable. The tax credit granted until now, $50 for each child, does not help the poorest families since they do not pay income tax nor the more affluent ones since they can accumulate that credit in the form of a tax rebate not exceeding $500.

We must not forget that families in the poorest category depend upon family allowances as a substantial source of income and that with these new provisions they will now be forced to wait for the payment of the tax credit which will be paid, presumably only once a year. The tax credit will not be paid automatically, as it is now. That will therefore result in the poorest families being even more dependent upon provincial social welfare, thus increasing the provincial burden in that area. So the cost of providing for our children will no longer be used as criterion, but the family income level will.

I think the proposed provisions are somewhat premature because their consequences have not been cleared up. This measure has been widely criticized because of the difficulty to implement the system and of the administrative costs which will be incurred. Also, we should not forget that those funds come from the unemployment insurance cuts which were announced and which will deprive some 250,000 to 300,000 unemployed of the benefits.

Mr. Speaker, on September 14, the Minister of National Health and Welfare (Miss Bégin) said in a speech in St. John's, Newfoundland, and I quote:

It should be clearly understood that these benefits are directed towards those people who have immediate needs.

Mr. Speaker, I am terribly surprised because if the government is really aware of the fact that the needs of many persons and families who find it terribly difficult to make both ends meet are immediate, why did they change the family allowances program so that those families will have to wait for one whole year before receiving the new tax credits?

In the same speech, the minister added the following, I quote:

Finally, we must define the new measures in light of our economy; the formula should encourage people to work and stimulate our productivity.

● (2032)

Mr. Speaker, can the minister tell us how we can encourage somebody to work when we have the highest unemployment rate ever seen and when our economy is very weak? Why this relentlessness to make a scapegoat of the small earner?

Before concluding, Mr. Speaker, I must establish clearly that the bill before us is creating a certain ambiguity with respect to the term "family income". On what criteria is it determined? On the income of one spouse, of both spouses, of both spouses and their children, of separated or divorced spouses? I think this point should be clarified. In order to solve the problem of family allowances, it would be in the best

interest of the government to consider as an alternative the abolition of tax deductions and an increase in family allowances.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, it is a great pleasure for me to speak tonight in this House of what I also believe to be the most fundamental reform, and I would like to correct the hon. member for St. John's East (Mr. McGrath) who suggested this afternoon that the Minister of Finance (Mr. Chrétien) was exaggerating when he said this afternoon, in introducing his bill, that this was a most important reform. He did not say that it was the only reform undertaken by the government in the last ten years, but rather that it was the most significant social policy reform that this House had seen in at least ten years, if not more.

This reform is directed towards Canadian children. It appears to me most important and appropriate that we study this legislation immediately after a bill which considerably increases our senior citizens' share of the national income. These are the two most vulnerable ages in periods when economic restraint must be imposed more strictly than we would want.

In Canada, in the year and two months since I have been responsible for the national health and welfare portfolio, I have noticed, and I think it is important to indicate this to the people of this country, that it is as easy to mobilize public opinion in favour of our senior citizens as it is difficult to mobilize the same public opinion over what should be done to ensure that the children of this country, who are the number one human resource of a nation, receive their rightful share in the government's social policies and income distribution schemes. I will say a few words about that later in dealing with two issues raised by the official critic of the New Democratic Party, the hon. member for Winnipeg North Centre (Mr. Knowles), concerning the universality and the indexing of family allowances.

It is a great pleasure for me to speak, as a minister whose mandate is in part to ensure that poverty in Canada is eradicated, if at all possible, or at least decreased. This bill is in fact, let us not deny it, a redistribution proposal.

● (2042)

[*English*]

If one studies the bill proposed by my colleague the Minister of Finance (Mr. Chrétien), one must face the fact that this project, which is the most fundamental reform in social policies of the last decade, basically is a project which touches upon redistribution. Therefore, it will hurt some Canadians and it will help others. Why did we do that, who are these people, and in what order of magnitude was the reform conducted, are questions which should be answered in the House tonight.

I should like to direct my attention to a few points made by the two opposition members who spoke this afternoon and tonight. If we speak of redistribution, we speak of poverty. I was surprised to hear the hon. member for St. John's East making a grand, general speech about poverty in Canada. His speech was full of wrong statistics. As he said, the Conservative party is against poverty. My party is against poverty, and so is every Canadian.

Some hon. Members: Hear, hear!

Miss Bégin: We asked him how much money he and his party would attach officially to the children of Canada, but he never answered that. He did not answer that question because the Conservative party is split down the middle, still discussing whether it is in favour of universality of family allowance. We on this side know where we stand; we favour the right of every child in this nation to receive family allowance.

Some hon. Members: Hear, hear!

Miss Bégin: We have decided to correct some of the injustices of the socioeconomic system vis-à-vis families by adding to the basic universal family allowance a special new cheque, an annual one in the amount of $200 per child. That cheque will go to all families below a certain income. That is what we are proposing. In other words, we decided to put together the best of selectivity and universality.

The hon. member for St. John's East also mentioned that the number of poor in Canada had not decreased. That is not true. The social programs which were devised in the sixties have decreased the total number of poor in Canada. The total number has not been decreased enough, but there has been a consistent fight against poverty. He said that approximately 20 per cent of Canadians are poor. In order to correct the record, let me indicate that 20 per cent of Canadians share 4 per cent to 5 per cent of the wealth, but of that percentage, half of them are really poor.

If the hon. member wants to talk about poverty, he should refer to a few more of the facts rather than just generalities. He did not tell Canadians that it is not fashionable to talk about poverty today because there is no longer visible, flagrant poverty in Canada. People no longer really suffer from malnutrition as they did when I was a teacher 20 years ago. People no longer suffer from the effects of unacceptable housing conditions. Poverty is far more difficult to fight. It is far more difficult to sell to Canadians the fact that poverty should be put on the map of urgent problems to tackle because it has gone underground and has become less apparent.

The usual criteria used to define a certain neighbourhood or certains quarters of cities as being poor areas have changed. It is more difficult to use the usual criteria. The hon. member for St. John's East did not acknowledge that at all. He repeated that Canada was in an economic mess. We on this side believe in Canada. We do not believe Canada is in a mess at all. In the last ten years the income of the average Canadian has increased by 25 per cent. This is in constant dollars, which means that I am taking into account the inflation which has

existed over the years. Our wealth, incomes, the goods to which we have access have increased by 25 per cent, as evidenced by improvement in the physical environment of our homes. Increased standards have been passed on to everyone, including the poor in Canada. Their hopes and aspirations have naturally increased. If a list of the basic goods a poor family possesses today was produced by a social worker, it would be quite different from what it was in the past. I hope it would include such things as television sets. Of course, television sets would not have been included in such a list back in the sixties, because total wealth, hopes and aspirations were not at the level they are today.

Also the hon. member referred to the fifteenth report of the Economic Council of Canada. He quoted figures in an attempt to prove the total number of families living in poverty has increased tremendously. They have not increased, they have decreased, especially if we refer to statistics in proportion to the total population of Canada. I should like to refer to the fact that the incidence of poverty has declined from 1971 to 1975, the period referred to by the hon. member as the one in which poverty increased. That illustrates and provides us with points of reference when we talk of social policy and poverty in the country.

I should like to refer to the social policy budget of the government. Approximately 15 years ago, that budget was roughly 12 per cent of the total budget of the Canadian nation. The Department of National Defence received the biggest share of all federal government expenditures. The social portion of the national budget for 1978 amounts to 33 per cent. So when the hon. member says that the share which goes to people in need has decreased, that is not so. It has increased tremendously.

● (2052)

I would also remind the hon. member that if the total number of poor families and people on welfare decrease in Canada, of course the total number of welfare payments will decrease. Although the hon. member may have made his speech in good faith, his erroneous assertions regarding poverty do not demonstrate where the Conservative party stands regarding family allowances and child benefits.

Some hon. Members: Hear, hear!

Miss Bégin: I wish it were possible to illustrate in this House this graph showing distribution of benefits for children in Canada. It shows who gets what in Canada regarding child benefits and I am sure it will answer the points made by the hon. member for Winnipeg North Centre.

Families with children benefit from those programs in three different ways. If I were to ask the person on the street what tax benefits a family receives from children the first thing to come to mind would be the family allowance, the monthly cheque to the mother of $25.68. There are two more very important benefits which accrue to families that have children. The graph illustrating these benefits will show very clearly that those who do not pay income tax, who are by definition poor and in need of help, receive only one of the three benefits, and that is the family allowance. They do not pay income tax on the family allowance because it does not put them in a category that is high enough that they must pay income tax. As soon as the family begins to pay income tax, it loses a portion of its family allowance, but gains from the other two programs, the hidden benefits, for which the poor do not qualify.

One of the hidden benefits is the $50 exemption per child, a feature which was introduced into the system just two years ago. The other tax exemption is the child exemption of $460 per child. These three benefits combined, taking into account the fact that family allowances are taxable, benefit basically the middle class and the rich. The middle class could be a family of four children with yearly earnings amounting to $30,000. This family and the rich family receive the family allowance. But they also benefit from two hidden tax privileges. People do not think of the two tax deduction benefits because they are more or less hidden benefits. This is something we want to correct.

The ideal, of course, would be to replace exemptions with credits and not to make reductions in family allowances. However, at the introduction of this program there was not enough money and, therefore, the family allowances were slightly reduced each month to create that credit. We also decided to cancel one of the two tax exemptions, the small $50 tax credit. The official critic for the NDP is right when he says that the system is not perfect and that the reform does not go all the way. To go all the way would have meant the cancellation of both tax privileges because by their very nature they favour those who pay taxes.

We had to settle for what can be called a Canadian compromise. One thing that was certain was that we could not totally withdraw from those families those benefits in these difficult times. We decided to propose reform in a gradual fashion, cancelling only one of the two tax exemptions, the smaller one, and keeping the bigger exemption which favours so many families. By doing this we protected the middle class families with children, and the hon. member for Winnipeg North Centre has repeated often that it is the middle class who will pay the price for this new tax credit.

[*Translation*]

Mr. Speaker, I do want to stress that this tax reform we are talking about now is now being carried out on the backs of middle-class people. Middle-class people—and I wish I could show this graph which I will be distributing to all my colleagues in this House—continue to benefit from the three child benefits in the Canadian system, namely the taxable family allowance even in its reduced form, the new tax credit, and the $460 tax exemption that the father or the mother deducts each year on his or her tax return.

With the new system middle-class people continue to be the great beneficiaries of a large number of child programs. On the other hand, upper-class people who were receiving a lot clearly come down in the graphic representation of the redistri-

bution. And poor families who do not pay taxes because they will be receiving that cheque which is not taxable and will be sent directly to mothers or the person having the legal custody of the child come up a great deal but will not be the ones benefiting the most; it will continue to be the middle-class people, but they will come way up in the redistribution graph. So it is not perfect but it is not being carried out on the backs of middle-class people. I want to insist on that. It is rather important because middle-class people do represent the majority families in any society and they have the feeling that is it very difficult to make ends meet, so I want to explain that quite clearly.

[*English*]

Now, there are many things we could have added to this reform, the first fundamental change to child benefits in our country since family allowances were introduced in 1945. Despite the tripling of family allowances and their indexation a few years ago, there would be lots more to say about what needs to be done for children and what this program is all about; but I think the committee of the whole will permit us to discuss these things in detail.

• (2102)

Permit me to make one point, Mr. Speaker.

[*Translation*]

I will say it in French. I want to say to all hon. members of this House and to Canadians that when the hon. member for St. John's East (Mr. McGrath) raises a scarecrow, namely that with this bill we are going to break the rather strict confidentiality of the tax system, I say to him that he is dead wrong.

[*English*]

The only thing the hon. member said that had anything to do with the bill was very simple but so untrue. I want to make it clear. I do not know how to put it in English, but he was using the illustration of the false man you put in a field—

An hon. Member: A straw man.

An hon. Member: A scarecrow.

Miss Bégin: Yes, a scarecrow. He was scaring people by saying this bill had something significantly dangerous in it; that we are going to introduce a breach of the confidentiality of the tax system. He then went on with an incredible statement which makes me wonder if he ever saw poor people in his life. He asked about the man who will have to declare the money he makes to his wife. That is a bit strange, Mr. Speaker, for usually in poor families when there is $200 per child, non-taxable, ready to go to mothers at the beginning of the year at tax time, people are not going to play games with each other. In any event, these people do not make enough money to start hiding it. When husbands hide money from their wives, usually they make good money. With my common sense, I know that.

Some hon. Members: Hear, hear!

[Miss Bégin.]

Miss Bégin: So the comment about breach of confidentiality does not make much sense. If he wants to be technical and really maniacal about the sacrosanct confidentiality of the Income Tax Act, I can tell him there will be a one-page form included with the family allowance cheque in January which in most cases will go to mothers. This form can be filled out by the father or mother. If the father does not want to tell the mother how much he earns, she can sign the form and he can fill it in and send it. That should satisfy the breach of confidentiality charge. The hon. member must be surrounded by very wealthy people. In ordinary social classes, especially in poor families, people know what money they make. They also know what they make when they work on the weekend as waiters in hotel bars or whatever sideline it is they find to make ends meet. Everybody knows approximately what they make when they are poor. The hon. member is just raising a problem that does not exist for poor Canadians, those of whom we are speaking tonight.

My colleague the hon. member for Winnipeg North Centre asked for my views on universality. I have already spoken on this earlier tonight. He also asked me about indexation. I regret that to create the bank of money needed to start the new annual cheque for mothers, we would have to add to the "pot" the indexation of 1979. That is really what we did. We put in that bank all the money we could because we knew Canadians would not agree to pay more taxes and that there was no other source of funds than shifting benefits within the existing system, making it more fair and equitable.

I regret that the indexation for this year has gone but I am very pleased that full indexation will be on the books for the new benefit, the ceiling at which a family can claim that benefit, and for the family allowance as well. I want to make it clear that indexation is provided for in the future.

Referring to the CPI, Mr. Speaker, and to a more proper measure of the increased cost of living, the only thing I can say tonight is that I will look into it and hope to be ready to answer questions during committee of the whole discussion. But I do not have anything to say that would help the debate at this point.

I should like to speak now of a few practical aspects of the new child tax credit. Some have said it is just unacceptable that the poor would suddenly get a huge sum of money once a year when they do not know how to spend $10. I am sure that is not true. I am not sure that mothers of good, wealthy families know how to spend money better than poor people.

Another fact about which I want to speak is the possible budgeting problem of families with an annual benefit versus several monthly benefits or benefits given through several instalments. I want to say to the House that this new benefit will use the tax machinery. This is the first time that the tax system will be used to deliver benefits to people. That is why we give it that funny name—the refundable child tax credit, although it is a cheque sent to mothers. It goes through the tax system and because of that this machinery has been set up only for annual deliveries. In future years it will be important to monitor what is best for, and what is wanted by, mothers.

In 1979 when the program is introduced it will work this way. In January a form will be sent to mothers along with the first reduced family allowance cheque. By the end of January all Canadian mothers will get $20 per child per month. Mothers in need, mothers on welfare, mothers in receipt of mothers' allowance, will, of course, be entitled to the new tax credit. It is they who will need it most and need it most urgently.

During January, February and March, the time at which the cheques will start being delivered to families, there will be a relative loss in the family allowances. For families in need with more than three children, this may be a practical problem but not for other families. This bothers me a great deal but there was no other way to introduce the system at a given point in time. So this is the loss we have to live with in order to gain much more.

The Minister of Finance gave the amount of these net gains. They are huge gains—gains for people in provinces as wealthy as Alberta, with its rapidly growing economy but where there are 43,000 poor families who will benefit from money that now goes to the richer families of Alberta and coming from all Canadian taxpayers, to the extent that about a $5 million net gain will go to Alberta in 1979. This takes into account the reductions in family allowances. This is very significant. In Ontario I think the reductions and the redistribution between families will offset each other. In other words, the poorer the provinces, the bigger the transfer payments, for we are now talking of the equivalent of a new transfer payment to individuals.

● (2112)

I was speaking of the real problem of family budgeting which may arise for the two first months of this year. I do not know of any solution to it. If hon. members have some solutions to suggest I would like to hear from them. As for the future, I do not foresee any problem because mothers will be receiving the $600 or $800 cheque. If they have three or four children, they can put aside a certain amount for monthly budgeting and spend whatever is needed for a down payment or repayment on a fridge, a washing machine or whatever might be needed in the home. Purchases like this ultimately benefit the children.

I acknowledge that problem and we will monitor it to see if the bill will need to be amended in the future or the idea of instalments introduced. We will be able to see what will be the most helpful to those in need. I say to hon. members, let the people concerned tell us what they want. I think it is important to listen to them. They are not well organized and their voices are not usually heard by politicians. Mothers of families are a segment of our society that is not represented by pressure groups. We do not know what they think or want.

It is important that the universality of family allowances be established once and for all.

Some hon. Members: Hear, hear!

Miss Bégin: The hon. member for Winnipeg North Centre asked me that question. In all honesty I think members on the other side could agree with me that family allowances, no matter the economic circumstances of a family, are a right, by which the government shows that the nation is responsible for the well-being of all children who, after all, are the best of all its natural resources. That right is not well established in Canadian philosophy, if I may use that word. I have travelled across the country many times. The hon. member for Kingston and the Islands (Miss MacDonald) is always astonished when she discovers she is not the only one who talks to people. We all pretend to be close to people, and we try to be. It is important to discuss with various groups what Canadians want in terms of universality. Universality is established right now, but I point out to Canadians that family allowances, as a program of child benefits, are the weakest element of our social policy, I suggest, in the eyes of those who have economic interests to defend above and before all others. I say this to the House in order to assist and to raise the consciousness of my colleagues, and through television of the Canadian public, to ensure that we continue to see the merit of a universal family allowance. We will add whatever reforms are needed to be certain that in addition to the basic family allowance whatever is required for those in need will be available.

No doubt many other questions will arise. I will conclude by outlining what the prospect will look like for mothers in 1979. By the way, I am very pleased to say that mothers or fathers when they have legal custody of their child or children, will receive the cheque. It may seem strange to always refer to the status of women in this way, but for so many years women did not have their voices heard adequately in this House. I think that all hon. members will realize that every one of the provincial advisory councils on the status of women as well as the federal Advisory Council on the Status of Women recommended that the tax exemption for children be abolished and replaced with a tax credit. The federal Advisory Council on the Status of Women made it known publicly that it was very pleased with the new tax credit. A few other women's groups in Canada also approved of it, but I must admit that most women regretted the small cut we had to make in order to create the new program which, in the final analysis, is an important plus for all Canadian mothers in need, including mothers on welfare, and the Indian mothers who do not even exist as such under the Income Tax Act right now. It also means a great deal to the mothers of the poor families, in other words the working poor, who work but cannot make enough to live above the poverty line. Altogether it will mean an additional $300 million redistributed to Canadian families living below the poverty line, and this is worth quite a fight.

Some hon. Members: Hear, hear!

Mr. Harquail: Mr. Speaker, would the Minister of National Health and Welfare (Miss Bégin) be agreeable, with the unanimous consent of the House, to have the draft which she referred to included in today's *Hansard*?

The Acting Speaker (Mr. Turner): Is there unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered.

[*Editor's Note: For document above referred to, see Appendix "B".*]

Mr. David MacDonald (Egmont): Mr. Speaker, I presume that some time later on if the parliamentary secretary wishes to make a speech and make a brilliant addition to *Hansard*, that will take place. I also look forward to the minister of sports and whatever activities she is pursuing making a speech in this debate. The minister seems a bit ruffled over there and I can understand why. I think it is perhaps more than a little appropriate that this particular item is being debated on Hallowe'en because we have just been treated to a trick or treat presentation by the Minister of National Health and Welfare (Miss Bégin).

An hon. Member: That is a cheap shot.

Mr. MacDonald (Egmont): If she can refer to this legislation, as she did at the outset, as being a revolutionary bill, one of the major pieces of social legislation in the present decade, and then go on to say that in fact there are no serious problems of poverty, that there are really no unacceptable—

Miss Bégin: Was my English that bad?

Mr. MacDonald (Egmont): I am saying your speech was that bad—

Miss Bégin: Read it tomorrow.

Mr. MacDonald (Egmont): If the minister is prepared to listen, as I was quite prepared to listen to her, she will learn about some of the weaknesses and misconceptions in the presentation she made. It is regrettable that a Minister of National Health and Welfare should make such an incredible speech. The minister, who is responsible for many who are faced with extreme poverty and hardship in this country, told us in concluding her long statement that there is no poverty or serious housing problems today, as once was the case, that in fact poverty has gone underground. That is merely an indication that the minister has gone underground and has missed the whole point. In some areas a growing hardship exists for people in terms of poverty and housing.

We should not be too surprised at the minister's attitude with respect to housing because the same attitude has been displayed by this government in recent days. The minister talks consistently about a model family consisting of four children. I am not sure how many of these model families the minister is personally acquainted with, but it seems to me that her presentation was naive. Obviously she is not worried about the confidentiality of the tax system being violated. She is not even worried about the social insurance numbers and the way in which they are used and abused by this government, or about the commitments made by previous governments to protect the right to privacy that is part and parcel of the allocation of the social insurance numbers.

• (2122)

It is obvious that this minister has not only lost contact with people who are facing extreme hardship; she seems to have lost contact with those people who could tell her what in fact is going on in this country today.

When she refers to this reform as helping everybody and hurting no one—

Miss Bégin: I said the exact opposite.

Mr. MacDonald (Egmont): That was part and parcel of what the minister was saying. If she wants to rewrite the speech she just presented, I am sure she will be given equal time to do so.

Miss Bégin: Mr. Speaker, I rise on a point of order. It is impossible to debate in this House. Words are not twisted, but the opposite is said. I just said that if it is going to help a lot of people in need and not cost more taxes, it is going to hurt other people. That is what I said and I want Canadians to know that.

Mr. MacDonald (Egmont): I appreciate these interventions, Mr. Speaker. I am more than willing from time to time for the minister to bob up in her place and make further little points. If she wants to be assured of the serious problem this has created, let me speak specifically on one aspect of the legislation. The minister only briefly touched on it in her concluding remarks. She presented a very distorted report from groups having to do with the status of women.

Frankly, I am shocked that the Minister of National Health and Welfare would come into this House this evening and give the kind of partial reports from the Advisory Council on the Status of Women and other women's groups in terms of their satisfaction with this bill, as if everything is fine and well done by it. If she has read any of her mail or listened to any of her telephone calls, she knows there is a large body of women in this country who are seriously concerned about the initiatives the minister is taking in this legislation and the impact it will have on women in this country.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): If the minister wants to reply to that, I will be delighted to give her the opportunity to do so. I want to read one brief section from the report of the Economic Council. Perhaps the minister has not had the opportunity to read it. This is found on page 92. It deals with the section having to do with the present unemployment and financial hardship of Canadians and refers specifically to women. I quote:

> The difficulties confronting women, particularly those who are the sole supporters of their families, are manifest. They constitute a growing proportion of the poor. Not only do they lack a complementary source of income, but in most cases they earn substantially less than men. This in turn means that, when unemployed they usually draw proportionately lower over-all insurance benefits even though they face longer periods of unemployment than males. In 1975,

unattached males in the labour force received about one-third more total income than did their female counter-parts. Among the male-headed families who experienced unemployment, the average family income in 1975 was nearly $5,000 higher than the income of female-headed families with unemployment.

That is just one recent report from an independent advisory group to this government indicating the severe and increasing plight of women in the work force today. If the minister does not recognize in the legislation that she has had a hand in introducing to this House the serious impact it will create for working women in this society, she had better resign and give her office to someone who will recognize the realities of today.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): Just in case the minister did not have an opportunity to review some of the events of the past few years in this country, she might want to refresh herself with one committee that was appointed at the end of World War II. In fact, it was during the period of the war at a time when the participation of women in the work force had increased very rapidly, for obvious reasons. In 1939, just prior to World War II, 24.4 per cent of the work force was women. By the end of 1945 it had risen to 33.2 per cent. However, within a period of one year the work force dropped back to 25.3 per cent.

A subcommittee was appointed called the advisory committee on reconstruction, post-war problems of women. It had to do with this very question of the rapid increase of the number of women in the work force and what was likely to take place with respect to their continued employment. Interestingly enough, one of the members of that committee was later a New Democratic Party member of parliament, Grace MacInnis.

The report said very clearly that some steps would have to be taken with regard to the training programs and unemployment insurance benefits. Interestingly enough, a recommendation was made in terms of a family allowance program. I quote from one of the recommendations of the subcommittee:

It was felt that the addition to the family income from children's allowances paid to the mother and by her spent for the welfare of her children may well be an alleviating factor in the mental attitude which may result from the surrender of the double income.

This scheme obviously was to work as an incentive to create more opportunity for some women to provide household care for children under certain kinds of informal day care programs, and for other women who had decided to participate more fully in the paid work force to continue to do so.

The sad fact is that through the introduction of those child care benefits more than 30 years ago, the participation rate dropped in one year from 33.2 per cent to 25.3 per cent. None are so deaf and dumb as those who refuse to learn from the lessons of history.

If the minister does not think that this initiative which she herself describes as being revolutionary today is not going to create a very serious situation for many thousands of presently employed women, she should give very long serious and sober second thought to it. It is obvious that the kind of incentive the minister has built into this tax credit program could in fact create a very serious problem and growing hardship for a number of Canadian women.

In 1978, 48 per cent of all adult Canadian women were in the paid labour force. According to the Minister of Finance (Mr. Chrétien), speaking to this House some months ago when presenting his budget, one of the immediate problems that confronts the Canadian economy today is the growing number of Canadian women who are working. I quote from his statement on the evening on which he presented his budget:

An important reason for the growth of our labour force has been the growing number of Canadian women who are working. Since 1970 the number of adult women in the labour force has increased from 1.9 million to 2.7 million, a rise of more than 40 per cent.

The Minister of Finance went on to point out that the surge of young people as well as the increased participation of women has created a problem. He did add on that occasion that this surge would not last as there was a growing number of empty desks in the classrooms. What the minister was saying in a kind of code language and what other ministers have said before and since is that there are too many women who want to work outside the home.

One would think that a government which introduced a bill having to do with human rights legislation, advocating fair and equal opportunity for both men and women to participate in the work place and be given equal access to employment and to be given equitable rates of pay, would introduce legislation not to discriminate against women and make it more difficult for there has to be an adjustment in the work place, in concert with the change that has taken place in the complexion of the work force in the last few years.

What do we find? We find a government that has done the reverse. There is a move afoot, certainly in this legislation, to take women out of the work force and to ensure that if women work at all, they will work only in what can be described as the job ghettos. If she earns any kind of a reasonable salary, augmenting a possibly moderate salary earned by her husband, we know what will happen. That family will lose its $200 tax credit, or most of it, the one the government is touting will be of such great assistance, the one the minister has assured us gives us no need to be concerned about the confidentiality of income tax. She said in rather naive language that everybody knows how much money so-and-so is likely making. I wonder what kind of responsibility this minister exercises when she makes this kind of superficial statement.

• (2132)

I am both shocked and disappointed, Mr. Speaker, that the minister could have passed off the whole situation of the impact upon working women in such a cavalier fashion. Furthermore, under the proposed amendments to the act, even if a woman presently working in a low income position decided to improve her over-all skills and gain access to employment at a higher rate of pay and with greater recognition, we know that the minister's colleague, the Minister of Employment and Immigration (Mr. Cullen), has taken steps in concert with the Minister of National Health and Welfare to reduce the train-

ing allowance for women who decide to take an upgrading program or a program of training under the Department of Employment and Immigration.

What do we find today? Instead of the equitable training allowance that existed until this past year under which men and women were effectively treated the same in terms of the training allowances available to them, we now have a program introduced by the Minister of Employment and Immigration which is related to unemployment insurance benefits. I certainly do not have to draw a large picture to let the minister know that, by and large, women receive less benefits because they have been in lower paying jobs. Therefore, women taking retraining programs are going to receive a much smaller training allowance.

If she were to respond at this point, I am sure the minister would say that the exception would be those women who have more than four children. The minister has a great time with her model families containing four children or more, but like so much that she says, they are more of a mirage that a reality. The government feels these people should receive additional funding, but what it does not realize, and what the minister does not realize, is that the day and age of the family with four and more children is virtually over. There are 7.2 million children in this country today belonging to 3.6 million families. Those are the figures for families receiving child allowances last year. I would point out that this is an average of two children per family. If the minister wishes to use examples I hope she will stick to those that are relevant to the greater part of the experience of most Canadians.

I would like to turn to another aspect now because it seems to me that what is happening here this evening, and what has been introduced this afternoon by the Minister of Finance (Mr. Chrétien), cannot be viewed in isolation from actions which are being taken by the minister's colleagues. It seems to me we see quite consistently now from the Minister of Employment and Immigration, from the Minister of Finance, and now sadly and tragically from the Minister of National Health and Welfare, a concerted effort to take women out of the work force and put them in the unenviable position of being increasingly dependent upon their husbands for income. I see this as really trying to turn back the clock.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): This afternoon one of my hon. friends was asking the Minister of Employment and Immigration about the Outreach program. We know—because a memo was circulated to the various manpower offices in the month of September—that the government has decided to eliminate women as one of the special groups for consideration in terms of making extra effort to ensure they have an equal opportunity to gain employment at the present time. The minister circulated the word to as many offices as there are around the country that women will no longer be a part of the target group. In addition, specific programs, such as Women Power, which were making a particular point of dealing with situations where women had special problems finding employment, affording them an opportunity to obtain skilled training and satisfactory employment and incomes, are to be substantially reduced or cut altogether. The government is clearly attempting to lay the burden of unemployment on women to divert the public's attention from its own mismanagement and lack of planning.

Some hon. Members: Hear, hear!

Mr. MacDonald (Egmont): I think the problem here is that the minister and the government are indulging in old-fashioned, reactionary thinking. There is an assumption basically—

Mrs. Campagnolo: Everybody in this country knows where the Tories stand!

Mr. MacDonald (Egmont): I am glad to hear the minister is listening to this speech because it is good for her to get some real information. She spends too much time with the wrong people over there, Mr. Speaker. I am glad to know I have her attention. She ought to know about these things because she ought to be concerned about them. The old-fashioned thinking of the government of which she is a part has somehow or other clung to the idea that a woman is an extension of her husband and that a woman's income is just an extension of her husband's income. If the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) refutes this contention, I hope she will get up and say so. I hope she will explain—

Mrs. Campagnolo: It has been explained. You just closed your ears to it.

Mr. MacDonald (Egmont): That is the weakest refutation of anything I have ever heard in this House, Mr. Speaker. The minister does not even know or is afraid to express what the real opinion has been in the past few weeks—ever since the program was announced in late August—by various women's groups across the country which are extremely concerned about the impact of this legislation on the progress women have been making in terms of their full integration and acceptance into the modern day work force of our country.

An hon. Member: And the minister just laughs.

Mr. MacDonald (Egmont): If the Minister of State (Fitness and Amateur Sport) is not concerned about that, she has more problems than the ones she is personally administering under her own jurisdiction.

The suggestion that the computation for the purposes of this tax credit is to be based on family income is bound to be of disservice, bound to be a setback to the right and opportunity of women to participate fully in the work force of this country. What we are arguing is not a woman's right to work but rather her right to be independent and equal. The government has yet to accept the fact that, under the terms of this bill, a woman could be just as helpless with a husband whose income is $50,000 as with one who earns $5,000 if he doesn't support her. There is no reason a woman should lose any of the $200

tax rebate because, for instance, her husband makes $30,000 and she makes $5,000 and a bit more.

What about the actual mechanisms of the tax credit itself? We know that on December 1 family allowances would have increased from $22 to roughly $28 at the end of the year. The hon. member for Winnipeg North Centre (Mr. Knowles) talked about a $26 figure, but it would have gone to $28, as I understand it. This means that if the bill is passed, as I assume it will be, the figure will be rolled back to $20, which will mean a loss of $96 per child next year.

Who will receive the full benefit of the tax credit? Certainly not the poor alone, as was implied by the minister. Some proportion of it—we do not know how much—will wind up in hands of those with higher incomes, in the hands of families who have the money to take maximum advantage of their registered retirement savings plans, home ownership tax benefits, you name it. I say this because income is defined as income after deductions, and I would refer the minister to clause 122 of the Income Tax Act.

Again, we have a bill which to some extent will still penalize the poor, discriminate against women and add to the coffers of the rich in some instances—how many we do not know.

From another standpoint the minister is almost advocating a reproach to men and women which one would quite frankly regard as being immoral. I say this because a woman who decides to enter into a partnership with a man outside marriage will not be penalized under this legislation. If a man and a woman want to live together, and I have heard it happens on occasion, and they have children, there is no obligation under that arrangement for there to be any computation of family income. That applies only in the case where a legal marriage is entered into. I trust the minister is not advocating a new and sophisticated form of tax avoidance, but certainly with this kind of legislation there is that possibility.

● (2142)

Why, then, does the government see fit to impose penalties on a woman because she is married? Recently the Human Rights Commissioner, Gordon Fairweather, formerly a distinguished member of parliament who sat on this side of the House, made a statement which I think represents an important instruction for this government. He said, and I quote:

> I would be unhappy about a formula based on marriage. You know, we are over the days whether women have a right to work or not. 3.5 million women in this country work, and a quick answer would be that if a formula for eligibility is based merely on marital status, I think it is contrary to the Canadian Human Rights Act. Women have the right to work and marital status in itself should not be used as an excuse for a different formulation.

I wonder if the minister has yet had a chance to read those comments which the Commissioner of Human Rights recently made.

I want also to quote the Advisory council on the Status of Women because the minister made the statement that the advisory council was only a little bit unhappy about a minor matter and had no substantial objection to the legislation introduced by the minister. The Advisory Council on the Status of Women has stated, and I quote:

> Until Canadian women enjoy full economic equality within marriage, it is very important that no new measure be introduced that will further erode the independent financial position of married women. A joint taxation system would have the effect of reducing the independent financial security of married women who have personal sources of income.

Miss Bégin: Read what they said about this bill.

Mr. MacDonald (Egmont): I hope the minister will read everything the advisory council said, and I hope she will present a fair and balanced presentation of the council's case to this House and not the one-sided and misinformed presentation she presented a few moments ago. I am really quite shocked that in her remarks the minister dealt in such a cavalier way with willingness to seek disclosure of income. I have always thought that that was regarded on both sides of this House as one of the things which should not be violated but should be held as sacrosanct. That is not so with this government and certainly not with this minister.

If we accept the basis of family income which is enshrined in this bill, what will that mean for future legislation? What bearing will that have on such legislation as amendments to the Unemployment Insurance Act? What is next? Will Manpower centres soon be policing married women whose husbands are making more than $18,000 or $20,000 a year and telling them that, because their husbands are making that much money, they have no right to come into a Manpower office to seek work? Is that the implication? Is that the direction in which this minister is heading? Is that the kind of co-ordination there will be between the minister's initiative in this bill and that of her colleague, the Minister of Employment and Immigration?

There are other problems with this legislation as well. For instance, child-placing agencies presently receive family allowance payments for children under their care. Since that is to be reduced—indeed, frozen—these agencies immediately stand to lose $4.2 million as a result of these proposed changes, and unless there is some offsetting measure taken by the federal government, the provinces will have to make up the difference. That approach by this federal government has become all too common.

I want to make one or two other brief comments because I think the minister is getting at least some of my message. It seems to me that the minister has badly misled us by suggesting in one instance that this bill will save an enormous amount of money and that there will be a more equitable spreading of available funds to those who need them most. There was certainly no indication in the charts either minister presented that that is necessarily the case. I do believe that the intervention both ministers have made through this legislation will have a major impact, but it may not be the one which the ministers have outlined to us here today. It seems to me this is a major change in government policy.

This is the first instance, as has been said here, of the use of negative income tax at the federal level. It is a very striking departure, no matter what the Minister of National Health

and Welfare says, from the long standing tradition of universality in the family allowance system. We are concerned about these measures. We would like to be as assured as the minister seemed to be in her presentation that the results will be all good with almost no bad; but unless the minister or some of her colleagues can be a great deal more convincing about the impact there will be on hundreds of thousands of women presently in the work force, even though we support this legislation we will be gravely concerned about its effects in that regard.

Some hon. Members: Hear, hear!

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, just before the hon. member for Egmont (Mr. MacDonald) began his remarks the House was asked to give its unanimous consent for the production of a chart showing figures with respect to the poor in Canada. The hon. member then said that I should get up and make a speech. I am delighted that I now have the opportunity to speak to maritimers, and I have television aiding me here tonight.

I am sure some of the hon. member's constituents have been able to watch the supercilious attack he made on the character of the minister tonight. That attack had nothing to do with the bill. The hon. member talked about unemployment. He was all over the court. I have the impression that somewhere along the line he has come back into the good graces of his leader and has been made official critic regarding the performing arts. He certainly was on stage tonight, and he certainly was performing.

We know that the hon. member has for some time been a man of the cloth, and while I would not be prepared to say he was lying tonight, he was certainly stretching the truth with some of the things he had to say.

The hon. member for Egmont spoke about tonight being Hallowe'en. We suggest that he take off his mask because his performance was really not like him. He was out of character tonight, and I am sure that on reflection tomorrow and after reading what he said tonight he will find that there is egg on his face, he being the hon. member for Egmont.

I should have thought that the hon. member would at least have said "thank you" on behalf of Prince Edward Islanders who have benefited greatly from the millions of dollars which have been pumped into that province through DREE and Manpower. Money has been pumped in to the tune of about 75 cents on the dollar.

Mr. MacDonald (Egmont): I will lend you my fiddle.

Mr. Harquail: He had nothing to say about farmers' wives who will be receiving benefits through the progressive and modern legislation which our minister has the courage to introduce. She has convinced her colleagues in cabinet to approve these measures. Notwithstanding that, we are faced with inflation, restraint and cutbacks. The minister has been successful, and we should congratulate her for that.

Some hon. Members: Hear, hear!

Mr. Harquail: I am convinced that there is not a positive bone in the body of the hon. member for Egmont. He thought he could use this occasion to become a champion of the cause of the women of Canada, but at their expense. He mentioned his former colleague, the chairman of the Human Rights Commission, who is the distinguished former member for Fundy-Royal, Mr. Gordon Fairweather. The hon. member brought everything before us but the facts.

We have just witnessed a provincial election in one of the maritime provinces. In that election the Tories criticized the federal government with respect to equalization. Let us stop and consider that this bill will increase equalization payments to the maritime provinces. The hon. member did not comment on that, which proves my earlier point that he was far from the truth in his remarks. He certainly was not listening when the minister told us that we are now spending more in social services than we are on defence. We have arrived at a significant point in this country, through the efforts of this government. This government has made other progressive moves in terms of assistance to the unemployed and in terms of other social service programs.

Many social service measures have been brought in over the last number of years by this government. Let us remember that 33 per cent of the budget of this government is spent on social services. The hon. member had the audacity tonight to say some of the things he said about the minister. The truth of the matter is—

• (2152)

Mr. Nystrom: He is a Tory.

Mr. Harquail: I suppose we are supposed to excuse him for this. The fact of the matter is that we have a champion for women in the House in the person of the Minister of National Health and Welfare (Miss Bégin).

Miss MacDonald: Some champion.

Mr. Harquail: Whether or not he admits it or whether or not I have to say it, the fact is that by her actions, her leadership and her efforts what she has been able to accomplish for the women of Canada puts her in that category.

Some hon. Members: Hear, hear!

Mr. Harquail: These are the facts before us tonight. Since he was not interested in putting the facts on the table—some facts with respect to Canada's poor—let me state the following. The population of poor numbers three million and is roughly composed of the following: 50 per cent of the poor are families with children; 25 per cent are elderly; single women represent 55 per cent of the elderly; and 25 per cent are young, single people and couples.

Let me put forward some facts on families with children. There are approximately 3.6 million Canadian families with children less than 18 years old; 7.2 million children are under the age of 18, 900,000 are 16 or 17 years old, and 6.3 million are under the age of 16.

Let me also put forward some facts on the current federal child benefit system. The current federal child benefit system consists of family allowances. In child tax exemptions, $25.68 is allowed per child, $460 per annum is allowed for each child under 16 years of age, $840 is allowed for children 16 and 17 years of age, and a tax reduction of $50 per child was added to the federal tax reduction.

Consider the scare tactics which are typical of what we have heard from opposition members both inside and outside the House and across the country, as well as the scare tactics we have witnessed this afternoon from another maritimer, the hon. member for St. John's East (Mr. McGrath), who did not take the opportunity to say anything positive about what we are discussing here tonight but put up a straw-man and brought forward false facts and information. Who did these people think they were kidding?

I pointed out earlier the number of dollars that have been directed by this government to help Canadians, and in this case in particular to help mothers and families and assist them through increased family allowance payments. Surely members opposite would have enough decency and honesty within them to stand up and say that they appreciate that type of assistance, especially in those provinces which are in the category of have-not provinces from which both members I mentioned come and which they represent. I refer to the hon. member for St. John's East and the hon. member for Egmont. That hon. member made no mention of assistance which will be given to farmers' wives and he had nothing to say about the benefits which the island from which he comes will enjoy. After listening to him speak tonight I wondered where he came from. Is he from Alberta or British Columbia? Whom does he represent? I am sure one thing that will be clear from the performance of the hon. member for Egmont tonight is that he qualifies for some sort of prize in the performing arts, which has more to do with the Halowe'en evening tonight.

Mr. David Crombie (Rosedale): Mr. Speaker, before speaking to the bill before us, I wonder if I could take this opportunity first to make some general comments. This is my first speech in the House, and, first of all, it behooves me to thank hon. members on all sides of the House for the kindness they have shown me this past week.

Some hon. Members: Hear, hear!

Mr. Crombie: It is great to first join an institution when the river is still running, which allows you time to catch up. So I want to thank a lot of people for throwing me a few lifelines and offering me the odd skiff so I can get across.

Now I should like to take the opportunity, if I may, Mr. Speaker, to pay tribute to my colleague and friend, the former member of parliament from Rosedale, Mr. Macdonald. Mr. Macdonald represented the riding of Rosedale from 1962 until last spring, when he resigned. He was a friend of people in all sections of Rosedale, and indeed he was a friend of the people in the city of Toronto. During the time I held office as mayor of Toronto there were many times when we had to deal with the quarters of power in Ottawa and we found that we could do so more swiftly when we could make a call to Mr. Macdonald.

Some hon. Members: Hear, hear!

Mr. Crombie: Often when that call was made we found that, when the constituency demanded, the service was there.

I should like to make one final comment which might seem odd. I should like to pay tribute to the Liberal candidate in the riding of Rosedale in the last by-election. Yesterday morning I received a letter from my wife which was sent by Dr. John Evans to my son. It is not generally known that during the last week of the by-election campaign my son was hospitalized, which caused considerable distress to both my wife and myself. Although this was not generally known, it was known to Dr. Evans. Dr. Evans did not say anything to me but he wrote a letter to my son. This demonstrated once again, it seems to me, that Liberal though he may be, he is a gentleman with a touch of class.

Some hon. Members: Hear, hear!

Mr. Crombie: It appears, Mr. Speaker, that I have only about one minute left in which to introduce my comments on Bill C-10. What I would like to do now is to indicate that I would be happy if the House and you, Mr. Speaker, would grant me the opportunity tomorrow to speak about two nations. May I call it ten o'clock, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FINANCE—GRANTS IN LIEU OF TAXES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, about two weeks ago, on October 17, I heard with some surprise the hon. member for Ottawa West (Mr. Francis) rise to ask the following question of the Minister of Finance (Mr. Chrétien):

Is the government considering amendments to the formula for grants in lieu of taxes to the city of Ottawa to compensate for the loss of tax revenue due to vacant office space as a result of moving public servants out of the city?

I say that I heard that question with some surprise because I raised that same question about four years ago. It is an issue in

my riding that touches on the administration of the municipality of Surrey where we have a major federal installation, the Fraser River harbour commission, which does not pay taxes or grants in lieu of taxes. So when the hon. member for Ottawa West raised this issue in the House, I perked up my ears and said to myself: here we have another deathbed repentance. Now that the hon. member is in trouble in Ottawa, all of a sudden he has become interested in the core of Ottawa and he wants to do something for the people. The Minister of Finance in answer said the following:

Mr. Speaker, I had the occasion to discuss this problem with the mayor of Ottawa. We are looking at the problem at this time.

It cheered the cockles of my heart considerably to realize that the government was doing something about it, so I rose to ask the question myself a few minutes later, and I quote from page 168 of *Hansard* as follows:

I refer specifically to the Fraser River harbour commission in Surrey. Is the minister entertaining an investigation of other federal installations across Canada, and does the government plan to pay grants in lieu of taxes in respect of facilities outside the national capital region?

To which the Minister of Finance replied:

● (2202)

Mr. Speaker, I am looking into this question and will be discussing it again with the government. We will look not only at the properties of the government in the national capital region, but also at all properties across Canada.

That was said two weeks ago. In looking at the problem over the past four years, I realize I am not the only member who has raised this question. It was raised by the hon. member for Ottawa West and the hon. member for Grenville-Carleton (Mr. Baker). On February 20, 1978, as reported at page 3046 of *Hansard*, the hon. member for Grenville-Carleton said the following:

The promise is not new. On December 20, 1976, the Prime Minister (Mr. Trudeau) replied to the mayor of the city of Ottawa by indicating that effective action was being taken.

That occurred approximately eight months ago. We are still looking for that effective action. As reported at page 3047 of *Hansard*, the hon. member for Grenville-Carleton went on to say:

Two years ago he responded to it by indicating the legislation was forthcoming.

That raised our curiosity level even more. On January 27 the Minister of State for Urban Affairs (Mr. Ouellet) said the following:

—my colleague, the Minister of Finance, will be dealing with this question in the very near future.

He went on to say:

—the announcement made by the Minister of Finance will be followed through in the very near future. I would prefer to have him deal with this question when he is in the House.

Looking back a little further, the former hon. member for Ottawa Centre, Mr. Hugh Poulin, who is now a judge, as reported at page 412 of *Hansard* said the following:

The Prime Minister (Mr. Trudeau), in correspondence with the mayor of the city of Ottawa, has indicated that the Grants in Lieu of Taxes Act will be amended during the life of this parliament.

[Mr. Friesen.]

Unless the Prime Minister has some strange schemes going for this parliament which we are not aware of, he had better act in a hurry because there is not much life left in this parliament.

Mr. Halliday: There is not much life left in this government.

Mr. Friesen: The hon. member for Oxford (Mr. Halliday) is dead right. I do not mean to pun on that word.

This is a very serious problem. The government is aware that the national capital region has a problem. In the past few years they have made sure there were office buildings in the city of Hull and that there were vacant ones in the city of Ottawa. That robs Ottawa of business tax. Now that problem has been created, perhaps the government will realize problems exist all across Canada as a result of this particular policy and the failure of the federal government to deal with this important matter.

In the municipality of Surrey there is one federal installation. The municipality reckons that Surrey loses $200,000 a year from an installation which is making money. At present, legislation does not call for that installation to pay taxes or grants in lieu of taxes. The Prime Minister (Mr. Trudeau) said that he plans to bring forward legislation in the life of this parliament to deal with that problem.

I hope the parliamentary secretary has a concrete assurance to give us tonight. I hope he will deal with this so that municipalities providing services, proper roads, sewage and water facilities to these installations also will have the benefit of either grants in lieu of taxes or the taxes. I trust the Parliamentary Secretary to the Minister of Finance (Mr. Martin) will have something to say on this.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member for Surrey-White Rock (Mr. Friesen) asked in the House on October 17 if the government plans to pay grants in lieu of taxes in respect of its facilities outside the national capital region. He went on to inquire whether the government is examining the status of the property of the Fraser River harbour commission in Surrey, British Columbia.

The government's system of grants in lieu of taxes is a national system which applies in all parts of Canada, and not just within the national capital region as suggested. Payments on departmental property are made under the Municipal Grants Act. This is a 1951 statute which was last amended in 1957. As the Minister of Finance indicated in this chamber on October 17, the government has been giving some thought to a number of issues which, it can be appreciated, exist in a statute of this age. As the statute now stands, it brings considerable benefits to municipalities in all parts of Canada.

In this regard, I might note that total payments to British Columbia local governments and the province itself in respect of property in municipally unorganized territory are expected to reach about $15 million in the present fiscal year. The district of Surrey receives grants in lieu on various departmen-

tal properties. The grant for the 1977 taxation year was $147,804. No application has yet been received for 1978.

● (2207)

In so far as the Fraser River harbour commission is concerned, the property which they administer is not departmental property and is specifically excluded from the provisions of the Municipal Grants Act. The government does not contemplate that properties of this kind would be brought within a revised Municipal Grants Act within the foreseeable future because the various harbour commissions are joint, intergovernmental bodies. In many cases, they administer lands belonging to different levels of government.

It would seem somewhat anomalous for the federal government to establish a policy with respect to those lands under a port commission's jurisdiction which are federal, unless the same policy is to apply to the non-federal lands. However, this would raise a question as to why the federal government should establish a policy that would have very direct implications for the other governments involved, be they municipalities or provinces. In these circumstances, the government has decided to leave the matter of future grant policy to each port commission. It is hoped that this will result in the negotiation of arrangements which will be in the best interests of all concerned.

EXTERNAL AFFAIRS—SUPPLYING OF ARMS TO SOUTHERN AFRICA—POSITION TAKEN BY GREAT BRITAIN

Mr. Stan Schumacher (Palliser): Mr. Speaker, the question I put to the Secretary of State for External Affairs (Mr. Jamieson) yesterday was concerned with Great Britain's involvement in the supplying of arms and munitions to certain African states in high tension areas where such "aid" can only result in further violence and bloodshed. I wanted to know particularly whether the Canadian government has commented in any way to the United Kingdom with regard to this volatile situation, and the minister replied rather lamely in the negative. This does appear to be a case of silence being consent.

At any rate, the government does not appear to object to Britain involving herself in these African atrocities in precisely the same manner as the Russians and the Cubans, placing modern weaponry in the hands of tribal warriors whose main goal these days seems to be to kill anyone who disagrees with them, or even anyone they suspect might disagree with them.

It is a dangerous game, one which the communists have been playing for a long time in Africa and elsewhere. Britain and, by association, other members of the Commonwealth would be most unwise to get into this lopsided chess game at which the Russians are past masters. In that part of the world today, Britain is sadly outnumbered and it is foolhardy to think that sending a few guns—though in this case it is much more serious because we are talking about surface-to-air missiles and other such pieces of sophisticated equipment—to Zambia is going to thwart any plans being engineered by the communists.

An arms build-up in Africa can only lead to tribal wars and genocide; civil wars, if you like. These in turn can spread across state borders, eventually involving any number of African states. Since Cuba has been highly visible in African affairs for some time—and it appears that our government has co-operated with Cuba in its efforts to get arms and men to that troubled continent in the past by allowing their war materiel to land in this country en route to Africa—and since it is common knowledge that the Soviet Union has been supplying various states and factions with war materiel for years, this is no game for the British who have enough problems at home and in Ireland.

● (2212)

By its commonwealth association and by its silent consent, the Canadian government is involving itself in African affairs along with Britain. This is foolhardy enough in itself, but really foolish when you stop to think of the odds stacked against anyone who confronts communist-backed forces in that part of the world now.

This government has been pouring money hand over fist into African countries, supposedly to feed starving millions of people. How much of that money is feeding the people and how much of it is buying bullets, bombs and back-up material from the communists? How much of that money is killing the very people it was intended to keep alive?

In this connection, Mr. Speaker, it is interesting to note that the World Council of Churches has been giving aid to these terrorists. I was amazed on Sunday night to see the Primate of the Anglican Church of Canada on television admitting that he was only going by his conscience and was not concerned with what was actually going on. He had not made any effort to visit the area. It is a fact, Mr. Speaker, that 95 per cent of the people killed in Rhodesia by the guerrillas invading from Zambia are black people.

The minister said earlier today that he would need more specific information on Britain's involvement in African affairs. All he needs to do is read the same newspapers we all have access to. But he prefers to sit, wait for word from London, hoping and praying nervously all the while that these nasty things will pass away and Africa will settle down to a peaceful, pastoral picture once again. It seems to me he is proceeding in a very naive way.

I say to the minister that African people, in one part of that continent or another, have not known true peace in this entire century. There has always been some big nation from Europe sticking its thumb in to see what it could come up with. And Britain is back into the act, not as the empire builder she once was, but as a relatively minor member of a gang of misdirected moderns who will achieve nothing there but the building of a gigantic powder keg.

We must not forget that the Middle East problem also involves part of Africa—a big part of Africa in the north. So it is all part of the same grandiose chess game and it becomes increasingly and dangerously unstable every time one more non-African nation tries to get into the act.

If Canada is seen to approve, silently or otherwise, British involvement in African affairs, then this country's position is jeopardized, whether we are seen as aligning ourselves with communist aggressors or simply doing nothing to persuade Britain from doing just that. If his government, as the minister says, really believes this kind of arms escalation must be brought to an end, then let us have some action on at least some strong words on the subject, not just a mouthful of excuses.

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, the Secretary of State for External Affairs (Mr. Jamieson) stated in the House on October 30 that he had had no conversations with the British Foreign Secretary regarding Britain's decision to send military supplies to Zambia. We would not, indeed, expect the British government to consult us on its transactions with a sovereign fellow member of the Commonwealth concerning its defence needs.

The Secretary of State for External Affairs added that, when he had more specific information, he would consider whether it was useful to the House to give a more detailed response. We are seeking confirmation of press and other reports that the military equipment sent to Zambia is for Zambia's defence needs, particulariy air defence. According to reports, the supplies have included communications equipment, mine detectors and anti-aircraft guns, with the possibility of ground-to-air missiles to follow, and they have been supplied on condition that they are not handed on to the guerilla forces.

We also understand from reports that Dr. Owen has stated that there was no question of stationing British troops or aircraft in Zambia or of sending any equipment that could be used for any purpose other than the protection of Zambia.

As all hon. members will realize, the actions of the British government are related to the vexing Rhodesian question. For too many years the repressive Rhodesian regime has illegally exercised power in defiance of the international community and the situation has been in the forefront of unsolved international problems. The unacceptability of the illegal regime's policies and its intransigence in the face of international efforts to find solutions have through the years severely affected the neighbouring states. Incursions such as took place in recent weeks and particularly the raids into Zambia point up the need for all parties to get together to discuss peaceful ways to settle the affair without delay. Zambia is particularly vulnerable, both militarily and economically, to Rhodesian actions. It is unable to protect itself from the operation of the illegal regime's security forces. In addition, it has had to open its border to permit transhipment of vital supplies of fertilizer through Rhodesia.

● (2217)

It appears from all reports that the military supplies are indeed of a defensive nature and intended only for Zambia's defence should it be attacked. Until we have confirmation of the reports, however, we can make no further comment.

[Mr. Schumacher.]

HEALTH AND WELFARE—POLICY REGARDING EXTENDED USE OF SOCIAL INSURANCE NUMBERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, on the face of it the social insurance number appears to be a simple and innocuous number to be given out as casually as you would give out your name. Unfortunately, the SIN number has become much more than that; it is becoming more and more a national identity number and the card a national identity card.

Think of all the occasions, sir, when the SIN number is used. It is used for registration at hospitals, schools, libraries, banks, insurance companies, and indeed it is now being used by the army as a regimental number. Youngsters playing pee-wee hockey are asked for their SIN numbers for the National Hockey Association's computer. Canadians must provide SIN to cash Canada Savings Bonds and SIN are a must on income tax returns. The school systems of Saskatchewan and Ontario use SIN for record keeping for students in senior grades. Motor vehicle drivers' records in Quebec, and hunting licences in Manitoba, are recorded by SIN.

Due to the ever-growing use of social insurance numbers in different agencies and departments at all levels of government and in the private field, I asked the Minister of National Health and Welfare (Miss Bégin) on October 27, 1978, the following. I asked her what the policy is regarding the extension of the use of social insurance numbers in a variety of ways so that they have now become glorified identification cards and numbers.

The question is important to Canadians for several reasons. First introduced in 1964, the Pearson government gave repeated assurances that numbers would not become national identity cards but would be used solely as social security numbers. Yet through the years, notwithstanding this firm undertaking, there has been extension of the system to most government departments.

My objections are twofold. The use of SIN has been so extended as to become a *de facto* national identity card, despite government assurances to the contrary. Secondly, this policy, whether overt or covert, has been adopted without a full examination and public debate of its merits and consequences. That is really the substance of my complaint in this matter. Maybe we will get to a single identification number in this country, but I suggest that the government has broken its word, broken the commitment made by Prime Minister Pearson and others not to let this policy be extended without first having a full debate on the implications of having a single identification number.

Closely related to these concerns is the problem of safeguards and laws to protect the confidentiality of the information in the computers. Information given for the purposes of one program, for example old age pensions, should not be transferred to other computers dealing with another program. Because of the increasing compatibility of the latest computers and their ability to communicate with each other, our social insurance number could then become a key which would open up our lives to the unscrupulous data bank manipulator.

Secondly, the access to the information in a file should be closely regulated to guard against abuse by government or other agency.

These concerns about our privacy in the face of new computer technology and increasing government are not abstract musings, in recognition of today's realities. I will give examples of some things that have happened according to testimony given by the assistant commissioner of the RCMP, Hank Jensen, to the McDonald commission into RCMP activities in June of this year. He gave some interesting information. He said that 50 per cent of all cases of false pretences made use of SIN cards. He pointed out that the problem relating to this false pretences percentage was due to lack of security surrounding SIN.

● (2222)

He illustrated the case of a Calgary man who had 109 SIN cards, 59 UIC claims and a monthly income of $33,000. He also told of a Montreal duo who used 60 SIN cards over a period of two months to collect $32,867 from the UIC and who had projected earnings of half a million dollars from their gainful unemployment had they not slipped up. Then there was the Winnipeg man who parlayed 25 SIN cards into $92,000 over 4½ years.

The minister missed the point of my question. We must have a public debate. Parliament must give its mandate to the expansion of the use of these numbers or we fail our responsibility in this House as individual members. The parliamentary secretary can take a message to the minister. I intend to pursue this matter until we get a satisfactory resolution of this very difficult and ominous problem.

Mr. Frank Maine (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, it has several times been suggested in this House that the government intends actively to promote the expanded use of social insurance numbers outside of social service programs by all levels of government. Such is not the government's policy, nor did the Minister of National Health and Welfare (Miss Bégin) at any time say that it was. As she did say, however, the government is concerned to maintain tight control of the very large program of expenditure for which she is responsible as minister, and to that end the social insurance number is an indispensible tool.

As I said, the government is not trying to promote the extension of the use of the SIN outside the federal government. I am not saying, however, that the government will prohibit such use, or refuse to co-operate if a private sector organization, or one in another level of government, decides to make administrative use of the SIN. The holder of a social insurance number is at liberty to divulge it to those with whom he or she transacts business. Whether he or she does so or not is essentially a matter of negotiation between the parties. Any attempt on the part of the government to control or influence such negotiations would be intrusive, and probably ineffectual.

The use of the SIN in connection with the administration of unemployment insurance, the Canada Pension Plan, and the income tax is sanctioned by statute. In the context of those very large programs involving millions of Canadians, effective administration is impossible without a unique identifier for each citizen involved. Large business firms, other levels of government and, indeed, other departments of the federal government doing business across the country experience the same administrative need. It should therefore occasion no surprise if these organizations ask a person with whom they deal for an identifier which distinguishes him or her from all others of similar name.

As to the use of the social insurance number within the federal government outside the area of "social service programs", such use has, of course, been recognized since parliament amended the Income Tax Act in 1967 to provide for the use of the SIN on income tax returns. Other departments also use the SIN as a matter of administrative practice, in the same manner as do firms in the private sector.

The Acting Speaker (Mr. Turner): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.27 p.m., without question put, pursuant to Standing Order.

APPENDIX "A"

STATISTICS TABLED BY MINISTER OF FINANCE DURING DEBATE ON BILL C-10

Table 1
Change in Disposable Income Resulting from Child Benefit Changes, 1979

Married Couple—Two Children under Age 16

Wage or Salary Income ($)	Refundable Child Credit ($)	Reduction In Family Allowance ($)	Other Tax Changes* ($)	Total change in Disposable Income Amount ($)	Per Cent (%)
5,000	400	192	—	208	3.8
8,000	400	192	14	194	2.3
10,000	400	192	49	159	1.6
15,000	400	192	41	167	1.3
20,000	306	192	38	76	0.5
25,000	57	192	28	−163	−0.8
30,000	—	192	−62	−130	−0.6

Married Couple—Three Children under Age 16

Wage or Salary Income ($)	Refundable Child Tax Credit ($)	Reduction In Family Allowance ($)	Other Tax Changes* ($)	Total change in Disposable Income Amount ($)	Per Cent (%)
5,000	600	288	—	312	5.3
8,000	600	288	−21	333	3.8
10,000	600	288	75	237	2.3
15,000	600	288	63	249	1.8
20,000	506	288	72	146	0.9
25,000	257	288	54	−85	−0.4
30,000	—	288	−97	−191	−0.8

* A positive number signifies a tax increase; a negative number a tax decrease. The Change in disposable income is the amount of refundable child credit less the amount of reduction in family allowances and less the effects of other tax changes.

The refundable child credit is $200 per child, reduced by five per cent of family net income in excess of $18,000. Family allowances are reduced to $20 per month per child. Net income is wage or salary income less deductions for employment expenses and CPP/QPP and UI contributions.

Other Tax Changes include the elimination of the $50 per child portion of the federal tax reduction and decreased taxes resulting from the decrease in family allowances. The amounts shown are changes in federal and provincial tax.

Each family is assumed to have one earner under age 65 receiving earned income. Family allowances are added to income in calculating tax payable. CPP/QPP and UI contributions as well as the employment expense deduction, calculated at current rates, are deducted in computing tax. Provincial tax is calculated at the rate of 44 per cent. As provincial tax rates vary from province to province the value of other tax changes will differ somewhat, depending on the province of residence of the taxpayer. No account is taken of provincial tax cuts and credits.

Table 2
Child Credit Benefits Payable, 1979

Family Net Income		Number of children: One	Two	Three	Four
			($)		
Under	18,000	200	400	600	800
	20,000	100	300	500	700
	22,000	—	200	400	600
	24,000	—	100	300	500
	26,000	—	—	200	400
	28,000	—	—	100	300
	30,000	—	—	—	200
	32,000	—	—	—	100
	34,000	—	—	—	—

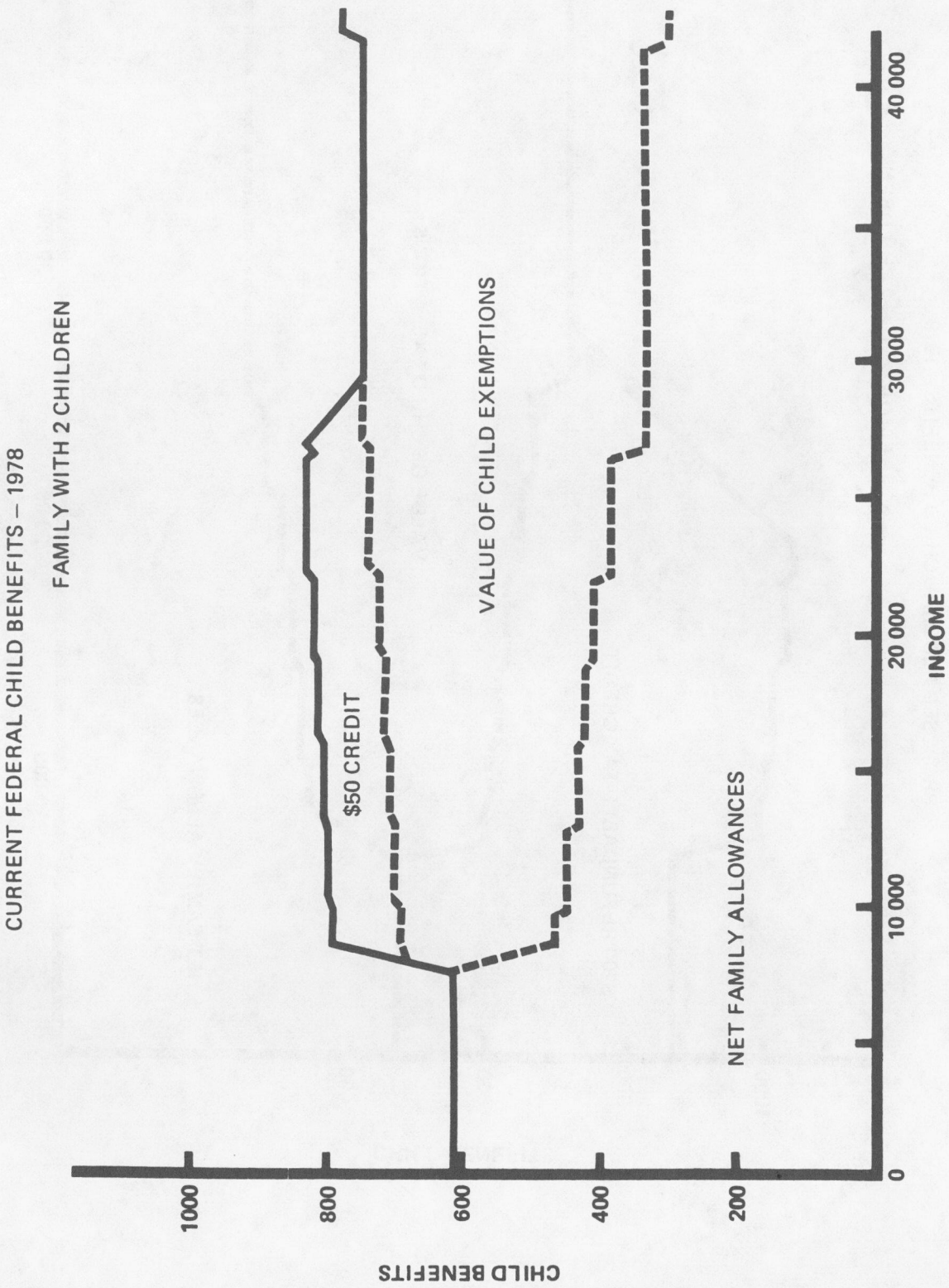
Benefits are those payable in 1979 on the basis of 1978 incomes.

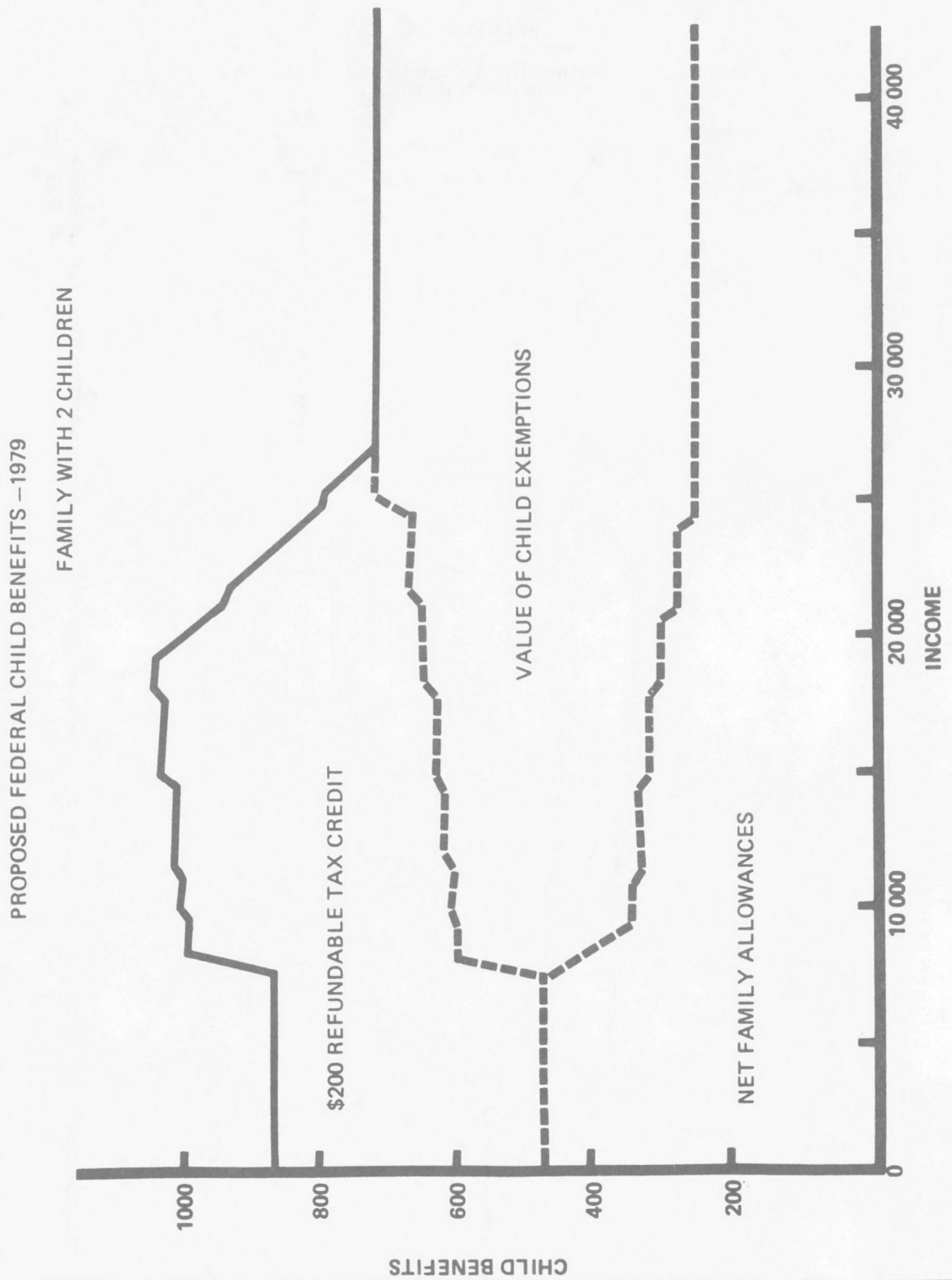
Table 3
Federal Fiscal Impact of Child Benefit Changes

Item	1978-79 Expenditures	1978-79 Revenues	1979-80 Expenditures	1979-80 Revenues
	($ millions)			
Refundable tax credit	—	—	—	−810
Reduction in family allowances	−170	−40	−690	−130
Elimination of current $50 child tax credit	—	+35	—	+260
Modification of exemptions for 16 and 17 year old children	—	+5	—	+25
TOTAL	−170	0	−690	−655
Effect on financial requirements	−170		−35	

APPENDIX "B"

BENEFITS TABLED BY MINISTER OF NATIONAL HEALTH AND WELFARE
DURING DEBATE ON BILL C-10




PROPOSED FEDERAL CHILD BENEFITS – 1979
FAMILY WITH 2 CHILDREN
$200 REFUNDABLE TAX CREDIT
VALUE OF CHILD EXEMPTIONS
NET FAMILY ALLOWANCES
CHILD BENEFITS
1000
800
600
400
200
0
10 000
20 000
30 000
40 000
INCOME

HOUSE OF COMMONS

Wednesday, November 1, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

PRODUCTION OF DOCUMENTS BY WALTER RUDNICKI IN CIVIL ACTION—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I seek to invoke the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The motion I would put, if leave is granted, is as follows:

In light of the judgment of the Supreme Court as to the application of section 41(2) of the Federal Court Act, this House requests the government, and in particular the Solicitor General, not to accept requests to apply that section to deny Walter Rudnicki production of material documents in the civil action brought by Mr. Rudnicki against a former solicitor general in the infamous blacklist matter, where the issues involved are ministerial stupidity and embarrassment rather than defence or security.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

ALLEGED FRAUDULENT CLAIMS FOR WHICH CHEQUES ISSUED—REQUEST FOR STATEMENT—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning unemployment insurance cheques distributed during the postal strike from temporary distribution centres between October 13 and October 20, and the fact that a high official of the commission has advised me that in excess of 40,000 cheques were not picked up in Ontario alone.

I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Hees):

That the Minister of Employment and Immigration make an immediate statement concerning a meeting being held at this moment in Toronto of UIC officials, chaired by Mr. David Brown, regarding the fact that a great percentage of these unclaimed cheques are for apparently fraudulent claims; that the minister advise the results of this meeting, including what steps will be taken to deal with possible fraud and, finally, that he reveal the total number of unclaimed cheques in all provinces in this same category which are reported to comprise about 10 per cent of all claims.

Mr. Speaker: Presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

REQUEST NATURAL GAS EXPORTS NOT BE INCREASED—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43. It was reported in the *Globe and Mail* last week that the Minister of Industry, Trade and Commerce (Mr. Horner) supports the call of the Conservative Premier of Alberta, Peter Lougheed, for increased natural gas sales to the United States, a statement which is in direct contradiction to the position of the Minister of Energy, Mines and Resources (Mr. Gillespie). I know the minister of industry has changed horses in full flight; despite that, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House request the Prime Minister to mediate the dispute between his two ministers and announce that the gas will be conserved for Canadian use.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

REQUEST FOR CONDEMNATION OF STATEMENT BY LEADER OF THE OPPOSITION RESPECTING SOVEREIGNTY ASSOCIATION WITH QUEBEC—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the shocking statement made by the Leader of the Opposition (Mr. Clark) to the effect that if he were the prime minister of Canada, he would negotiate sovereignty association with the Quebec government if 60 per cent of the Quebec population supported their government in the referendum; since the wording of the referendum question is not known and could be prejudicial to the very existence of this country, and also since a federal-provincial conference is going on at present, I move, seconded by the hon. member for Duvernay (Mr. Demers):

S.O. 43

That the House condemn the irresponsible position taken by the Leader of the Progressive Conservative party who, without any popular or political mandate, is already willing to negotiate the future of my country.

Mr. Speaker: Order. The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion can only be presented with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

REPRESENTATIONS THAT DANYLO SHUMUK BE ALLOWED TO IMMIGRATE TO CANADA FROM U.S.S.R.—MOTION UNDER S.O. 43

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. It is well known to this House that one, Danylo Shumuk, a political prisoner in the Soviet Union, is in a seriously deteriorated state of health at a harsh labour camp in the Mordovian region of the U.S.S.R. We now learn, through apparently reliable channels, that Mr. Shumuk is dying of terminal stomach cancer.

Members of his family in Canada have repeatedly requested this government to seek the release of Mr. Shumuk so that he might be allowed to immigrate to Canada. I therefore, move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

That the Secretary of State for External Affairs be requested to renew, reinforce and persist in diplomatic initiatives which will bring Mr. Danylo Shumuk to Canada so that he might enjoy the closing days of his life among friends and relatives.

Mr. Speaker: Presentation of such a motion, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

USE OF CASUAL EMPLOYEES—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the Supreme Court of Canada as recently as October 16 refused to hear an appeal by the Post Office Department concerning a Federal Court decision rendered in June, 1978, allowing 2,700 grievances on the matter of the use of casual labour in the Post Office, and in view of the fact that the Deputy Postmaster General told the Supreme Court that there an average of ten people were attached to each grievance, which meant that the grievances affected 27,000 employees and would cost the government more than $2 million, and in view of the fact that this waste of $2 million of taxpayers' money, as well as the hard feelings caused by forcing unnecessary grievance procedures could have been avoided if the Post Office had either obeyed the collective agreement in the first place or even accepted the decision at the first level of the grievance procedure, I move, seconded by the hon. member for the Northwest Territories (Mr. Firth):

That this House call upon the Postmaster General to make a public statement guaranteeing that his department will now follow the terms of the collective agreement in the use of casuals, thus improving labour relations in the Post Office and saving the taxpayers $2 million.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

FISHERIES

REQUEST THAT SMALL AND MEDIUM SIZED BUSINESSES BENEFIT FROM SCIENTIFIC RESEARCH—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and pressing matter.

Considering that the Minister of Fisheries and the Environment (Mr. LeBlanc) has announced that he will close the technical laboratories in his department and encourage private businesses to take over and since only the larger companies are likely to be able to afford these functions and that smaller ones will only have a limited access to these developments; considering also that most of the research must be done by the government as is the case in all countries of the world, specially since we have extended our fishing zones, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge the government to review its decision so that small and medium sized businesses might benefit from the advantages stemming from scientific research in the field of fisheries.

Mr. Speaker: The House has heard the motion of the hon. member. Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

ENERGY

REASON FOR DELAY IN FORMING MARITIME ENERGY CORPORATION—MOTION UNDER S.O. 43

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I rise under the provisions of Standing Order 43. Whereas the Maritime Energy Corporation is a concept of vital importance to the development and transmission of electric power in the maritime provinces, and whereas after the initial announcement over a year ago by the Minister of Energy, Mines and Resources (Mr. Gillespie) for Canada and the maritime premiers the corporation is still not in existence, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Minister of Energy, Mines and Resources be directed to make a statement on motions indicating the reasons for delay in formation of the Maritime Energy Corporation and the steps that must be taken to activate it.

Mr. Speaker: The presentation of such a motion at this time, in conformity with Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

ACCURACY OF PUBLIC ACCOUNTS

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question would have been to the President of the Treasury Board, whom we were told was going to be here today. In his absence, I will direct it to the Minister of Finance. It has to do with the public accounts tabled yesterday, and the statement by the Auditor General therein that the public accounts again this year overstate assets of the government and understate expenditures. I am sure the Minister of Finance would agree that accurate public accounts are absolutely essential and would recognize that a private company with that kind of qualified audit would, in fact, be called to account by the responsible regulatory authority.

My question to the Minister of Finance, if he is in a position to answer, is: when will the government take action on the recommendations of the Auditor General and ensure that the public accounts are a true and honest statement of government accounts?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, over a period of years we have been receiving good advice from the Auditor General. We have made a lot of corrections. The President of the Treasury Board will look into these recommendations and do what he can in the circumstances. I cannot say more than that. I expect my colleague to be in the House later in the question period.

Mr. Andre: The Auditor General also points out that the failure of the government to consolidate certain Crown corporations within government accounts creates a distorted picture of government accounts, assets and spending. It has also been the practice of this government not to declare in estimates certain Crown corporation borrowings and then to claim that these are somehow cuts in spending.

In view of the fact that the government has apparently dismissed the Auditor General's recommendation that there be this consolidation of Crown corporations, in the interests of honesty and a completely accurate picture, will the Minister of Finance indicate to the House why this recommendation is dismissed and why we are not being given an accurate picture of government spending, its assets position and its balance-sheet and income statement?

Mr. Chrétien: Mr. Speaker, all Crown corporations report to this House through ministers. When somebody wants to know the exact picture of a Crown corporation, they can obtain that information. On the technical problem raised by the hon. member, I stated that the President of the Treasury Board is looking into that and will certainly reply to the hon. member.

● (1417)

Mr. Andre: I ask the Minister of Finance a specific and simple question. The Auditor General has pointed out that assets and investments in some Crown corporations are listed as assets when in fact they are written off and should be listed as expenditures. They should be put on the expenditure side; they should not be claimed as some sort of investment. The corporations mentioned are the National Harbours Board, the St. Lawrence Seaway Authority and Atomic Energy of Canada Limited.

Can we at least have an assurance that this simple book-keeping procedure will be followed, so that with respect to at least those three Crown corporations we will have an accurate picture of their financial position and the Crown investment therein?

[*Translation*]

Mr. Chrétien: Mr. Speaker, of course, we shall consider very seriously the recommendations of the Auditor General and see what can be done to accommodate him. At the same time we should not disregard the autonomy of Crown corporations which often operate under a law of parliament, and which have very often their own auditors.

[*English*]

IMPLEMENTATION OF RECOMMENDATIONS OF AUDITOR GENERAL

Mr. Bill Clarke (Vancouver Quadra): My question is for the Minister of Finance, Mr. Speaker, as one of those who signed the public accounts which we tabled yesterday. I would like to ask the hon. gentleman this: since the fifth report of the public accounts committee which was tabled in the House in 1976 endorsed the 41 recommendations of the report of the study of the accounts of Canada, why is it that the Auditor General now reports that six of those recommendations, including one requiring parliamentary authority for its implementation, have not been implemented despite the commitment given to the Auditor General last year that this would be done?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I want to point out to the hon. member—and he said so himself—that the number of recommendations which have not yet been implemented by this government are lower than the number of recommendations which were accepted. I am sure we are going on in this direction to satisfy him, while taking into account the administrative requirements of the government.

Mr. Clarke: Mr. Speaker, I have a supplementary.

Considering the 50 per cent increase in the budget of the Auditor General, I would like to ask the minister when the government will start listening and making his proposals known?

Mr. Chrétien: Mr. Speaker, I think we changed our procedures quite a lot following the recommendations of the Auditor General, and we intend to continue to do so but we may not be able to satisfy him 100 per cent. There are ongoing discussions between the Treasury Board and the Auditor General. We established a new office inside the government at his request, namely the office of Comptroller of Government Expenditures. We followed a very important recommendation of the Auditor General. We increased quite considerably his staff and I think that relations between the Auditor General and the government are very good at the present time.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FOREIGN MINISTER OF TURKEY

Mr. Speaker: Order, please. Before continuing the question period, may I ask hon. members to join with me in signalling the presence in our gallery of a very distinguished visitor on an official visit to Canada, His Excellency Gunduz Okcun, Minister of Foreign Affairs of Turkey.

Some hon. Members: Hear, hear!

[Mr. Chrétien.]

URBAN AFFAIRS

LOANS FOR LAND BANKING PURPOSES

Mr. Bob Rae (Broadview): Mr. Speaker, I have a question for the Minister of State for Urban Affairs: it concerns a decision on the part of the federal government, announced on September 9, 1978, to cut off loans for land banking purposes in accordance with the report submitted by Mr. Greenspan.

Why was this decision to end the land banking loans, particularly as they affect the city of Toronto, made at a time when the Greenspan report dealt only with suburban land banking, not with inner city land banking?

Hon. André Ouellet (Minister of State for Urban Affairs): I am aware of the particular problems surrounding land assembly in the core of the city. It has been suggested that a program should be established to facilitate the infill, and we are looking at the situation at the present time.

• (1422)

Mr. Rae: Mr. Speaker, I am delighted to hear that the minister is taking these steps, but I would like to know more precisely what he has in mind. As he may be aware, the commissioner for housing of the city of Toronto submitted a report to the Toronto city council. That report was approved on October 10, 1978. It was a scathing indictment of the actions of Central Mortgage and Housing Corporation for cutting off land banking without any warning and without any advice being given to the city of Toronto. Was the minister aware that this threatens further development of a housing site which is currently being developed for some 700 housing units?

Mr. Ouellet: Mr. Speaker, I think that the provinces and municipalities will have to acknowledge that they cannot have it both ways. If they resent federal government intervention, particularly in land assembly or any other activities in relation to municipal infrastructures, they cannot claim that the federal government should pull out of some of their activities and then come back and say that they did not receive warning and, therefore, the Government of Canada should not have done so.

I believe that the federal government has taken the decision that we will no longer be part of buying land and we will let provincial and municipal authorities engage in that if they want to.

Mr. Rae: Mr. Speaker, I am sure that if municipal authorities had taxing power, it would be possible to take the minister's remarks seriously. But until they do, they cannot.

An hon. Member: What about property taxes?

Mr. Rae: Will the minister at least guarantee that he will look very seriously at the possibility of maintaining the current land banking loans of $30 million and allowing the city to repay those loans into a fund which could then be rolled over and used for future developments? Will the minister at least consider that proposal?

Mr. Ouellet: Mr. Speaker, I would like the city of Toronto to knock first at the door of the provincial government: that is the first thing it should do. In the meantime, the federal government will always be ready to assist municipalities. In the past we have done so quite brilliantly in many respects.

Some hon. Members: Hear, hear!

Mr. Ouellet: It has been said by some hon. members of this House, particularly members of the official opposition, that the federal government ought not to infringe upon provincial rights. We have indicated that we are willing to do away with some of the programs which were previously in existence. Now that people realize the federal government is ready to take a less important role in municipal projects, people are thinking twice: they are thinking that the federal government was not so bad in doing what it was doing after all.

* * *

[*Translation*]

NATIONAL REVENUE

INQUIRY WHEN OFFICE WILL BE ESTABLISHED IN SHAWINIGAN SOUTH, QUEBEC

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Finance, and that because of the absence of the Minister of National Revenue who is sitting in the Senate.

In view of the government program to decentralize administration by setting up regional offices for the various departments with a view to better serving the people, can the minister tell the House when the Revenue Canada office is to be officially opened at Shawinigan South which was mentioned recently in news bulletins over the radio and also in the newspapers?

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I am taking note of the question of the hon. member and shall advise him as soon as possible.

INQUIRY WHETHER DECENTRALIZATION WILL IMPROVE ADMINISTRATION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, on a supplementary.

As the Parliamentary Secretary to the Minister of National Revenue was kind enough to answer my first question, I shall put a second one to him.

As all the ministers are concerned with better serving the people, will the fact that regional offices are being opened by the Department of National Revenue throughout Canada help to better serve the taxpayers on the one hand, and ensure greater income to the government on the other hand, thus helping the Minister of Finance to balance his budget?

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the main purpose is not so much to collect more revenue, because I believe Revenue Canada offices have been very efficient in that regard in the past, as to help the people in all parts of Quebec as well as Canada to get to know the Canadian government better, and to give jobs to the people throughout Quebec.

* * *

● (1427)

[*English*]

FINANCE

GOVERNMENT INTENTIONS RESPECTING USE OF EXCESS CASH ON DEPOSIT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As a result of the dramatic moves made in the United States today with respect to their economy, putting that nation into a relatively tight money situation with the federal discount rate going up a full point, would the minister indicate what the government plans to do with their excess cash on deposit, the $5.5 billion that they have on deposit at the present time? Do they plan to use that cash in a way to let it run down, as opposed to borrowing on our domestic market; or do they in fact plan to do what the minister has represented to some people, to use it to hold the dollar down roughly to the 85-cent, 86-cent level?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not want to speculate on the movement of the dollar. I think that the announcements made in the United States this morning were quite dramatic. I am following the situation very closely. I do not want to speculate, because everybody is aware of the fact that the stock markets in the United States and Canada fluctuate up so far during the day.

Any move which the United States takes to stabilize their economy has to be welcomed by Canada because our economies are so interrelated. So far, the effect on Canada has been positive. I do not want to add to the situation at this time.

Mr. Stevens: Mr. Speaker, the one thing that we do know is that there is no speculative nature in the fact that we will have higher interest rates than we have ever experienced.

Two weeks ago I pointed out to the minister that the bankruptcy rate in Canada was now seven in relation to every ten in the United States, whereas ten years ago it was one in relation to ten in the United States. At that time, I asked the minister if any specific measures had been taken to relieve the lot of the small businessman in Canada who must live with these high interest rates to the detriment of his well-being. The minister indicated that he would take the matter up with the governor of the Bank of Canada, who in turn would speak to

the presidents of the chartered banks in order to make the plight of small business a little better.

Would the minister indicate to the House what report he has received, either directly from the presidents of our chartered banks or the governor of the Bank of Canada, as to how they intend to ensure that the small businessman will not have to share the complete ravish caused by high interest rates in the country?

Mr. Chrétien: Mr. Speaker, I said I would talk about this problem with the governor of the Bank of Canada. I have not received a reply as such. The governor of the Bank of Canada meets regularly with the presidents of the chartered banks to discuss problems with which they are faced.

As to the plight of the small businessman, this House of Commons was called upon last spring to vote on some measures that were to improve the fate of small business and they were passed unanimously. Let us hope that those measures are helping the small businessman in these difficult circumstances.

Mr. Stevens: Mr. Speaker, as the full point discount rate increase in the United States will likely mean at least a half point further increase in our bank rate, would the minister indicate what effect this will have on the Canada Savings Bond issue that is still being sold? Does the government plan to raise the rate on that issue, or will it try to suck Canadians into buying still more savings bonds in spite of the fact that interest rates are likely to go up still higher in the country?

Mr. Chrétien: Mr. Speaker, I do not wish to comment too much on the situation. It is evident that the hon. member is attempting to create confusion, and in doing so he shows a very high degree of irresponsibility in his comments. If there is any movement in the interest rate, it will be announced in due course. I am not going to speculate and engage in the kind of business that the hon. member enjoys.

* * *

● (1432)

[*Translation*]

ENERGY

INQUIRY WHETHER GOVERNMENT INTENDS TO CLOSE PLANT IN LAPRADE, QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Minister of Energy, Mines and Resources.

On October 19 last, the minister met his provincial counterpart Mr. Joron about the Laprade plant. In view of the fact that the federal government still gives the impression that it will maintain its decision to close the Laprade site and that the Quebec government is restating its intention to take all necessary steps to see that the contract which has been signed is complied with in the interest of Quebeckers, after some ten days is the minister in a position to tell us today whether the government decision is final or whether he is reconsidering it?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, in my discussions with the minister of energy for the province of Quebec, I made quite clear to him the reason the federal government was anxious to mothball the Laprade plant in an expeditious way: it was because there would be significant savings to Quebec consumers. To do otherwise would be irresponsible at this time. He undertook to take my position to his own cabinet colleagues and to get back to me. I have yet to hear from him.

[*Translation*]

Mr. La Salle: Mr. Speaker, the minister is speaking to Quebeckers from a consumer point of view. I imagine he made an assessment before those spending cuts were announced. I cannot understand today how the minister had not considered the consumer's interests before signing such agreement.

I would also ask the minister, considering that his provincial counterpart has mentioned that the closing down will cost 1,500 jobs and that he has referred to 500 jobs during the first 18 months, whether he can confirm his assessment, and I think it is an important matter, that 1,500 or 500 jobs are involved?

[*English*]

Mr. Gillespie: Mr. Speaker, there has been a very substantial change in the marketing situation respecting heavy water and the increased need for nuclear power. Various governments have been scaling down their electrical demand forecasts over a period of years. As perhaps the hon. member knows, as far as the export market is concerned, recently there has been a scaling back of what had been rather ambitious programs in various countries.

Given that information and the further information by the Quebec government in its own white paper, when it indicated clearly that it did not expect to require nuclear power over and above what it was committed to during the 1990s and before the year 2000—which position was different from the one we understood at the time the agreement was signed in January of this year—and given that it would cost the consumers of Quebec millions of additional dollars to proceed with the plant at this time, we decided the correct course of action was to renegotiate the agreement with Quebec with a view to mothballing that facility. There are approximately 500 people on that site at the present time. If the mothballing goes forward in the interests of the consumers of Quebec, then there will not be any significant reduction for a year's time of the number on the site at the present time.

URBAN AFFAIRS

LEAVE OF ABSENCE OF WM. TERON

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs: it concerns the extended leave of absence given to Mr. Bill Teron, the deputy head of his department. Can the minister indicate to the House when we can expect the return of Mr. Teron? Also, can he explain the conditions under which this unusual extension of leave of absence was granted by the government?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I should like to report that, in fact, Mr. Teron is back at work. I had a meeting with him this morning.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

INQUIRY WHETHER GOVERNMENT WILL FINANCIALLY ASSIST ESTABLISHMENT OF ZINC PLANT IN NEW BRUNSWICK

Mr. Herb Breau (Gloucester): Mr. Speaker, I would like to direct a question to the Minister of Regional Economic Expansion. First of all, I would like to know what progress has been made in the study conducted by his department concerning a second zinc smelter in northeast New Brunswick; second, has Noranda Mines Limited announced a decision in this matter; and finally, can he ensure the House of his department's full co-operation and of the federal government's financial support in this project should the company give the go ahead and, of course, ask the government for help?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I first want to reassure the hon. member as to my department's continuing interest in this project. As he is aware, we had started negotiating with Noranda Mines and New Brunswick Mining and Smelting about two years ago. However, market conditions have deteriorated since then with the result that the company is far from a final decision. Nevertheless, in the meantime we have agreed to look into the possibility of conducting a feasibility study of the whole project. In the last few months we have received a proposal from a firm in that regard. Both levels of government are now considering this proposal and trying to establish what part of the cost they should bear, as this study would involve substantial sums of money. I can therefore confirm to the hon. member our continuing keen interest in this project, and our hope that international conditions will improve in the next few months so that we may go ahead, if the company so agrees as that time.

[*English*]

UNEMPLOYMENT INSURANCE

REQUEST FOR INVESTIGATION INTO FRAUDULENT CLAIMS

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is directed to the Minister of Employment and Immigration: it arises out of information which I received from a high Unemployment Insurance Commission official, indicating that over 40,000 UIC cheques remained unclaimed at temporary distribution centres in Ontario alone at the end of the postal strike.

Will the minister confirm that high-level consideration has been, and is, taking place in Toronto under the chairmanship of Mr. David Brown to determine whether to investigate many such claims that appear fraudulent? Will he confirm that he will order such an investigation and prosecution in all fraudulent cases?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am a little surprised that the hon. member would jump to the conclusion that the large majority of working persons in Canada would not pick up their cheques for some fraudulent purpose.

An hon. Member: Who said they were working? They were on UIC.

Mr. Hnatyshyn: If they are working, that is the best fraud.

Mr. Cullen: The fact of the matter is that we were able to advertise that there would be some pick-up points. I would expect that a lot of these people did not pick up their cheques because they did not see the ad. In many cases they were back at work and could not leave the employment they had recently secured. So I think we should await the outcome of the examination to see whether there was fraud, as the hon. member said. If there was, I suggest it would be in a very small minority of cases.

Mr. Cossitt: Mr. Speaker, I am glad, at least, that the minister admits an investigation is going on. Also, I am aware that there are almost 2,000 cheques in the Ottawa area alone. Will the minister advise the House of the total number of unclaimed cheques across the country, including Ontario? I mentioned just Ontario in my previous question. Are investigations taking place regarding all provinces? Will all fraudulent claims be prosecuted? If he can, I think the minister should acknowledge to the House that someone out of work who needs a UIC cheque will not leave it unclaimed, if it is on the level?

Mr. Cullen: Mr. Speaker, I would think, first and foremost, my officials have a responsibility to see that people who did not receive their cheques will now receive them. They will endeavour to find out where they are and why the cheques have not been picked up. They would be remiss in their duty if they did not check out the reasons for it. But I think they will find, in the vast majority of cases, that it was because people were either at work or were not aware of the fact that it was possible to pick up the cheques at the outlets.

Oral Questions

ENVIRONMENTAL AFFAIRS

WEATHER FORECASTING AND REPORTING SERVICES IN REGINA, SASK.—MEETING WITH PROVINCIAL OFFICIALS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, since no government should be blamed for the weather, particularly today's, in addition to all the things they should be blamed for, I should like to direct a question to the Minister of State (Environment).

In view of the fact that one grain crop in Saskatchewan is worth hundreds of millions of dollars to the Canadian economy, that more improved farmland is in Saskatchewan than Manitoba and Alberta combined, and that 40 per cent of occupied farmland is in Saskatchewan, can the minister tell us the results of the meeting between himself or his officials and the government of Saskatchewan regarding their offer to put up $200,000 in order to maintain full weather forecasting and reporting services in Regina?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the meeting was a very fruitful one. My assistant deputy minister explained to the officials of the government of Saskatchewan that there will be no diminution in the weather forecasting services available to the province of Saskatchewan. The moving of weather forecasters from the Regina office to Winnipeg had been in the planning stages for some time; it was not a recent move. But since the spending cuts came about, the move was speeded up.

● (1442)

Another outcome of that meeting was that the Saskatchewan government offered us $200,000 in order to keep the Regina office open. We are considering that proposal.

Some hon. Members: Oh, oh!

Mr. Marchand: I will take their money.

An hon. Member: Saskatchewan has lots of money.

Mr. Marchand: Saskatchewan has lots of money, and they would have even more if—

Mr. Benjamin: We would, if you guys would leave us alone.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Benjamin: Mr. Speaker, someone says they are getting snow in Regina. We are getting snowed here. In view of the fact that there are as many square miles in Saskatchewan as there are in either Alberta or Manitoba, and since the minister was able to reverse the decision in the case of Newfoundland when a by-election was on—and there are 100,000 fewer square miles in Newfoundland about which to report the weather—will the minister advise his cabinet colleagues that this decision must be reversed and that full weather forecasting and reporting services in Saskatchewan will have to be maintained and, in fact, that they need to be enlarged compared with what they used to be?

[Mr. Cullen.]

Mr. Marchand: Mr. Speaker, there were two different situations. In respect of Newfoundland, representations on the basis of safety were made to me, not only by my colleague, the Secretary of State for External Affairs, but by a large number of the public there who felt that if the weather office in Gander was closed, it would endanger the lives of a great many people, especially the fishermen. Professionals involved in weather services said there may be some truth in those representations and that there may be situations where a safety factor would be involved.

However, in the case of Saskatchewan this advice was not given to me. I am absolutely assured that the people in Saskatchewan will get full and complete weather service, just as they had before. As a matter of fact, it is only the forecasters who are being moved from Regina to Winnipeg: we will still maintain at least nine people in the Regina office to give the people of Saskatchewan full weather forecasting services.

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CANADIAN NATIONAL RAILWAYS

COMPETITION FROM PRIVATE OPERATORS IN CN MARINE ACTIVITIES AT NORTH SYDNEY, N.S.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Acting Minister of Transport. I gather that, unfortunately, it is not the Secretary of State for External Affairs, as I was hoping it would be.

My question refers to the activities of CN Marine and CN generally which, by their actions, are drastically reducing the opportunities for employment for stevedores and others at North Sydney, the port from which the shipment of goods destined for Newfoundland is made. I was hoping that the acting minister would be the Secretary of State for External Affairs, since he is from Newfoundland. However, will the acting minister discuss this matter with his colleagues to ascertain whether an inquiry could take place in respect of this drastic cutback in employment and with regard to the government's provision of subsidy through the CTC to private shipping operators competing against the government's Crown corporation for the shipment of goods to Newfoundland?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, whether in New Brunswick, Nova Scotia or any other Atlantic province—I think in this case Newfoundland is the province concerned—we have reviewed and are still reviewing the situation in relation to the CN railways and ferry services, and that is why we have set up the Snavely commission; as for the other provinces we also have received representations, for example from the hon. member for Northumberland-Miramichi, to review the transport situation in those areas. That question is constantly under

review, and we are trying to find ways to provide the best service to the population, and also the best ways to create as many jobs as possible in the railways or ferry services.

[*English*]

Mr. Muir: Mr. Speaker, I thank the member for his reply. However, he still has not advised me whether it is the policy of this government to provide subsidies to private shipping firms which acquire old ships with funds, in many cases, from the treasury and go into business in competition with Crown corporations which were set up to ship goods from the mainland, North Sydney—the port from which goods are to be shipped—to Newfoundland. Why is the government doing that and destroying the opportunities for CN Marine and CN generally to use their own ships, which on many occasions are lying idle?

[*Translation*]

Mr. Lapointe: Mr. Speaker, the government subsidy policy, as far as I know, does not necessarily apply to help private companies make profits, but rather to provide the best service to any population. As for the specific point raised by the hon. member, I will be glad to try and get more information for him.

* * *

[*English*]

FISHERIES

RIGHTS OF INDIAN BANDS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is for the Minister of Fisheries and the Environment: it relates to questions asked previously regarding bylaw No. 10 passed by an Indian band on the west coast.

Are there other bylaws which have been passed under the authority of the Indian Act which would literally give control over fisheries to Indian bands? Are there other bylaws than bylaw No. 10 presently awaiting consideration by either the Ministry of Fisheries or the Ministry of Indian Affairs and Northern Development regarding their acceptance?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, as my colleague said in the House—and I read *Hansard*—the issue involving management of fisheries in relation to native people's claims and these bylaws is one we are endeavouring to resolve. I think this has to be done with a very reasonable approach. I am sure the hon. member would want to avoid a situation such as we have seen on the other side of the line, in the United States, where a judgment of the court has created a nightmare in respect of management of fisheries on the west coast of the United States. It is to avoid that sort of situation that my colleague and I are taking a very responsible route and a very responsible approach rather than a legalistic one.

I know of one other bylaw that was proposed. I objected to it. My colleague has looked at it and has suggested the sort of changes which I think can accommodate both our aims.

Mr. Fraser: Mr. Speaker, speaking of the need to be responsible, perhaps I should compliment the minister on his letter to the editor the other day regarding a much more serious matter, and I do so. I know in his responses he is trying to be responsible. However, I come from a maritime province where fisheries are of great importance to the economy of the area—specifically, British Columbia. There is a great deal of confusion now as to just who is going to control the rivers in which salmon return annually to spawn and from which the harvest is taken. The confusion that seems to exist between the minister and—

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

Mr. Fraser: Thank you, Mr. Speaker, and I apologize for being so extensive. Could the minister tell the House if there is now a debate going on between his ministry and another ministry as to whether the Government of Canada has final authority over the fisheries in anadromous fish streams; or are we, in fact, faced with a dilemma in the law of the country regarding whether that authority is to be shared with Indian bands or given away to them?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, when I made reference to people who are not responsible, I was not referring to the hon. member. He has been extremely responsible in his questions on this issue, because he recognizes the problem. There is no debate about the authority of the Government of Canada over fisheries' management in respect of fish returning to spawning grounds, etc. The only question is in respect of access to fish which might be affected by Indian band bylaws under the Indian Act. In that case, we are looking for what will possibly not be a legalistic approach but an intelligent approach which recognizes that the Indian food fishery has had a very high priority, not only in the department of my colleague but in my department as well.

The other matter, of course, relates to good conservation and fair distribution of fish to all users of the resource. I might say that responsible leaders in Indian communities do not disagree with this approach.

• (1452)

CONSTRUCTION OF WHARF ON TUSKET ISLAND, N.S.

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment and concerns the proposed fisheries' industrial park on Tusket Island.

The minister had agreed to go ahead with the joint construction of a wharf on Tusket Island with the previous government of Nova Scotia. Has this proposed joint wharf construction been ratified by the new government of Nova Scotia and, if so, how soon can construction of a wharf in this area be started? If not, will the minister press to seek approval from the new

government of Nova Scotia to proceed immediately with construction of this needed wharf?

Mr. McGrath: What about my wharf?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I will come to the hon. member for St. John's East, and his wharf, next time. I will be meeting the new minister of fisheries for Nova Scotia next Monday afternoon, when I will raise this matter with him. It is obvious that the offer I made to the previous government still stands.

* * *

URBAN AFFAIRS

FUNDING OF HOME INSULATION PROGRAM

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. The federal government's $2.5 billion budget cut includes a $110 million reduction for the Canadian Home Insulation Program.

My question to the minister is prompted by a statement from the CMHC news and information director that "... original funding levels were set in a relatively arbitrary manner." Could the minister explain, in light of a cumulative report of the program statistics which shows only 11 per cent accounted for in grants issued, what are the administrative costs of this program and what will be the disposition of the remaining approximately 80 per cent of the budget during the remaining half of this fiscal year?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the question of the hon. member should be put on the order paper because it would require a long explanation with a series of figures to be presented. In short, if I am allowed, I could answer the hon. member by saying that the case had to be arbitrary in the sense that we felt the federal government had to be restrained in its expenditures. We did it in a fashion that would not hurt those on lower incomes, more particularly the clientele of the Department of Urban Affairs, they being low income families and senior citizens.

We had, therefore, more naturally to cut in the case of my department in relation to other programs that were not directly involving or affecting low income families and senior citizens.

Mrs. Pigott: A supplementary question, Mr. Speaker. Would the minister confirm that it will be the intention of the government, as outlined by CHIP director Noel Guilbeault "to go directly to the population rather than through TV, and the message will be more direct to come and get the grant and do the insulating." Would the minister indicate how the provinces have reacted to this direct intervention?

Mr. Ouellet: The provinces have indicated that they would like to take the federal money and do the program themselves. That has been the general posture of the provinces every time the federal government has a good program: they would like the federal government to give them the money to carry out these good programs.

I understand that it is the position of the Conservative party to support the provinces in this endeavour, to take the federal money and do things provincially, giving credit to the provincial authorities. We feel there should be a strong federal government, having its own responsibility and doing its own program. We are not going to have ten separate states in Canada; we still want to have one strong federal government.

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POST OFFICE

REQUEST THAT POSTAL CODE BE PRINTED ON HOUSE OF COMMONS' ENVELOPES

Mr. J. R. Ellis (Hastings): Mr. Speaker, may I direct a question to the Postmaster General? Now that the inside postal workers are back to work—although from the complaints I am getting, the service is not much better—I have just received a letter from Canada Post. I assume it is meant for me, although it is addressed to an MPP. It gives me some concern because it asks me to put the postal code on envelopes going out of my office.

I wonder if the Postmaster General has spoken to the Minister of Supply and Services and other ministers to make sure that the envelopes going out of my office, which are the same as those going out of every other office, marked only "House of Commons, Canada" will also have the postal code on them?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, the reason is that we are trying to get people to use the postal code because it helps mail to be dealt with more rapidly.

As for the first part of the question, I think the hon. member should understand that even if he does not get his mail regularly at this moment, it is because there is obviously a backlog of mail. We are trying, by way of overtime and the use of casuals, to get it moved as soon as possible. I presume the hon. member will get his mail on time in the next few days.

* * *

FINANCE

INTEREST RATE ON CANADA SAVINGS BONDS

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of Finance. Can the minister tell the House how great is the number of Canada Savings Bonds on which the interest rate is below the present 9.5 per cent and on which it may well have to be raised?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we are having an active campaign on Canada Savings Bonds at this time and the market is responding very well. I do not want

to speculate about what could happen in the next week or the next month.

Mr. Ritchie: A supplementary question, Mr. Speaker. Can the minister assure the House that the treasury can handle the large sums of money for redemptions that could occur if the Canada Savings Bonds were presented, bearing in mind that some investment houses are advising clients to avoid Canadian bonds?

Mr. Chrétien: Mr. Speaker, Canada Savings Bonds were easy to market in the past, and they are easy to market at this time.

* * *

PENITENTIARIES

PLANS FOR NEW FEDERAL PENITENTIARY AT SELKIRK, MAN.

Mr. Peter P. Masniuk (Portage): Mr. Speaker, my question is for the Solicitor General. The prairie regional director for the Canadian Penitentiary Service, Mr. Jim Phelps, stated recently that the government is considering three options for the proposed new federal prison at Selkirk, Manitoba: first, no penitentiary at all; second, an even bigger prison; third, a medium-sized prison, but not for some years yet.

In view of these stated contradictory options, which have only served to create more confusion and uncertainty for the people of Selkirk and for the employees of the present institution at Stony Mountain, I would like to ask the Solicitor General if he could give a clear statement of the government's plans for the proposed new federal penitentiary at Selkirk, Manitoba.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member describes the options as being contradictory, but they are options and they are being considered. An announcement relative to the Selkirk penitentiary and the option we may select of the three the hon. member has advanced will be made in due course—I hope soon—in order to remove the uncertainty the hon. member has described.

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CONSUMER AND CORPORATE AFFAIRS

ALLEGED DISHONEST LABELLING OF FORD CARS BUILT AT OAKVILLE, ONT.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. The minister knows that Ford of Canada recently received a $68 million hand-out from the government of Ontario and the federal government. Considering that its profits are more than twice as high in Canada than they are in the United States, I ask the minister if he is aware that at the Oakville plant in Ontario, Ford is producing vehicles dishonestly labelled as coming from Buffalo, New York, and that for the identical vehicle coming off the assembly line at Oakville,

Canadians are being charged some $388 more per vehicle than the same car going to the United States?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, Mr. Speaker, I was not aware of that problem, but since I have responsibility for labelling, I will check into this matter and make sure that they follow the rules.

Mr. Broadbent: Mr. Speaker, considering that the issue at stake is not simply dishonesty in suggesting where the car is being produced but also concerns equity for Canadian consumers, and considering that if you add the differene in price that comes from additional extras, the additional mark-ups that come from a whole variety of other items that are not included in this basic price difference, will the minister take steps to commit the government to a policy that will mean Canadians do not pay one cent more for cars produced in Canada than do Americans?

Mr. Allmand: Mr. Speaker, I will certainly check the allegations of the hon. member to see if what he says is correct; and having done that, I will follow it up.

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

NOVEMBER PROCLAIMED "CANADIAN FISH AND SEAFOOD MONTH"

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, under the provisions of Standing Order 41(2), I wish to table, in both official languages, a proclamation declaring November as "Canadian Fish and Seafood Month."

* * *

● (1502)

[*Translation*]

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following question will be answered today: 139.

[*Text*]

MULTICULTURALISM—MINISTER'S TRAVELS

Question No. 139—**Mr. Mitges:**

1. In his capacity as Minister responsible for Multiculturalism, how many trips did the honourable Member for Hamilton East make outside his Constit-

uency to urban centres in Canada, not including Ottawa, for the fiscal year ending March 31, 1977 and, in each case (a) to what centres and on what dates (b) by what means did he travel and at what cost to the government (c) how many persons accompanied him and what are their names and job designations?

2. In his capacity as Minister responsible for Multiculturalism, how many trips did the Minister make outside Canada and, in each case, (a) to what places (i.e. city and country) and on what dates (b) at what cost to the government?

3. In his capacity as Minister responsible for Multiculturalism, how many speaking engagements did the Minister fulfil during the fiscal year ending March 31, 1977 and, in each case (a) what group or organization did he address and on what dates (b) at what locations (i.e. city and province)?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Beauchesne's Parliamentary Rules and Forms, fourth edition, citation 171(11).

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 139 could be made an order for return, this return would be tabled immediately.

[*Text*]

MULTICULTURALISM—MINISTER'S TRAVELS

Question No. 138—**Mr. Mitges:**

1. Since his appointment as Minister of State for Multiculturalism, how many trips did the honourable Member for Ontario make outside his Constituency to urban centres in Canada, not including Ottawa and, in each case (a) to what cities or towns and on what dates (b) by what means did he travel and at what cost to the government (c) how many persons accompanied him and what are their names and job designations?

2. Since his appointment as Minister of State for Multiculturalism, how many trips did the Minister make outside Canada and, in each case, to what places (i.e. city and country) and at what cost to the government?

3. In his capacity as Minister of State for Multiculturalism, how many speaking engagements did the Minister fulfil and, in each case (a) what group or organization did he address and on what dates (b) at what locations (i.e. city or town and province)?

[*English*]

Mr. Speaker: Is it agreed that question No. 138 be made an order for return?

Mr. Paproski: Agreed.

Return tabled.

Mr. Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

[Mr. Mitges.]

POINT OF ORDER

MR. BEATTY—DELAY IN ANSWERING QUESTIONS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I want to remind the parliamentary secretary again that many of us have had questions on the order paper extending back many months, and in some cases a matter of years. I wonder whether the parliamentary secretary might do the House the courtesy of saying if he does not intend to answer questions that have sat on the order paper for several months. Perhaps he could table in the House a list of those questions which the government has no intention of answering, so we could have some idea of what they are, and certainly if there is some justification for presenting such a list then I am sure those of us who are affected would be pleased to withdraw the questions. If that were done, at least we would have some indication of what the intentions of the government were, and we could pursue the government as to the reasons why it felt it was necessary to leave the questions on the order paper for a protracted period without giving any adequate explanation.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I find these remarks unfair. On numerous occasions, following interventions made by the hon. member or by others, I have shown the government's goodwill and efficiency in dealing with questions on the order paper. I repeat once more that during the last two sessions we answered more than 90 per cent of the questions on the order paper. We are at the beginning of a new session and all the required personnel of the 40 departments or agencies are doing research to find the best complete answers to the very numerous questions already on the order paper and I can assure the hon. member that everything is being done to answer the greatest possible number of questions in the most complete and exact way possible. I can assure him that in the next days we will be able to list more questions which have been answered and I simply ask him to show here the most elementary patience.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Agreed.

Motions stood.

CONFLICT OF INTEREST

PROPOSED STANDING ORDERS TO GOVERN CONDUCT OF MEMBERS OF PARLIAMENT

On the order: Government notices of motion:

October 30—The Deputy Prime Minister and President of Privy Council—The following proposed motion: —That the document entitled *Proposed Standing Orders of the House and Rules of the Senate* tabled Monday, October 30, 1978 (Sessional Paper No. 304-7/2), be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: Order please. I believe I overlooked, under government notices of motion this afternoon, that pursuant to section 2 of Standing Order 21 the notice of motion standing in the name of the Minister of Finance (Mr. Chrétien) is transferred to and ordered for consideration under government orders later this day or at the next sitting of the House.

Mr. Knowles (Winnipeg North Centre): It is the Deputy Prime Minister (Mr. MacEachen).

Mr. Speaker: I am sorry. Is it in the name of the Deputy Prime Minister?

Mr. Knowles (Winnipeg North Centre): Yes.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Tuesday, October 31, consideration of the motion of Mr. Chrétien that Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, be read the second time and referred to committee of the whole.

Mr. David Crombie (Rosedale): Mr. Speaker, first of all let me thank you once again for the opportunity to speak on this matter. For those members who are unaware of it, I had the opportunity for four minutes last night to begin my speech. I took that opportunity to pass on my thanks and my compliments to those who have assisted me in the past. I also indicated that I was very happy to be able to speak today with respect to Bill C-10, particularly within the context of the guaranteed income supplement debated last week and the forthcoming discussions with respect to Bill C-2. As I indicated last night it allows me to talk about two nations. I recognize that this caused some difficulty because some people felt I might engage in a constitutional debate. Of course my purpose is otherwise.

I wish to talk about two other kinds of nations. In fact I steal the phrase from a book by a former prime minister of Great Britain in the nineteenth century, Benjamin Disraeli, who was not only a politician, as you recall, but was also a

novelist. He used the novel in the way many people in the nineteenth century did, and that is to say, to make social comment. He wrote a novel called "Sybil." In that novel he described the England of his boyhood. He described two nations. They were two nations that had almost no intercourse one with the other, and had very little sympathy one with each other. Indeed, they were two nations that were ignorant of each other's habits, ignorant of each other's thoughts, and ignorant of each other's feelings. It is as though they were dwelling in two different time warps and on two different planets.

In fact the two nations were formed by different breeding, different upbringing. They were fed by different food. They were ordered by different manners and different mores and they were governed by different laws and different regulations. They were, indeed as he called them, the nation of the rich and the nation of the poor. They had very little connection except in two ways, one in the work-place where they met basically on the staircase, one coming from upstairs and one coming from downstairs. They also met socially through the institution of charity because, in the nineteenth century, at least in England, the institution of charity was the basic way in which they followed biblical injunction to look after the poor, the lame, the halt, and the blind.

Today, in this country, as the hon. Minister of National Health and Welfare (Miss Bégin) indicated happily, Canadians need not starve or beg in the streets for food, for shelter or for clothing. Our old people do not die because they are deprived of proper medical attention. Medical care and sickness are not the catastrophe they once were in terms of wiping out a family's lifesavings. So we have come a great distance. We have gone far in developing not only a social conscience, but also in realizing the importance of social security. But, like any long journey, it is wise to pause to see what we have built and to reflect on what it means to the people for whom the benefits are supposed to be forthcoming. I think now is a good time to do that, particularly in light of the comments made by both ministers yesterday.

I believe the hon. Minister of Finance (Mr. Chrétien) indicated that this was a bill involving major social reform, a major restructuring. I believe the Minister of National Health and Welfare called it a revolutionary bill. So perhaps now is a good time to talk about where we have been and where we might want to go.

My own view is that we have two nations still with us. That is an oversimplification, and indeed it is not helpful to call them the nation of the rich and the nation of the poor. But it is helpful to understand them as the nation of the haves and the nation of the have-nots. When I say that, in order to appreciate the point as I do, it is necessary to understand that being a have or a have-not in Canada is not only an economic condition, it is in fact a condition which is moral, psychological, emotional, and indeed spiritual.

• (1512)

Indeed, if you look at the ethical criteria for any of the social welfare programs in the history of this country, and I look to the old Bruce commission of 1934 for the quote, the state has the right and the obligation to intervene in the economy in order "to assist individuals to realize their personal goals, their dignity and their self-esteem". That is the justification of social welfare in this country. Indeed, that is the crucial difference between charity and social security. That is the test.

To the extent that social welfare programs in this country contribute to the individual's personal goals, dignity and self-esteem, that is the extent to which we succeed. To the extent we do not, we fail the test. We talk about the principles of self esteem, dignity, and personal goals. That is the talk not only here but anywhere one wants to discuss it in this country.

I remember a line from Eldridge Cleaver who wrote the book "Soul on Ice," "If you are going to talk to talk you're going to have to walk to walk." I thought it might be helpful, it is certainly helpful to me, to take a short walk through the nation of the have-nots. Who do you find there? You find the same people. You find some old people sitting there with a lifetime of skills, a storehouse of knowledge, talent, and ways of doing things, unused, blunted by an artificial barrier. You find them sitting there so lonely.

If I could interrupt my own comment, I recall being in Peking in 1975. I had the opportunity to talk to a number of people dealing with urban affairs in that country. The first question was what were the two or three most important problems for a large urban area. We agreed that they were not transportation and housing. In fact the largest single social problem in large urban areas is loneliness. The price of that, in both economic and non-economic terms, is incalculable.

We also find in the nation of the have-nots our old friends, the lame, the halt, and the blind. They are not called that today. They are called the disabled. This country, the federal government, provincial governments, municipal governments, private corporations, and people, continue to handicap the disabled at every turn.

If you have never been disabled in an ambulatory way, think about the enormous physical effort in terms of strategy and in terms of logistics for the simple act of going to the bathroom if you are in a wheelchair.

There are about two million people in this country who are regarded as being disabled. They are often ignored and forgotten. I might add that those who are most often forgotten are the adult handicapped. The media, our institutions of learning, and most of our social voluntary organizations tend, and with good reason I am sure, to focus only on young disabled persons.

Do you know what happens to people who are paraplegics, people with ambulatory difficulties, and people with perception difficulties, who are no longer taken care of in the range of institutions which we have for young people? They do not do anything. That is what happens to them.

[Mr. Crombie.]

In December of this year there will be the first, if not in North America, certainly in Canada, paraplegic disco. A man by the name of Ben Graf is organizing that. He knows there is no place for these people to go. The incidence among these people is something we do not often hear about because it is not part of the numerology of statisticians.

A little further along the walk we find women. It is not necessary for me to deal with this in any lengthy fashion because it was dealt with so well yesterday by the hon. member for Egmont (Mr. MacDonald). However, I think it is worth-while to point out that the constant debate about the rights of women is a kind of smoke screen that does not assist us.

Surely the liberation of the ability of women to proceed to a life of self-esteem, dignity, and pursuing personal goals, should not be at odds with their traditional role of being a mother and a wife.

I have two daughters. They are every bit as bright as my son. I see nothing wrong with them having the ability to be doctors, lawyers, plumbers, MPs or anything they choose, and, as well, enjoy the sorrows and pleasures of being wives and mothers. There is nothing wrong with them being twice blessed, as it were. Men, of course, have enjoyed being twice blessed since their inception.

Finally, there are the poor. In many years the poor are the other three as well. It is one thing to be old. It is another to be old and poor. It is one thing to be handicapped. It is unbelievable to be handicapped and poor. It is one thing to be a woman and deal with that role of confusion in our time, and another thing to be poor as well.

Those are the people I found in my walk through the nation of the have-nots. I am sure hon. members would add people whom they know. Most of those people have become conscript clients in a multi-million dollar social welfare system. I wish to speak about that system for a moment.

It is a system that has "growed up like Topy", put together piece by piece, in some ways brick by brick, but a bit lumpy. It is a system that has become huge, often wasteful, and increasingly incomprehensible to the people for whom the benefits are to flow. It is a system which too often offers not self-esteem but humiliation. It is a system which does not eradicate but often perpetuates the loss of individuality. Talk to your constituents and you will know it has become too often a source of a constant reminder of an assault on their sense of dignity. To put a face on it, it is a system of waiting lists.

One thing I discovered in the short time I have been in this city is that when going to the airport in order to fly back to wherever you happen to come from, you get wait-listed. I am sure all hon. members have been wait-listed. It is frustrating to want to go somewhere and do something, and not be able to get there because of forces beyond your control.

We have a system of social welfare in this country which wait-lists us. It wait-lists all of those people. It does not just wait-list them for an airplane ride home. How would hon. members feel if they were wait-listed for a home? How would

we feel if we were told "put in an application and come back three years from now"? Wait-listed for a home; wait-listed for a wheelchair; wait-listed for a brace for your stump; wait-listed for opportunity—that is what it means to a great number of people in this country.

● (1522)

I do not have any words of wisdom or easy solutions, but I do suggest that there are some things we might wish to think about again. Perhaps we should remember that it is sometimes wise to have a renewal not only of a program but, indeed, of the philosophy and the purpose behind it. Perhaps we should, therefore, think about a couple of things. This society places great value on three things—independence, usefulness, and making a contribution to society. Those are precisely the goals and desires of the people who dwell in the world of the have-nots. They want independence; they want to be useful; and they want to make a contribution to their society.

Maybe we need to look at other ways in which to approach the social security system. Perhaps we should be looking at new self-help programs. Should we not be looking at the merits of a self-development corporation so that these people can engage in free enterprise? Perhaps we should also find a way to rationalize the programs at the federal level, the provincial level and, as in the city from which I come, at two other levels. Maybe the simple act of just putting them under one roof so that people only have to go to one building would be useful. It would not have to be a government building, Mr. Speaker.

In the city of Toronto local 183 of the Labourers' Union—well known I believe to the hon. member for Davenport (Mr. Caccia)—has an excellent set-up. By and large the members in that union are Portuguese and Italian. There used to be a lot of Irishmen on the executive but they have managed to overcome "that difficulty"—

Some hon. Members: Oh, oh!

Mr. Crombie: —so the head of the union is basically Mr. Stepinnini. If you go to Dupont Street and see local 183 in action, what you will find on four floors, other than a computer, which is interesting to note, is the opportunity for every member of that union to learn driver training; they can get information on local welfare programs; at the next door they can get information about citizenship. Indeed, I have attended a citizenship meeting there where I am sure that the people felt that their citizenship came from the Queen, the Governor-General, and Johnny Stepinnini!

What is important about my point, Mr. Speaker, is that these people can go to this one place and find two things. First, the services we try to offer are gathered together in one spot. Second, the person they deal with has the range of understanding of what those programs mean and what is available to them. They are treated as a whole person. Nobody goes to a doctor's office and is met by 39 people who all want to take over a part of his body. That comes later!

Some hon. Members: Oh, oh!

Mr. Crombie: People go to a doctor and say; "Look at the whole of me." That is what these people need, too.

While I was preparing my thoughts to make my contribution I thought of my experiences over the past years in government. I am well aware of the difficulties which are met in the administration of programs. Perhaps it is wise to remember there is a vast difference between a good idea and a good idea well administered. There is all the world of difference. It is the good idea well administered which touches the people we intend to help.

Some hon. Members: Hear, hear!

Mr. Crombie: I also wish to say that no one has a monopoly on wanting to help; no individual and no group.

I remember a line from W. B. Yeats which I learned for a different purpose. I think he spoke for all the poor, all the people who would be considered the have-nots, when he wrote:

But I, being poor, have only my dreams; I have spread my dreams under your feet; tread softly because you tread on my dreams.

Maybe if we begin by remembering these words, we will serve our people better, Mr. Speaker. Thank you.

Some hon. Members: Hear, hear!

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am very pleased to support the bill before us today which would make some fundamental changes to the family allowances program. When the economy is buoyant it is fairly easy to use our prosperity to develop creative social programs, but in times of restraint it needs great thought and care to come up with some imaginative changes which will put more disposable income in the hands of people who use it most and who need it most, without breaching restraint. The minister is to be congratulated for a set of proposals which increase moneys available to families with young children in low and middle income brackets without increasing the over-all burden on the taxpayer.

If we look at what is available to families with children at the present time by way of state help, apart from the non-direct financial assistance such as medicare, free education and so on, the government moneys available to families with children are, first, the family allowance which has been in place since 1945 and has been indexed since 1974, and which at the present time is $25.68 a month, or $308 a year for each child under the age of 18. Second, through the tax system there is the dependant's exemption of $460 for each dependent child under the age of 16, and $840 for each dependent child over the age of 16. Then in 1977 there was an additional measure of a reduction in federal tax of $50 for each child. Both family allowance and the dependant's exemption are indexed to the cost of living.

Faced with the high cost of child rearing and the need which many low income and middle income families were expressing for assistance in this regard, the question was how to reorder the distribution of existing moneys so as to place more into the

hands of those who needed income supplementation in order to create a healthy lifestyle for children in these groups and give them the same opportunity to develop physically, intellectually, and emotionally as children in more fortunate families.

● (1532)

The minister's solution which is before us now is to eliminate the $50 tax credit and to replace it with a refundable $200 child tax credit for families earning less than $18,000 a year, if there is only one child. This is scaled progressively upwards for each child in a family. As the Minister of Finance (Mr. Chrétien) said when introducing this bill, this is the first federal refundable tax credit. I quote from the minister's speech as follows:

Many have criticized tax cuts that failed to help those in need. This government has progressively eliminated taxes on lower-income Canadians through measures such as tax indexing and the federal tax reduction. Now we are using the tax system in order to go further; to actually supplement the incomes of such families directly.

Last night there were two speeches from the Tory benches which were long on invective but short on reason. Near panic was expressed because this measure opens the door to negative income tax. I do not know where some hon. members opposite have been for the last few years, because this is not a new idea. In 1973 there was a federal-provincial social security review which involved provinces and citizens generally in an extensive review of the whole structure of our social security. These ideas were discussed then. This measure is a beginning which really does not terrify most people, particularly the poor who stand to gain from it.

Another absurdity we heard from the Tory benches last night, and which I could hardly believe, was that increasing the family allowance for low income families was a plot to force women to stay home instead of working. As evidence of this alleged plot we were treated to some 30-year old figures and statements. Apparently the Tories think that women are in the happy position that the promise of a $200 child tax credit once a year will be a sufficient bribe for them to quit their jobs and go home. The figures I have show that most women, like most men, work because of economic need. About 43 per cent of Canada's working women, or about 1.5 million, are single, separated or divorced, and in some cases they support dependants. I suggest that they really do not have the luxury of choosing whether to work outside the home. They probably would need more than $200 to make them choose to stay home.

Last night we also heard some reference from the Tory benches to the report of the Royal Commission on the Status of Women. It is very nice that the Tories have discovered it at last. It is only what, seven years old? Perhaps their reading of that report was not as careful as it might have been because they missed the whole emphasis of that report regarding women having a choice.

Women whose family situations are such that the best plan is for them to work outside the home should, according to the commission report, have access to affordable day care, but women who think that the best choice for them and their families is to stay home with young children should also have access to supportive services from their communities, be they libraries, nursery schools, educational services for their children, or financial assistance such as family allowances. I think that this emphasis by the royal commission on choice is something which most of us support.

In a civilized society, whether we are parents or not, most of us think it quite appropriate that we use our taxes to contribute to medical care and education of the next generation, and also that we contribute to family allowances in a meaningful way. Children are everybody's business. This bill attempts to provide additional assistance to offset the heavy costs of child rearing. It is designed to assist parents whether they work or not.

The hon. member for Winnipeg North Centre (Mr. Knowles) raised a number of important questions which should be addressed at the committee stage. They have very practical implications. One of them had to do with whether people on provincial welfare who receive the tax credit will have their provincial assistance cut.

Mr. Knowles (Winnipeg North Centre): I hope not.

Miss Nicholson: I think the hon. member might have added to that parents who are assessed for day care, because we often find that parents who receive small raises in salary, small increases in benefits, or reductions in their rent for subsidized housing, promptly have their day care fees raised, so that the benefits are cancelled out. I think this is a very important concern. If this tax credit is to be useful and meaningful, it must be something from which parents can really benefit.

The Minister of National Health and Welfare (Miss Bégin) tells me she has written to all her provincial counterparts asking them to try to leave this tax credit in the hands of parents. She has met with five of them to pursue the discussion. I am sure that all hon. members on all sides of the House wish her well in this endeavour, and want to assist in any way they can.

The other matter raised by the hon. member for Winnipeg North Centre had to do with whether this credit, which I gather he supports in principle, might nevertheless press too hard on middle-income families. This is a sound question because increasingly middle-income earners carry the brunt of most of our taxation programs. According to the figures put before us in the charts yesterday, this measure does not seem to work that way. It does seem that families earning up to $23,000 a year will not lose on this, but since the computation is fairly technical, I think it is good that we be alerted to this. The figures should probably be examined and reviewed very carefully to ensure that the assistance to lower income families does not come at the expense of the middle-income group.

Mr. Speaker, I will stop at this point and let someone else have the floor.

• (1542)

Mr. Gordon Ritchie (Dauphin): The introduction of this bill, Mr. Speaker, gives scope for discussion on the effectiveness of allowances such as these, and an opportunity to debate the whole question of the redistribution of income from one group in the community to another, regardless of ability to pay, and in the process hoping to achieve a desirable result.

The previous speaker mentioned that she hoped that the middle income group would not have to bear the brunt of these proposed changes in the family allowance. Who else is there? It is only the middle income group that can afford to pay because they make up the vast bulk of the taxpayers. Even if you took all the assets of the very wealthy it would still not achieve the amount of money necessary to allow this income redistribution. We must look at it on the basis that the middle income earner will be the one to pay.

I have always thought that children's allowances differed from old age pensions in the sense that most families in receipt of the family allowance were also the producers and taxpayers in the community. Of course a few recipients of the old age pension will point out, quite proudly sometimes, that they are in receipt of the family allowance, but these people are usually a minority and looked upon with some awe in the community.

The main change proposed in the family allowance is that it is to be reduced from $25.68 for each child under 18 to, I believe, $20 as of January 1. However, it is to remain indexed on a yearly basis, and for this present year the rate of indexation rate was 7.5 per cent. The cost estimated for the fiscal year 1978-79 is $2 billion, some 4 per cent of the gross federal budget for the country. The mere fact that 7.2 million children were encompassed in half as many families indicates it is a program that has a wide application.

The proposed tax changes will differ in a significant way when the redemption is reduced as of January 1, 1978, from $840 to $460 for those children who are 16 to 17 years of age. This, to me, is a negative proposal, as is the tax credit of $50 per child that will be eliminated on the federal tax payable. It is an attempt to reduce the effect of the allowances payable on those who pay higher income tax. The most significant fact is the proposed refundable child tax credit which is to reduce taxes on a means test basis by up to $200 per child. In cases where there are no taxes payable, a refund will be given.

These things raise a host of questions about which way this program is going, particularly whether or not this form of negative income tax, the $200 direct payout, is a good departure from the accepted norm. I have worked with welfare people and low income people during much of my professional life, and while I am not greatly in favour of universal programs, I deplore this departure from the standard practice of universality. It seems to me that the payments should be made across the board to all families, regardless of their financial situation. Of course the family allowance is considered as income and is taxed at a marginal rate. This way there is not the feeling of alienation by middle class families who feel that for their hard work and efforts they are being unnecessarily penalized. Certainly it is not a good thing to have citizens in the community feeling that the tax system treats them unfairly.

While in England some years ago, I noticed that there were a lot of letters to the newspapers from young women with children born at home, who had been unable to get into the hospitals. These women were complaining that they had to give birth at home while people on welfare were able to use the facilities of the hospital, due largely to the fact that midwives refused to work for welfare recipients in poor housing conditions.

The negative income tax to which I have referred will mean an exemption of $200 per child, and many families will receive upwards of $2,000 or more in one lump sum. Most people who deal with social welfare programs feel that one of the underlying problems with families on social welfare is their failure to budget properly for food, clothing, and other essentials. People who operate small grocery stores in isolated areas and deal with welfare recipients will tell you that the best thing that could be done for these people is to give them a course in how to shop for such things as, for example, foodstuffs, and fruit in season rather than in the off season. To hand out between $200 and $2,000 in one lump sum to these people is not a very good move because much of the money will not benefit the family greatly. The payout should be made in instalments, for example, on a monthly basis, and there should not be a massive outflow of cheques from the federal treasury on April 1, 1979. Perhaps the government is thinking of votes in the June election.

There are a couple of problems that I see with this negative income tax. One is obviously the expense involved in the administration of the program. People are always complaining about the vastness of the bureaucracy and how it is tying up good, productive people who could be better involved in other efforts which do not show up on tax forms. To set up the program will require an investigation of people's income tax files in order to ascertain the extent of the family need through last year's income. Presumably it will be based on the total family income, but with many wives working, and submitting separate income tax returns, the problem is doubled. There is also the fact that the government will be digging into people's personal income tax returns, a further intrusion into the financial affairs of families, not of corporations or the wealthy, but of the ordinary person.

Another factor to be considered is that the income tax return of an individual may bear little relation to a family's financial position. For example, they may have a low income but a large amount of assets, a situation which often occurs when the individual is self-employed. Where one lives is also important. A person living in a rural area may show a much lower cash requirement, but in fact they make a substantial living through their own efforts, what they raise on the farm, etc.

There is also what I call the underground economy. Some people have suggested that it amounts to 15 per cent of the total economy in the United States. In Canada it is probably higher because our income tax is greater. When I say under-

ground economy I am referring to people who circumvent the normal commercial system. It is not necessarily tax evasion, but tax avoidance. Everyone is familiar with the problems of high taxation. Indeed, it is said that in Sweden, where the tax rate is very high, the only people of real worth are the plumbers and carpenters who are able to work for cash as opposed to working for receipts. The problem is assessing the actual cash income of families.

● (1552)

How does one assess a person who raises a vegetable garden and reduces the amount of money spent on food out of the family budget? I understand in Denmark the government is attempting to tax garden produce on the basis that families should show a reduction in the amount of money spent out of their budgets for food. It is felt that they should be taxed so that everyone is equal. Apparently a person who raises a large garden should be taxed on his efforts, as opposed to someone who does not raise garden vegetables and has to pay the market price.

These are some problems administering such a program on a reasonable basis. This growing problem is peculiar to high tax regimes which now prevail in the western world. I do not like the $200 per child direct payment. If it is to be made, surely it should be on a monthly basis. I do not dispute certain families in lower income groups would benefit by extra income, but blanket payouts to every child is not the way to approach the problem.

Over the years I have become quite familiar with how Canada assistance plans function. Careful assessment by experienced workers is necessary to arrive at the best method of assisting low income families with their financial problems. Many low income families need considerable counselling and suggestion. The voucher system is very much in effect on the Indian reserves in my riding. A more careful control is kept over the well-being of families by administrators of bands through the voucher system. The results may be debatable, but considering the vast amount of money spent, negative income tax payouts are not a good idea. This brings up the entire question of government spending.

Perhaps it is fortunate for politicians, but it is unfortunate the public does not have at its disposal a method of informing politicians about how they feel. Such a method is in existence in the United States. Proposition 13 in California startled and shook the foundations of government policy in the United States. That slopped over into Canada. It has become much more honourable to talk about fiscal economy.

In the United States a debate took place concerning its 1979 budget. Representative Marjorie Holt of Maryland rose to introduce a brief but explosive amendment to reduce the president's deficit of $61 billion by $13 billion. The amount of $61 billion is considered large in the United States. What about our approximate deficit of $10 billion or $11 billion, and some even suggest upwards of $15 billion? Our economy is approximately one-tenth the size of the United States. If the American deficit were as large as ours, it would amount to

$100 billion or $150 billion. Furthermore, American government expenditures for the benefit of the states are much less than those in Canada for the benefit of the provinces. Provincial deficits account for approximately one-half of the federal deficit. We are in a much worse position, as far as finance is concerned, than the United States.

Today the Minister of Finance (Mr. Chrétien) indicated that dramatic happenings occurred in Washington because of the raise in interest rates. Representative Holt said:

> What we must do is to reduce the growth rate of federal spending. We must reduce the government sector's burden on the economy and the excessive strain on the capital markets. The remedy for inflation is production.

Her resolution was defeated, but the substance of it was included in American politics with the Republicans submitting an updated and dramatic five-year plan to produce a balanced budget in 1982. Of course politicians are happy to embrace what is popular and likely to gain votes, even if the idea can be dismissed as empty rhetoric. But we are witnessing a turning away from economic policies which place emphasis on pumping up aggregate demand for goods and services.

We are moving toward policies which encourage production and increase supply. Of course that is the true source of the health and welfare of a nation. Some people say that this common sense objective was lost during the depression in the intricacies of Keynesian theories. It was felt the market system was not self-sustaining due to leakages between people's propensity to save and real investment opportunities. Thus, there was a tendency for demand to fall short of potential output, and the government increased spending to make up the deficit. Of course it was argued that this could be done without inflationary consequences until full employment was attained.

This thought or attitude was embraced by all politicians, but one must remember that it was based on conditions which existed a long time ago. Today there is inflation, unemployment, and a universal agreement that we suffer from an acute shortage of capital investment. Thus the emphasis on pumping up demand through increased consumption and transfer of income from rich to poor looks less and less attractive. It is a fact that there must be balance oriented to growth and capital formation. Without capital it will not be possible to solve production and inflation problems.

It would be nice to reduce taxation without reducing outlays. Government spending has risen at fantastic rates. The present budget deficit of the Canadian federal government is greater than the total budget in 1968 when the Trudeau government came into power. These enormous deficits sop up capital and savings which should be invested in capital markets. If the Bank of Canada is required to monetize the debt, or even a substantial portion of it, there will be the added factor of dangerous inflation. Therefore there is every reason to welcome a determination to retain fiscal control.

We can look at what happened with a minority government during the period 1972 to 1974. At that time the deficit was less than $3 billion. Largely it was monetized. The Bank of Canada printed money rather than distribute a bond issue in the marketplace. This added to the severe inflation which we

experience today, and I suggest inflation will increase in the immediate future.

It is important to examine the direction of government spending. Perhaps military outlays should be increased, but we must look at welfare spending which largely consists of transfer payments from one group to another. No matter how unpleasant it may be, this is the area we should look at if we are to curtail government outlays. In the past, transfer payments put a floor under purchasing power as well as caring for human needs. If transfers are made from savers to spenders on a vast scale, savings, investments, and capital formation will be destroyed. If transfers are wide-ranging, incentive to work is undermined and/or destroyed, because the people who work finally realize that their rewards are not greater than those who do not. As workers find their net take home pay reduced, their incentive to keep their jobs is reduced. In extreme cases, transfers encourage idleness.

Perhaps this is a difficult index to measure, but recent statistics of the Unemployment Insurance Commission indicate that UIC benefits have increased unemployment by approximately 1 per cent or 2 per cent. I am sure many hon. members know that a large number of people have used UIC as income maintenance rather than a true insurance feature. They were entitled to do so under Unemployment Insurance Commission regulations.

It is reassuring that we are now aware of the dangers of discouraging healthy growth of productive enterprise, on the one hand, and indiscriminate expansion of the welfare state on the other. One must remember that there are inflationary consequences: increased payroll taxes, minimum wage costs, and rising business costs. Surely these are issues which justify the control of inflation.

In 1919 Keynes wrote the following:

> There is no surer way of destroying capitalism than by debauching the currency, The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

This bill contains a provision to transfer wealth from one group to another. Apparently the so-called refundable child tax credit proposition is to be socially beneficial, but in my opinion it is not as useful as it might be. Therefore I have considerable reservation that in the future we will find this refundable tax credit being the best method we had hoped for in respect of child support.

● (1602)

Mr. Bob Rae (Broadview): Mr. Speaker, I want to begin my remarks by agreeing with my colleague in the class of '78, the hon. member for Rosedale (Mr. Crombie), that the introduction of this bill allows us the opportunity to review some of the problems and philosophies underlying legislation regarding social welfare and economic maintenance. I think it is important for us to do so. It seems to me we are frequently in the position of adding on a piece of legislation, or changing a piece of legislation, from time to time without fully realizing the implications of what we are doing, or what precisely are the problems we are trying to solve.

I was interested last night to hear the hon. member say he was going to be speaking today about two nations. Because I knew he was referring to Disraeli and not Mr. Daniel Johnson or someone else when referring to that subject, I took the opportunity this morning to go to the library and look up Disraeli's biography by Sir Robert Blake. According to that book, Disraeli was asked at the end of his life which of the two nations he belonged to, and his answer was that he was not of either nation; he was on the side of the angels. I might say that the hon. member for Rosedale demonstrated in his speech today that he too is on the side of the angels, because in his very eloquent remarks, and I take nothing away from them, concerning the condition of many of our fellow Canadians, he was a little short, if I may say, on hard measures that will have to be taken to deal with the problems these people face, but was very long on description.

Mr. Hnatyshyn: He didn't say anything about your maiden speech.

Mr. Rae: He was a little short on remedies. In reply to the hon. member who interjected, let me say that he did.

Mr. Hnatyshyn: I did not comment on your speech, but I will now.

Mr. Rae: I might also add that it seems to me it is important to realize that the position of our party in respect of welfare, problems of poverty, and income distribution, is significantly different from those of the other two parties. It seems to me that our differences stem from the very simple fact that what we are looking at here is an economic system which creates poverty, which creates deprivation, and which creates inequality, and haphazard attempts by the government in response to social pressures over the past 40 years to alleviate some of the harshest inequalities that our economic system creates.

It was the minister last night who said as the minister who is responsible for bringing an end to poverty in Canada, she was delighted to bring in this measure. The difference between our party and the other two parties, realizing as we do that it is the economic policy which is at the heart of solving the problem of income distribution, and not welfare policy, is that we realize it is not economic measures that will have to solve the problems of income distribution. These problems will not be solved by a simple band-aid approach to those people who are suffering as the result of the inequities and injustices of our economic system.

It seems to me it is very important and necessary for members to realize, and in the speeches we have heard from both sides of the House this has been forgotten, that poverty is not something that strikes out of mid-air; it is not a haphazard event, but something that strikes at the people who are unable to compete in the economic market place which puts a premium on power, which puts a premium on ability, and which puts a premium on productivity and one's ability as an individual to be a good economic commodity. That is the hard, ruthless

truth about our economic system. The kind words that many members have spoken about the importance of doing good for those people who are less fortunate than ourselves should not blind us to the very harsh facts which lie behind an economic system that benefits systematically certain people, and does not benefit others.

There have been arguments I have heard, and I am sure many members have heard, as to whether poverty is declining or growing in Canada. The facts recited by my House leader yesterday, the hon. member for Winnipeg North Centre (Mr. Knowles), gave the clearest demonstration of the facts that we know, and that is that, relatively speaking, the share of the national economy going to those who need it has not changed significantly since 1951. The relative share has not changed significantly since 1951.

In her remarks yesterday the minister said that up until 1975 the number of people below the poverty line had gone down. Be that as it may, that ignores the fact that the economic measures which have been taken by this government that have created unemployment, that kept down wages as a result of the Anti-Inflation Board, and the freezing of wages that took place after 1975, all have resulted in an increase in the number of families who are below the poverty line of some 67,000 in 1977.

When we look at what it is—and perhaps it is appropriate that it was a minister of finance who introduced this bill—in our economic system which creates inequality, it is completely artificial for us to focus all our attention narrowly on certain very minor changes, important though they may be in their own way. It is artificial that we focus our attention very simply on the question of welfare and certain benefits going from one group to another.

I think it was the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Miss Nicholson), the hon. member for Trinity, who best described the completely limited vision and the totally restricted view which the government, and I can only say that I assume it is shared by members on the other side since they have said nothing to criticize it, has taken in the presentation of this bill. That myopic and limited view is that the government is concerned with how to re-order existing moneys. I wrote down what the minister said, and I think that is a pretty fair quotation. The government's problem, which it set itself, was how to re-order the moneys which currently are being spent on family allowances, and to distribute them in a better way.

Perhaps I could refer to the bill specifically and say, speaking for myself, my main reservation and concern about this bill are that what it does, quite simply is to take money away in terms of the reduction in family benefits—immediate benefits of $6, and it will be $8 in December—and attempt to redistribute that money.

We are not talking about the wealth of Canada. We are not talking about the bounteous wealth of Imperial Oil or the advantages that go to the corporate executives of this world. We are not talking about that wealth. That wealth has never been touched by the Liberal government, and it never will be. What we are talking about when we talk about distribution of wealth is a much narrower subject, and that is distributing the part of the family allowance that has been cut back to another group of people. Let us not have any fuss or bother from the Minister of Finance (Mr. Chrétien) or the Minister of National Health and Welfare (Miss Bégin), or any fine words about redistributing income in this country, because that is not what they intend to do. What they intend to do is redistribute family allowances. Let us be quite clear about that.

If they were serious about redistributing income, or if they were serious about inequities in the income tax system, they would have a massive job to do, and that is not a job they intend to do, and remember, they had the opportunity to do it after the Carter commission report. I think they then showed the muscle of which they are made by their decisions in respect of that report.

The number of loopholes that exist in the act, and indexation in the income tax system, give far greater benefit to those who are well off than those who are not. The whole system of deduction and exemptions rather than the principle of giving tax credits gives a tremendous advantage to those people with more money compared to those with none. There are the advantages that are given to those people who are allowed to incorporate themselves, the advantages given to those people who are allowed to be self-employed rather than wage earners. These are all examples, Mr. Speaker. Anybody who has been in the market place and knows what people who call themselves self-employed can do, know what a joke our tax system is if regarded as an equitable way of distributing wealth and opportunities.

● (1612)

Since 1968 the share of income tax revenues coming from corporations has dropped dramatically, and the share of income tax revenues paid by individuals has increased dramatically. We know that every time the corporations of this country come to the government with a problem, the government is ready to roll over like a spaniel. The list of depreciation allowances and benefits which have only created an atmosphere of mistrust and division within the country, give a tremendous advantage to those who have and do nothing for those who have not.

I know it is not fashionable on this side to be critical of the Minister of National Health and Welfare, but I could not help but be critical when I heard she was reported to have said a couple of months ago that she could not hear the voice of the poor. Then yesterday she said that the trouble with the poor is that they are disappearing and that it is not as fashionable as it used to be to speak up on behalf of the poor. All I can say is that the minister is in the wrong party. If she were in our party she would be well aware of the fact that the poor are speaking up all the time. She is welcome in my constituency on any Saturday morning to listen to the complaints, the worries, and concerns of people who cannot live a decent life on the benefits provided by the federal government and the provincial govern-

ment. I think it is disgraceful that the minister should say that poor people are not speaking loudly enough.

In 1968 this government put forward programs providing grants to old peoples' groups and to the Company of Young Canadians to speak up for old people, to organize them so that they could speak up. Then the same government took those grants away. When the voices were loud they cut the mikes. As one who had his mike cut today, I appreciate the difficulties that can cause. The mikes have been taken away from the old people of this country and now the minister is saying, "Speak up, I cannot hear you." All she has to do is put the mike in again and she will hear them loud and clear.

Apart from the general concerns we have about the legislation, I suggest if this government were serious about redistributing income and opportunities there would be a number of things it could do not only to the tax system but also in terms of its economic policy. If it were serious about the distribution of income it would not propose to cut back on unemployment benefits the way it has done. Cutting back on unemployment benefits means cutting back on the incomes of those working people who are temporarily out of the labour market, and has the direct effect of reducing incomes. It has a negative effect on the distribution of income.

If the government was serious about creating greater equality between men and women there would have been serious affirmative action programs in the federal market place where something could be done for the disadvantaged. Nothing has been forthcoming, however. The legislation is there that would enable the government to do something, and we are waiting for action, but nothing has been put forward as yet. The government could have put forward economic policies with respect to the really powerful people in our community to see that their actions would create employment rather than unemployment. It could have acted on the Inco cutbacks a year ago. It could have been serious about the number of plant closures in Ontario in this past year. It could have done something about the fact that ours is a branch plant economy, and it could have done something about research and development and an industrial strategy. None of these things have been done.

It is the highest form of hypocrisy for the government members to come to us and say they have discovered the idea of redistribution of income. They are not interested in that; they are only interested in saving money on certain kinds of benefits such as family allowances, and then producing this tax credit scheme. Why stop with the family benefits? Why not move ahead on all the other tax credit suggestions that have been forthcoming from this side of the House?

Finally, Mr. Speaker, there are two problems that I want to raise with respect to the legislation, which I think are important. The first matter has been raised by the hon. member for Winnipeg North Centre and has been partially answered by the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs. The problem is that any attempt by the federal government to redistribute income may be sabotaged by provincial welfare legislation. This is what makes the principle of redistribution so difficult to attain in this country. From her work in her own constituency I am sure the minister is aware that with the plethora of programs we have—the disability pension, workmen's compensation, family assistance plans, provincial disability legislation—what frequently happens to people on welfare is that they get bogged down with regulations. If they apply for a disability pension under the Canada disability plan they have to ask themselves if it is worth all the problems and difficulties involved when the net result will be no increase in their income.

Before the minister can come to us and claim that this bill will have a redistributive effect, we must know which provincial legislatures will go along with it. Without that assurance it will be difficult to convince anyone that this is anything more than an accounting scheme which gives money to the provincial governments and nothing to the people involved.

Last year this government passed Bill C-46 which deals with those marvellous individuals in the private market who make a living from providing loans to people about to receive income tax refunds. I find it extraordinary that a bill provides for a 60 per cent rate of interest over a year for people who rely on income tax refunds and need the money on a short-term basis. I think this is extraordinary. It is a tribute to the usurious members of our community, and I put it to the minister that this bill was passed before this new legislation was contemplated. I suggest that in this way we create an entirely new market for income tax discounters which was not contemplated at the time the legislation was passed. This new market of some 700,000 individuals means that all the income tax discounters will be able to prey on people receiving a large lump sum payment in March, April or May next year. That will take place at a time when there is no clear indication from the government which department will enforce the provisions of Bill C-46. In view of the cutbacks announced by the government, it is clear that there will not be enough bureaucrats to enforce the regulations under Bill C-46.

• (1622)

The fact that the payment is being made in a lump sum is an invitation to the income tax discounters to take advantage of the women and men who are living at the bottom end of our economic system. I am concerned about the effect this will have on the people in my riding. I am sure the minister, too, is concerned about people in her riding, and I know that my fellow members on this side of the House are concerned as well. I would much prefer to see in place a system which would allow payment to be made over a period in such a way that people would not be reliant on the income tax discounters for their bread and butter or refrigerator. In our opinion, these discounters should not exist.

I say frankly that it will be with considerable reluctance that I will vote in principle for this bill. The reasons are simple. First, I do not particularly like to see a reduction in the universal payment of the family allowance, and the fact is it will be reduced by some $6 or $8 depending on the cut-off. Second, in terms of general principle, I am concerned that this is not a significant redistribution of income but is a redistribu-

tion of existing moneys, a reordering of existing moneys according to the phrase used by the hon. member for Trinity.

Agreement with the provincial government is necessary before we can even talk about income maintenance. As I say, I am concerned about the discounters—this may not be a matter of principle, but it is, nevertheless, one of real concern.

In closing I want to say that the government has put forward this measure as if it were a revolutionary time in terms of income tax legislation and of social welfare legislation. I am afraid that one does not have to be a Marxist to differ from the views of the government on that score. I do not see this as a revolutionary change.

Miss Bégin: Nobody said it was. It is only a reform. Do not get excited.

Mr. Rae: I can assure the minister I am not getting excited about this legislation at all. I would only point out that if it is to have the effects that the minister wants it to have, there is a lot of hard work to be done convincing provincial governments to go along with this scheme and not to penalize those who receive benefits. I am not entirely optimistic on that score. In addition, there are very real administrative difficulties in this legislation which I hope we shall be able to discuss further in committee because they are of great concern to members on this side.

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I must say that I was greatly interested in the flowery rhetoric of the hon. member for Broadview (Mr. Rae). It must recognize that for a newcomer, he knows how to handle sophistry masterfully. He seems to irradiate an intimate coalescence with the poor of this country. His only problem is that he is cheeky. He accused the minister of being insensitive to the pleadings of the poor. What does he know about poverty, Mr. Speaker? I leave it to the Canadian people to answer. He will no doubt readily realize that Proudhon, Rousseau or Marx may be very fine in books but that reality sometimes requires some adjustments, which has been well understood by his colleagues of the New Democratic Party who, when promoting quite legitimate interests and endorsing social objectives to which I suscribe in principle, have generally shown more restraint than he did.

Mr. Speaker, in a very lengthy and wordy tirade, the hon. member took to task both our society and the ruling party. It is very easy for someone who will probably not have the opportunity to run the country, and in this regard, I merely remind him that he would be well-advised in the future—if he really believes in the principle he endorsed earlier—to support the efforts made by this government or any future government to better meet the needs of those Canadians who experience hardships and to try to narrow the gap between the rich and the poor. I must remind him, Mr. Speaker, that the Liberal party has always sought, since we are the ones—history proves it—who introduced most of the social measures we now have.

Without necessarily being a cure-all they still helped put this country at the forefront of all those which have enacted elaborate social measures. In that respect, he tried to see in Bill C-10 a new philosophy based on providing encouragement for the rich when in fact it is only a readjustment. I will come back later to the objectives the minister wanted to promote when last August, through the Minister of Finance (Mr. Chrétien), she announced amendments to the family allowance program and an upward revision of the guaranteed income supplement.

● (1632)

I would just like to point out in passing a few mistakes that probably crept surreptitiously in the text of the hon. member for Broadview, mistakes having to do with the interpretation he placed on the provisions of Bill C-10 and the effect on the administration of the family allowance program. He insinuated that with those amendments a new corruptive element was being introduced in the system, namely that the Income Tax Act was now going to have an effect on the family allowance program when the department will mail out the annual cheques. He insinuated that this would allow other agencies to take with one hand what has been given with the other. I just want to remind him that it has been provided, whether through the War Veterans Allowances Act, the Unemployment Insurance Act or even public assistance plans, that those programs will not affect the new credit which will not be considered as income, and I think that is fundamental, Mr. Speaker. On the other hand—

Mr. Orlikow: How will you make the provinces live up to that?

Mr. Lachance: If he wants to speak I would ask the hon. member to do so later. I did not interrupt the hon. member for Broadview so I would ask him to let me speak.

I would like to point out something which may not be a mistake on the part of the hon. member but at least an innuende that could be misleading for Canadians and especially those who will benefit from these measures, concerns what is commonly called tax discounters. Let me remind you that this system allows potential recipients of any government assistance to get in advance from private agencies the money they expect to collect shortly for a certain percentage. The hon. member mentioned earlier usurious rates—he may correct me if I am wrong—of 40 or 45 per cent, Mr. Speaker. I simply want to stress that point.

Mr. Orlikow: Sixty per cent, Mr. Speaker.

Mr. Lachance: The hon. member says 60 per cent, Mr. Speaker. I must remind him that the interest rate stipulated in Bill C-56 is 15 per cent or less. Therefore, in that case they are not usurious rates, Mr. Speaker. One could say that 15 per cent is too high and that this measure should be completely

abolished. The matter is debatable, but let no one say nor suggest what is not true.

Finally, Mr. Speaker, as far as monthly payments are concerned, the hon. member says that the yearly lump sum should be spread in equal payments over a full year. I simply want to emphasize that if he listened to or read the speech of the minister he should know that she clearly stated that in future, if the beneficiaries so wish, we are prepared to consider giving this single payment provided in Bill C-10 in several instalments.

Once again, Mr. Speaker, the hon. member should not try to attribute bad intentions—which I cannot indeed clearly identify since he took care not to substantiate his charges—to the minister, the government and its members, but he should try rather to make constructive suggestions and recommendations, to which we would listen with interest at the committee stage or elsewhere, so as to improve the technical aspects of this bill.

In this regard, beyond the technical aspects of this bill, which only applies the technical principle of redistribution, the hon. member asked quite appropriately whether we are not taking new sums within the budget of the federal government to give relatively higher amounts under this program than in the past. I think he is right.

However, he is quite wrong to jump to conclusions and say that we do not want to do more, Mr. Speaker. History has shown us, and again quite recently—and when I say recently I go back perhaps two or three years—that this government has taken very serious steps in co-operation with the provinces to try to implement a guaranteed annual income program on a new basis, by trying to rationalize the multiplicity of existing programs and to replace the disgrace that some people still associate with social assistance by a fairer system which can help all those Canadians who, for one reason or another, must at a certain time in their life ask the government to help them out.

Mr. Speaker, the word "request", I think, is important. Some have seen in the amendments proposed by the minister an unhealthy shift from the previous universal system without a means test to a system under which those recipients who are entitled to a lump sum payment will have to make a formal request in January when they receive their monthly cheque. I think that point should be seriously considered beyond the scope of Bill C-10.

As I said earlier, Bill C-10 is an attempt at redistribution and should not be considered as a new philosophy in social security. I want to be quite clear about that. It is not because we do something, perhaps not very much, for groups of have-nots that we should not seek ways of doing better. In that respect, I feel the House and our governments generally must by all means bring their efforts to bear on a rationalization of social services in Canada and, particularly, income support.

• (1642)

I would like to encourage the minister to continue that effort with her provincial counterparts in order to try and revive what was, for some time, an almost tangible hope to implement at last a universal guaranteed income support system in Canada. That would make it at last possible to get rid of that "odiousness" I was referring to earlier and which is attached to some of our social measures and some of our current social programs. It would also make it possible, in cooperation with other government levels, to allocate most of the funds to those who really need them and thus avoid wastage in complex administrations.

In that respect, I believe the system which had then been proposed, the negative income tax, was a step in the right direction. Had there been agreement, it would surely have made it possible to set up swiftly such a system and thus enable us to steer clear of complicated processes to achieve what we are trying to do with Bill C-10, namely redistribution. In this context, this redistribution is made through a central system, the Department of National Revenue. Unfortunately, again, circumstances beyond our will to social reform prevented us from reaching an agreement on the new program, and obviously we are still trying to use the tools at our disposal to redistribute the money to those who need it most. Such is the purpose of Bill C-10. This bill is based on such a redistribution purpose. It is not a new social policy, or at least I do not consider it as such. It is an attempt, a commendable attempt, as several hon. members put it, in a difficult economic context.

When I refer to a difficult economic context it is not in the same spirit as the hon. member for Broadview did earlier when he rejected the whole society and our economic system. That is not my own view, Mr. Speaker. The fact is, and you just need to look at the situation on the global level, that so-called western societies are presently facing serious economic problems. In such a context, there is always a danger that social programs will be affected by the inhibitive reflex in our political leaders that such a situation will necessarily cause.

I should commend the Minister of National Health and Welfare (Miss Bégin) for having stood her ground, and particularly for having convinced her colleagues to resist the temptation that was probably very strong to cut our social programs for which the Liberal party has been fighting for the last 20 or 25 years. I must say, Mr. Speaker, that I am proud of those social programs and that will to help shown by the Liberal party and successive Liberal governments. Here again, it should be kept in mind that most assistance measures we now have were introduced by this party, by these governments.

As I said, Bill C-10, in the context of fiscal restraints announced in August, includes what might be called a necessary evil, a reduction in the traditional category of monthly payments under the universal system of family allowances. Although that reduction may understandably create significant hardships for certain families and beneficiaries who have

trouble making ends meet, it is relatively small, and the $20 average reduction per child is counterbalanced on the income redistribution level by a non-refundable income tax credit of $50 per child, while special exemptions for children 17 and 18 years old are abolished.

With these savings we proposed firstly—a provision we could develop last week—a $20 increase in the guaranteed income supplement for senior citizens, which was most urgent in my view since nearly 58 per cent or 60 per cent of our senior citizens, according to evaluations, live below the poverty line, and secondly to reallocate to the most needy, through an annual lump sum payment of a maximum $200 per child part of the savings obtained through that relatively small reduction in monthly allowances.

That redistribution proposal is very much in line with the philosophy of the then minister of national health and welfare when he discussed with the provinces an in-depth reform of our Canadian social security system because, as I explained earlier, payments will be made through the Department of National Revenue, through income tax as commonly referred to by Canadians. Therefore, the income tax will for the first time be playing an opposite role to its traditional one of taking from the taxpayer dollars generally earned the hard way.

In order to make payments earlier to those who apply and meet the test, relatively large sums of money will go out around April or May. It has been suggested it is dangerous to give out such amounts in one single payment. A mother of three or four could eventually find herself with a $700 or $800 cheque from National Revenue, and there was a danger she could spend it before she could have considered the truly best way of using it. My feeling is this is an insult to the poor in our society, to the most needy, implying they are less apt to plan their purchases than the fortunate affluent.

Mr. Speaker, I can assure you that when a person or family must manage with a small budget, each dollar counts. And I am convinced those relatively large amounts they will be getting in April-May will enable them to make purchases that might have been waiting for two, three or four years, as changing the refrigerator, buying a new range, a bicycle for the boy or the girl, things they could not do because of an exceedingly restricted budget, and also because it is difficult, Mr. Speaker, to make monthly savings within a very restricted budget.

● (1652)

This amount, I was going to use the word "manna" but that may have a negative connotation, this considerable amount will allow them to incur necessary expenses which they might not have been able to afford had the present system continued to exist, even if, for example, an increase in family allowances of $35, $40 or $50 a month had been proposed. Ten or fifteen dollars is so quickly spent when you are living on a budget. So we must not only consider the negative aspects of a yearly payment but also, of course, the opportunities that such a payment offers to those receiving it.

I can understand, from a theoretical if not philosophical point of view, that some may be opposed to a decrease in family allowances which, I repeat, is relatively small, to allow for a larger amount, when applicable, a few months later. I can understand and, in this regard, I think we must let the beneficiary decide which formula he prefers. That is indeed what the minister stated and I wholeheartedly agree. Who are we to prejudge of what the beneficiaries of this system will decide, in due time, when the system is implemented? Let us give the system a chance to prove it can work. It is a new system and as in the case of any new system perhaps there will be some readjustments to be made during implementation. But regarding these adjustments, Mr. Speaker, the hon. member for Broadview does not seem to be confident in the ability of the poor to get organized and make themselves heard on the hill, yet I can tell him, Mr. Speaker, that when it comes to their interests, they do organize and they do let us really know what they want. So I am confident once again that they will let us know whether the system being put in place, the newly instituted system when Bill C-10 will have received royal assent, is satisfactory or not. If it is less satisfactory than before, perhaps they will suggest two, three or four yearly payments or perhaps urge us to return to the old system of monthly allowances.

In any events, let us not prejudge of the reaction of the beneficiaries and let us give the system a chance to prove it can work. Once again, one must not see in Bill C-10 a new social philosophy on the part of the present government. Personally I only regard it as an important and praiseworthy effort to take from available funds, from out present tax basis those funds which are being distributed coast to coast to all who need them, thereby taking a little away from the rich and the well-to-do in order to give more to the less fortunate. Of course, these amendments to the family allowances program will not solve the problem of poverty.

Of course, Mr. Speaker, it is not through the family allowances program that we are going to build a new society in Canada. Such is not the purpose. The purpose is simply to give a little more to those who need it most and I do not see, Mr. Speaker, how one can have reservations about such an objective. The more we debate the social policy in Canada, Mr. Speaker, the greater our chances of arriving sooner at a more equitable system, at a better redistribution of wealth within our society. Let us debate, I am all for it, but let us not use Bill C-10—a relatively minor and technical measure in light of our overall social policy—as a pretext to conduct the trial of the Canadian society. I think that is a misrepresentation and also a great disservice to those that are to derive benefit from the proposed measures.

Mr. Speaker, some observers may have seen in the proposed program very spiteful intentions on the part of the government

as they presumed that by relating in this way family allowances to the tax system we intended to strip—what spite—the most underprivileged of whatever small amounts they manage to scrape here and there by forcing them to report their income. Is our society so sick that any time any government tries to rationalize its administration or help the community and those who need help the most, that government should be taken to task and charged with having spiteful intentions? I was disappointed to read, for example, an article by Michel Pelletier in *Le Devoir* of Thursday, October 25, 1978, and the previous one on Wednesday, October 25. I think it is a great disservice to be charging the Advisory Council on Social Welfare with being biased, if not blind. I think it is a great disservice to mothers to have them believe that they are going to lose something when facts show that they are going to gain, at least up to a family income of $25,000. I think it is dishonest to presume that with an income of $25,000 a family does not have enough for the purposes of this bill and that in any event the only solution is to just open up the system and provide for everybody.

I think it is a very serious matter when a government is being accused by reporters, in this case an economist, of playing the game of nineteenth century capitalism, and I think that perhaps the hon. member for Broadview wanted a little while ago to insinuate something along those lines when we all know—and once again the evidence is there—that, on the contrary, the House—and I even include for the purposes of my demonstration the opposition parties and especially the official opposition—has as its objective the promotion of the interest of all Canadians and not only insuring the survival of multinational corporations.

Reference was made earlier, I believe, to Imperial Oil, for example. It is so easy to accuse the multinational companies. They do not have a forum like the hon. member has to dismiss the charges that are made against them. Of course, it is easy to blame the multinationals, to blame our society, to blame capitalism, to blame everyone, to blame the government. But people should stop doing this whenever a piece of legislation is good, when it offers possibilities for the future and is aimed at the redistribution of wealth, when it would allow less fortunate Canadians to partake a little more of the national wealth. Whenever a government tries to help the poor, people should stop seeing spiteful intentions and asking for more and charging that it is not doing enough when it is precisely trying to do more and expresses the will to go on doing more.

● (1702)

Let us encourage those who fight to protect the weak and help the poor instead of attacking them and blaming them for everything. Mr. Speaker, the Minister of National Health and Welfare has introduced a bill which is frankly progressive in the circumstances since it would have been quite easy when a majority of Canadians would want us to cut back, to justify, for instance, at least in the eyes of the public, the elimination of family allowance indexation without taking any other corrective action. This would have been the easiest solution. The government did not choose to do so. The minister did not choose to do so. The minister decided, within the very narrow restrictions that she had to apply, to find a formula which, we admit it, may seem a rather lame one to some people, but which will at least help those whom we all want to help, that is the underprivileged Canadians.

Mr. Speaker, I encourage the House to discuss social policies. I am always happy to do so. The more discussions on this subject, the more chances we will have of establishing equality. However, when a bill seems at first glance and even after study to favour those in need, we should support it. And in this regard, I make a special appeal to the New Democratic Party. They should be the first, Mr. Speaker, to rise to applaud the efforts of the government and the minister to help the poor. They do rise, but only to denounce capitalism, multinational companies, and so on, and to pass judgement on society, the minister, the government, and members on this side of the House. In short, Mr. Speaker, I cannot understand that in discussing a bill which will certainly help tens of thousands of Canadians, some choose to attack capitalism and denounce a society which, we must admit, has served Canadians well to a large extent and remains one of the few societies in this world where life is good.

Mr. Roch La Salle (Joliette): I am very eager to make a few remarks, as briefly as possible, on Bill C-10. First of all, Mr. Speaker, I should like to say that, after hearing two very different but still very interesting speeches, I must congratulate those speakers who preceded me for taking part in the debate on a bill whose purpose is to redistribute wealth. We recognize the principle of that redistribution, we approve of it and will have no difficulty in supporting the bill. We believe that additional help to low-income families is a must, and we are conscious of their needs.

Figures were quoted and I note that the minister herself said that families whose income is less than $18,000 will benefit from it fully while, over that amount, the credit will be reduced by 5 per cent of the amount by which the family income exceeds $18,000, that is, by $50 for every $1,000 of additional income.

A family with two dependent children and an income of less than $18,000 will receive $400. The tax credit will be $300 for a family with an income of about $20,000 and $200 if the income falls within the $22,000 bracket. But if a family with two dependent children earns $26,000 or over, there will be no tax credit.

Mr. Speaker, I would like to point out that the government has made a few changes. We are not contesting this legislation to which we are going to give our approval but I think it is equally important to clarify a few things and to make some comments. Many members of parliament have addressed themselves to this question and had a lot to say about it.

Earlier I was listening to the hon. member for Lafontaine-Rosemont (Mr. Lachance) who delivered an excellent speech, there is no doubt about it. But I would like to ask a few questions. For example, how do you explain that a government which was so attached to the principle of universality decided to put it aside? Not that I blame them for that but I would like to make sure that this change which seems to me necessary in the present context is a real change of attitude in the government, as we can see it in many other areas.

I regret also that the government has not though it necessary to discuss those proposals officially with the provinces. I do not think that the government of Canada would have lost anything in doing so and we know of two provinces which have their own family allowance systems, Alberta and Quebec. Of course these allowances are far less generous than those of the federal government. But nevertheless I think it would have been good, particularly in the present context, to submit those proposals to the provinces, and expose those ideas and those changes in an attempt to get the support of the provinces on a matter which affects a fundamental institution of our society, the family itself.

This decision has probably been taken as rapidly as all the others which dealt with budgetary reductions. In recent weeks we have observed with interest but with a certain amount of discouragement that most of the decisions have been taken without any serious analysis. Of course this has prompted us to make certain comments which were often negative and which the government so far has failed to answer. I cannot help thinking of the true motives of such measures. We might wonder why they waited so long. I remember that, all of a sudden last summer the Prime Minister felt it necessary to delay the general election to tell us how important it was to bring in economic measures because he had just realized, when he came back from Bonn, that the country was in a difficult situation and that he had to propose job creation measures. Those bills, the increase in income supplement and in family allowances are important, of course.

This does not quite jibe with the statements made by the Prime Minister that he would create jobs in the country. It is not quite with such pieces of legislation—nor with the bill asking for authority to borrow $17 billion, which we finally gave for an amount of about $7 billion—that we shall create jobs in the short term. Canadians probably think in the present context that—when we examine the political context—the government thought perhaps it was profitable to play the trick with the $20 after the trick of the $85 they played last summer, and after the increase in family allowances before an election campaign. Other governments did so before, and I am forced to recognize that it may be a tactic I know, which is still used today, which disappoints me. I remember very well the principles which motivated the responsible minister at the very beginning of a political career, and I am convinced that this minister would have rejected any such argument or insinuation that it might be well to introduce a measure which could be fascinating for the so-called poorer people, to try to gain their support in an election campaign. Again, strangely enough, that will happen a month and a half or two before the next election. I suggest that we should warn the Canadian people not to fall in such traps. I repeat that we support this bill and that we shall vote for it. We would have done so a year ago because I feel the needs at that time were as pressing as they are today.

Mr. Speaker, I listened to the hon. member for Lafontaine-Rosemont who very skillfully tried to convince us of this government's concern for social legislation designed to help the have-nots and low income groups. He said that the Liberal policy was charity-oriented and one of concern for those deprived Canadians.

I would like to know why this government feels compelled to devise new social legislation and why, in order to enable Canadians to make ends meet, it has to be so generous, spending millions on unemployment insurance benefits, family allowances, old age pensions. Maybe we should remind them that if they had devised an industrial strategy well-adjusted to modern times, these so-called social measures would not be necessary today. Because of the economic mess, this government now has to turn to piecemeal solutions, giving away small amounts, $10, $85, $20, and this, just before the election. We will not say that it is dishonest because it cannot be proved.

The minister could have introduced this legislation 12 or 15 months ago because the situation has been deteriorating in Canada for a few years now. For the past five years, members on this side have been warning the government of the dangers looming ahead, but unfortunately, we were laughed at. But now the government realizes that we were right. They have come up with social measures that I really approve of. I must say that the government has to show some imagination to allow people to collect unemployment benefits without having to work, but they may have broken the record in this area. But with regard to showing imagination in relation to an industrial strategy and the recovery of the Canadian economy, I think this could be dealt with at length and I think that the evidence is there that it is a failure. This is why today I do not wish to dwell on this issue but I think I had to underline it. First it is rather strange to see how the introduction of this legislation was timed. Is it that the government did not understand a couple of years ago that this was an urgent matter then? By taking action then they could have dismissed any allegations that they are trying to buy off votes by introducing this measure.

Some hon. Members: Oh, oh!

Mr. La Salle: Of course the hon. member for Lévis (Mr. Guay) has not thought about that but he may still use this legislation as an argument come the next election. Perhaps he will say to his voters: You know we handed out a little cheque for the children and the elderly now get an extra $20. Yet

there are also elderly people in my riding who are experiencing a lot of difficulties in pulling through financially. We want to hear about the need to increase the pensions of our elderly people who have now left their jobs after having made such an enormous contribution to this country.

The government was somehow caught at their own act when they announced these measures last summer and everybody thought that the election was to be held in October. Now the election will have to be held next spring and it is still something which raises some questions regarding this government and I must mention it.

I would also like when dealing with social measures, since this is a bill which concerns the family, to invite the minister to ponder seriously over the situation of the handicapped and the blind. The minister knows quite well that this segment of our society has derived benefit from the Canada Works program. But as this program is planned differently from year to year other and as this class of people cannot get a second grant under the Canada Works program, they find themselves now cut from the benefits they derived from this organization which has served them well for some six to 12 months.

With regard to senior citizens, let us take, for example, the New Horizons program. I wonder if the minister would give serious consideration to this excellent program which we endorsed. We even supported additional funds to provide these people with facilities and necessary and justified recreational activities. I think we could also seriously consider permanent funding for the disabled and the blind. The minister is fully aware of the great needs of these people. Some will say that we would have to negotiate with some provinces. I urge the minister, of course, to negotiate with the provinces special programs that could meet their needs.

I am convinced the minister will keep these remarks in mind and I am confident that when the budget will be brought down in a few days, the Minister of Finance (Mr. Chrétien) will introduce a job-creating program, because people are needed to look after the disabled and the blind. Such a program could, while creating jobs, meet the expectations of these people and give them a fresh interest in life. I trust the minister will look upon my remarks in a very positive light, and upon the people, the categories I mentioned, with considerable humanity.

Mr. Speaker, of course we will support this bill. But I thought it my duty to remind the government that those measures should have been introduced long before today. Politically, they will be exploited as they must. But, in any event we are very happy to support them and trust that this government, with regard to industry, will find the means, take the steps and implement programs to create jobs and thus, I imagine, spare us the need to think only in terms of social measures. But there again, we have to consider those proposals which have been put before the House as essential, in view of the complete economic fiasco we have seen.

I doubt that a prosperous Canada can be built through social measures. There will always be groups that will have to be looked upon as human responsibilities; I mean senior citizens and similar groups. In a better economic climate than that we know today, we would not be forced to introduce measures which, to my mind, bring nothing positive to the economic sector. Over all, it remains that some of the people now in need will benefit from those proposals. We shall support them in the hope that the minister will take good note of the remarks I have made, at least the ones she may consider positive.

● (1712)

[*English*]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I welcome Bill C-10 for several reasons. It would be fair to say that many of us in the House of Commons have felt a disparity in various pieces of legislation where tax credits were given either for family allowance or other income tax policies. We are all aware that tax benefits do not assist families with the greatest need for federal, provincial or municipal assistance.

The first proposal contained in Bill C-10 is to reduce the amount of family allowance to $20 per month. Although the family allowance will be reduced to $20 on January 1, 1979, for families with incomes below $18,000 there will be a benefit. Each family will receive $200 per year for each child in the family.

I welcome Bill C-10 because it contains measures for redistribution. This is the first time since I have been here that a piece of legislation has been brought in which appears to be a negative income tax, due to the fact that one does not have to have high income in order to benefit from the tax policy change. Lower income families, regardless of whether they pay income tax, will receive a $200 allowance. For that reason I believe we on this side of the House, as well as those on the other side, welcome this proposal.

The $50 child adjustment will be eliminated. Also I understand there will be a change in the amount of moneys which can be deducted for income tax purposes in the 16 and 17-year old bracket. The present child benefit system consists of family allowance of $25.68 per month per child, with a child tax exemption of $460 a year for children under the age of 16 years, and over the age of 16, in the 16 to 17-year bracket, a tax exemption of $840, as well as the $50 per child adjustment to the general tax deduction.

For example, in order to benefit from the $840 exemption for 16 and 17-year old children, one must have an income to tax. In other words, those with the highest incomes receive the greatest benefits from the tax exemption system. Those on the lower end of the economic scale received proportionately less until they reached a cut-off point where the family could not take advantage of any of the tax exemptions.

● (1722)

If we can say anything regarding Bill C-10, surely it is that this legislation involves a fair distribution and a re-addressing of benefits to people with lower incomes and those who financially require more assistance from programs of this type. Under this legislation, I understand that families with incomes of $18,000 or less, with one child, will receive a $200 rebate, and families with the same income and two children will receive a $400 rebate. This will progressively decrease as the family income increases. For example, a family with an income of $22,000 and with one child will receive $20 per month in family allowance, but no tax credit. I understand, as well, that a family with an income of $26,000 and two children will not receive tax credit benefits.

The theory is that the higher the income of a family the less the need for assistance from the federal government. I agree with that philosophy, and in a time of financial restraint when we know there are low income earners in Canada who require assistance, this is a mandate to which we must address ourselves. We must apportion those funds we have available for programs such as family allowance to ensure that they go to those people who require them the most and where the need is the greatest.

I compliment the Minister of National Health and Welfare (Miss Bégin) for taking a bold initiative, taking moneys payable to the federal government and directing them to those areas where there is the greatest need. I am sure it would be fair to say that all hon. members of parliament have been approached in the last several years by constituents asking members if there is not a better way of reallocating family allowance funds. Obviously a family with an income of $100,000 a year does not require assistance, and the assistance provided through this allowance would not make any difference to their well-being.

Although this was supposed to be a universal plan, it has always seemed to me that we made one error. It was that, a family in the $8,000 to $10,000 income bracket had to follow the same rules as those followed by a family with an income of $50,000 or $60,000. One group could take advantage of our income tax legislation in order to derive benefits, yet the other group, those families with incomes of $8,000 to $10,000, could not obtain those benefits. They ended up in a negative position because they could not claim the income tax benefits the Parliament of Canada had provided in the legislation. In other words, it was an unfair situation. Those at the higher income level could take advantage of the tax deductions for children, but obviously those at the lower end of the income scale could not take advantage of those deductions and, therefore, they derived no benefit from them.

It is my understanding that approximately 2.4 million families of the 3.6 million families who receive family allowances will benefit from the new system to the extent of $200 per child per year. In other words, two thirds of the families with children will be the recipients of the benefits of this program. Putting this another way, one third of the families with children, up until the present time have been at a distinct advantage. When looking strictly at numbers it is obvious that Canadians with higher incomes were given higher priority by previous parliaments.

I do not wish to be lengthy, because obviously this legislation has received the approval of members of the opposition. I want to say that I hope this is a beginning and not an ending. We have brought in innovative legislation which will be applauded by most Canadians. I hope the move does not stop there. If this theory applies well in respect of family allowances, and apparently we have concurrence from other parties in the House, perhaps we should address ourselves to the equally grave injustices or problems that exist in respect of old age pensions. Surely we have the same situation there where old age pensions amount to approximately $155 a month, indexed to the cost of living. These pensions increase as the cost of living increases every three months, whether the recipient requires the money or not. We are reducing family allowances by approximately $6 to $8 per child per month, on the understanding that we will redistribute the money saved to those at the lower end of the income scale.

I have calculated a few figures in order to compare what we could do in respect of old age pensions if we followed the same scheme. By eliminating the age exemption we could save the government about $150 million per annum. By de-indexing the OAS we would save approximately $350 million per annum. However, if we did that, GIS recipients would also suffer. Thus the only responsible initiative we could take of this kind would be to de-index OAS for those who receive only OAS, ensuring that pensions including both OAS and GIS continued fully indexed.

In other words, what we would be doing is redirecting approximately $350 million by removing the indexing of OAS and redirecting that money to GIS rather than putting it into government coffers. In this way the people who need assistance would receive greater benefits. Those people with higher incomes would receive less. I suspect this is not revolutionary since we have accepted this principle in respect of family allowances. Is there something different between family allowances and old age security, or should we apply the same principles, providing the greatest amount of money to those with the greatest need?

An hon. Member: Are you trying to get them to vote against you too?

Mr. Knowles (Winnipeg North Centre): Does the hon. member not know that the allowance is still indexed?

Mr. Anderson: There would be a total saving of $350 million with which to increase the GIS, at about the same magnitude as proposed in Bill C-5. We must be careful that the gains for the elderly poor are not at the expense of the near poor. Obviously we would not wish to rob the near poor to pay the poor. I suggest that this House and those people who have an interest in assisting people who require help should look at a plan on the lines of the one I have suggested, or in some other form.

• (1732)

I realize that over the years some members of the House have complained about the OAS and claim there should be a higher limit, but I do not agree. Certainly it would be appreciated by senior citizens, but I suspect that an amount added to the basic pension would go to people who do not require it. I am using the same principle as that in the legislation before the House now to ask if there is not something we can do in that area. Perhaps there is no concern about it, however. I believe there is, and I believe the principle could be transferred to the old age pensioner in order that those who have the greatest need derive the greatest benefit, and those who have the least need derive the minimum benefit.

I hope the Minister of National Health and Welfare, who is present, will see if some such plan can be introduced. Hon. members will know that there is no extra money for programs of this type; all we are doing in this legislation is redistributing some money. If my premise is correct and we do not have additional funds for social programs, then I suggest we look at redistribution so that money will go to the people with the greatest need, not only in family allowances but also to people receiving the old age pension.

Some hon. Members: Hear, hear!

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to begin by correcting something the hon. member for Comox-Alberni (Mr. Anderson) said. He said he wanted to apply the same principle to the old age pension legislation by making sure the OAS was not indexed. He said that would be the same principle as that in the family allowance bill. If he looks at the bill, however, he will see that we are not going to end indexing of the basic family allowance. Indexing will continue.

The hon. member for Lafontaine-Rosemont (Mr. Lachance), who is not in the House at the moment, was sensitive to the very just criticisms of the government made by the hon. member for Broadview (Mr. Rae) who spoke of the inequities in our economy and in our society. I think he misunderstood the position of the hon. member for Broadview who said we would support the bill, and that the position outlined by the hon. member for Winnipeg North Centre (Mr. Knowles) is the position of the party. The hon. member for Broadview pointed out that this legislation is only one small step toward remedying some of the inequities in our society.

I want to take a few minutes to talk about five or six different things this evening. This bill could be a major reform if a few things are cleared up. I agree with the minister that it could be a watershed in social policy in this country, but that will only happen if several points are clarified.

Like the hon. member for Broadview and the hon. member for Winnipeg North Centre, I believe we have to be concerned about the redistribution of income and, indeed, I believe the minister is genuinely concerned about that, although I am not sure she was last night, judging from the speech she made. We have to realize, despite the statistics used by the hon. member for Gloucester (Mr. Breau) in the House the other day, that in the last 20 years the gap between rich and poor has not narrowed. The figures used in the House yesterday can be obtained from Statistics Canada. Perhaps some hon. members do not think that Statistics Canada, the little organization of the Minister of Industry, Trade and Commerce (Mr. Horner), is accurate, but I think it is.

The figures show that in 1951 the richest 20 per cent of our population received some 42.8 per cent of the national income, while in 1975 the wealthiest 20 per cent of our population received 43 per cent of the national income.

Mr. Breau: What about other income?

Mr. Nystrom: All right; let us take the bottom 20 per cent of the population. In 1951 they received 4.4 per cent of the national income, while in 1975 they received 4 per cent of the national income. The hon. member, who comes from New Brunswick, will probably say that everybody's income went up and, of course, it did. We are living in a country with immense resources, and all kinds of technology, and we hope, all kinds of intelligent people. Naturally the wealth of the country went up, but the gap between the rich and the poor is not narrowing as the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan) would have us believe. It has remained the same for 25 years.

Canadians are not out on the streets without any food, but there have been reports that a lot of Canadians are ill nourished and cannot afford to buy nutritious food. The problem of poverty in this country is well documented, so we have to be concerned about the redistribution of wealth. This is the point the hon. member for Broadview was making, and I want to put that on the record.

Mr. Breau: Be careful; we will read it.

Mr. Nystrom: I am being very careful about what I say.

As I said, Mr. Speaker, if we clarify two or three things this will be watershed legislation and a major change in the government's thinking on social programs. If that happens, I would join the hon. member for Winnipeg North Centre in thanking the minister for introducing the bill.

I should like to deal with some positive parts of the bill, and then raise my questions, Mr. Speaker. On the question of redistribution of income, the bill does not only redistribute the money in the family allowance plan, but the pie is bigger. More money is being put in, and there is a genuine attempt to redistribute it. For example, there is the tax credit of $200 per child. People earning under $18,000 per year get the full benefit of that. People earning over $26,000 do not get the benefit, as it is phased out between $18,000 and $26,000. That is the way it should be. Members of parliament earn more than $26,000, for instance. I have a four-year old child and I do not think I deserve the tax credit. On the income I make I think I can afford to look after the child, and other people need it more than I do.

The second positive thing I see in the bill is the introduction of demogrant for the first time, and that is something that this party has wanted for a long time. Exemptions in our tax system tend to help people in the upper income bracket and not the low income people. The tax credit system will help the low income people more than the wealthy, however, and that is a good thing.

• (1742)

I am trying to be constructive and positive. We have a demogrant and that will be paid to people whether or not they file their income tax returns. I see the hon. member for Battleford-Kindersley (Mr. McIsaac) and the hon. member for Meadow Lake (Mr. Cadieu) in the House. In their ridings and mine people tend to have large families and do not file income tax returns because they are very poor. Often the poor have large families, as any sociologist would know. I think particularly of the Indian and Métis people in my riding. For example, if there are six children in a family the amount is $200 per child, or $1,200 in tax credit. I think that is good and a step in the right direction.

We always argue in this party that to stimulate the economy it must be stimulated from the bottom up. Money should be put into the hands of the low income people because they will spend that money buying consumer goods, which in turn stimulates the economy and produces jobs. That, too, is going in the right direction.

Fourth, this bill protects the concept of universality. Everyone will still get part of the family allowance. The amount is $20 a month, which I think is good to keep, but I will comment on this later.

Fifth, contrary to what the parliamentary secretary was saying, the basic family allowance will continue to be indexed and, even though it will be reduced from $26 per month to $20 per month, it will go up according to the increase in the cost of living in 1980. These are what I see as the six positive things in the bill before us.

I now come to the questions I have about the bill. At this point I hope the Minister of National Health and Welfare (Miss Bégin) will take me as seriously and responsibly as she did when I was talking about the positive aspects of the bill before us.

I am concerned over whether or not she has an agreement from the provinces that they will not use the extra money the welfare recipients will receive as an excuse to cut the welfare payments to the low income people. She mentions Saskatchewan. I have the right to believe that in Saskatchewan that probably will not happen. Our party has already talked to members of the Saskatchewan cabinet—

An hon. Member: Did you make a phone call?

Mr. Nystrom: —to at least two very influential ministers. I am optimistic that they will not do that. At least I hope they will not do it, and believe they will not.

[Mr. Nystrom.]

An hon. Member: You made the phone call.

Mr. Nystrom: It was not a phone call. We happen to see people personally.

Mr. Knowles (Winnipeg North Centre): Talk to the one provincial Liberal government.

Mr. Nystrom: We have nine other provincial governments in this country. Is the Minister of National Health and Welfare attempting to get any commitment from the provinces to the effect that when those on welfare get the extra $200 per child, that this amount will not be taken as normal income and deducted from their welfare payments? If it is deducted, Mr. Speaker, it nullifies the whole impact of this bill before us today. It nullifies it for the people who are the most needy. As a result it does not become a redistribution of income nor does it become a redistribution of wealth. The answer to that question, I think, is fundamentally important in terms of how we, as parliamentarians, judge the progressiveness of this bill.

Miss Bégin: The answer is yes.

Mr. Nystrom: The answer is yes. Does the minister have a commitment from the provinces that they will not do that?

Miss Bégin: That is not your question. I took up the matter with the provinces and we have a meeting on that.

Mr. Nystrom: The minister says she has taken the matter up with the provinces, and I commend her for that. But I want to make sure that she has a commitment from the provinces because the federal government, after all, does pay 50 per cent of the welfare costs.

Under the Canada Assistance Plan I think the minister has a big enough club to hold over the provinces to say to them, "Look, we want to change fundamentally one part of the social welfare system in our country, and we damn well demand you go along with us and that the welfare payments to the poor people not be reduced by $200 per child."

As the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) said, we in this House have a right to get the answer to that question from the minister, who in turn has a right to get it from the provinces, before the bill passes.

As I have already mentioned, I think this House has a clout and can say to the provinces, "This is what we want. We want to put more money into the hands of the poor people of this country, and we insist on your co-operation".

As the member for Broadview has already pointed out, we are concerned about the discounters, the usurers, the rip-off artists who may go to a mother and say, "You have four children. That amounts to $800 that you will be getting in terms of a tax credit. We will lend you the money, but we will charge you an excessively high interest rate." If that happens it nullifies—

Miss Bégin: It is limited to 15 per cent now.

An hon. Member: Per quarter.

Mr. Nystrom: It is limited to 15 per cent per quarter, and that is still 60 per cent interest per year. It is per quarter, Mr. Speaker, and the minister will check this out. If that is not usury, then I am not sure what is. I do not see any reason why, and I know the minister means well, the government cannot talk to the people in the Department of Justice and bring to this House a companion bill that will make it illegal for people to charge this type of interest, by making it illegal for the discounters to participate and practise their so-called profession, or perhaps to make it illegal to use these cheques that come from the federal government in the form of family allowance, as security.

One of two things can be done to protect the innocent woman who needs the money now to buy things for her family. She might think that the only way she can get it is to listen to a discounter, and pay the 15 per cent interest per quarter. I would commend the minister if she could do something along this line to protect the woman from a usurer and as well for doing what is necessary to protect a bill that could be very progressive.

I have two more questions. I understand the payment to be made to the woman will come in a lump sum. Would the minister consider having the payment spread out quarterly so that a person with five children under the age of 18 who gets $1,000, would not receive a lump sum payment when the tax credits come out, but instead would get four payments three months apart for $250 each? This too would be some protection against discounters or against people who want to be fast rip-off artists. In addition, it would help the mother and the family because there would be money available on a quarterly basis to buy things for her children, for example, food, clothing or other things they might need to make their life better.

The hon. member for Winnipeg North Centre has already mentioned that we in this party object to the basic family allowance being reduced from $26 a month to $20. In reply to that the government says it is putting more into the pie. I know that. But if some of the tax loopholes were plugged, as has been suggested by some other members of my party, more money than would be necessary would be collected to keep up the payments of $26 per month. There are several loopholes that could be plugged. I am thinking particularly of the depreciation allowances to oil companies, and the capital gains benefits to people who play the stock market, etc. If loopholes such as those were plugged and made part of our taxation law which would be as progressive as this part, then there would be more than enough money to leave the family allowances at $26 per child per month, instead of reducing the amount to $20.

● (1752)

I hope the minister can answer some of my questions. The first question has to do with the provinces not taking advantage of this bill to recoup more of the money they pay out in welfare. Second, can the minister assure us she will do something to protect the innocent women of this country, who get this money, from rip-off artists? Third, as I said before, consider the possibility of that payment on a quarterly basis. It could be two or three times a year, but preferably four, instead of a lump sum. If this were done this could indeed be a major reform. This bill could be a milestone or a watershed, doing something real for our country in terms of social legislation, and reforming the taxation system.

I want to make a final point. If we can introduce a tax credit in family allowances that has a bias built into the plan in favour of poor and low income people, why can it not be done throughout our entire taxation system? Why not the same philosophy running throughout our society? We could have a planned economy, using all of the resources, technology and wealth we have to create a country that would in a genuine way redistribute the wealth among the poor and low income people, the have-nots whom the hon. member for Rosedale (Mr. Crombie) spoke about today, instead of the system we have had for over 100 years.

Under our present system the only real judges that we have are the profit margin and the so-called competitiveness, the merits of the philosophies of the corporations which guide us. If this can be done with family allowances, let us use it as a model. It can be extended throughout our taxation system. This would make Canada truly a great place for everyone regardless of their social and economic background or where they happen to live. If we do that, a lot of people now living below the poverty line would have a decent break in life. They would have an opportunity to do something. They could provide their children with the goods they need in order to explore the roads and avenues of life. They would be a happier and healthier people living in a more harmonious society. Plug all the possible loopholes in this bill well, and use this philosophy to guide us down the road in the years ahead.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I shall certainly not take more than four minutes of the time of the House because that is all what is left today. I wish to express my views after reading time and again this bill which is not very long but which is very important for all Canadians. If we want to summarize the the general principles of that bill, I think we could say that we are going to take a chunk of all family allowances and give back a negligible part of it to a very small group and probably channel the rest towards other sectors of the economy. This is why I would not fulfil my responsibilities today if I did not draw that famous Bill C-10 to everyone's attention. I wish to expose before all Canadians the purposes, the hidden purposes of this amendment to the Income Tax Act. The bill is entitled: an Act to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, 1973. After reading this title I said to myself: Here we go again with family allowances!

I remember that the last time I spoke on this subject I urged that family allowances be paid for all children without discrimination, regardless of their parents' income, in other words I consider children as real Canadian citizens. And I advocated again the principle of universality as an essential condition for

all social legislation here at the federal level. This way we would not play political games at the expense of children by considering the income level of their parents. In fact everything rationalized through income tax—the rich gives back all his family allowances when he files his income tax return, but at least the child as a citizen gets justice. A serious question comes to my mind when reading this bill. I ask myself who stands to gain most from this bill, the child or the state? How much money will children get and what profits will the state, in other words the government receive from this? In his statement, the Minister of Finance (Mr. Chrétien) has tried to sugar the pill by attempting to show the good effects of the bill on children, even in the folder sent by the Department of National Health and Welfare to all families which begins as follows:

Dear parents:

Most families receiving family allowances will be pleased to learn about the new child tax credit announced by the federal government.

It will be a disappointment, Mr. Speaker, for perhaps 90 per cent of the families. At first sight, they will all think that poor children and families with average earnings will get more money, what with all that publicity.

May I call it six o'clock, Mr. Speaker?

The Acting Speaker (Mr. Ethier): Order. It being six o'clock, this House stands adjourned until tomorrow at 2 p.m.

At 6.01 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, November 2, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

INCOME TAX ACT

REQUESTED INCREASE IN TAX DEDUCTION FOR VOLUNTEER FIREMEN—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning volunteer fire departments in Canada, and the existing legislation under the Income Tax Act allowing volunteer firemen a maximum deduction of $300 for honorariums received—a very low figure in light of existing facts, and of grave concern to many areas of Canada including my own in Leeds and Grenville from which I have received numerous representations.

I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

In view of the fact that countless volunteer firemen buy their own uniforms, pay for much of their own personally-used fire equipment, and lose numerous days' pay from regular jobs by being called away to fight fires at any hour of the night or day, the House requests the government to bring in immediately an amendment to the Income Tax Act raising the meagre allowance of $300 to a higher and equitable figure more in keeping with reality and, finally, that the House condemns the government for this continued deplorable treatment and lack of respect for the indispensable efforts of volunteer firemen who comprise the greatest percentage of firemen in Canada.

Mr. Speaker: The presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

MOVEMENT OF FREIGHT IN NORTHWEST TERRITORIES—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls on the government to take swift and decisive action to guarantee that the aborted sea lift in Frobisher Bay, Northwest Territories, does not cause hardship in that community, and that the government take immediate steps to ensure that the unloaded freight be flown to Frobisher Bay without delay and without cost to the people living in that area.

Mr. Speaker: The presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

COVERAGE OF FIRST MINISTERS' CONFERENCE—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise, under Standing Order 43, on a matter of urgent and pressing necessity. In view of the high degree of interest among Canadians in the three-day conference of first ministers which has just concluded in Ottawa, and in view of the sharp contrast between the gloomy coverage of the constitutional conference given by the CBC compared to the far more cheerful coverage offered by CTV news and other media outlets, I move, seconded by the hon. member for Assiniboia (Mr. Goodale):

That this House request the Secretary of State to determine from the CBC whether the conference on which it has been reporting and commenting for the past three days was, in fact, the same conference as that being covered by CTV news and others.

* * *

EXTERNAL AFFAIRS

UNITED NATIONS' SUPERVISED ELECTIONS IN EMERGING NATIONS—MOTION UNDER S.O. 43

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of pressing necessity and ever-increasing urgency. Now that the Secretary of State for External Affairs (Mr. Jamieson) has successfully negotiated the free, one-man one-vote UN-supervised election in South West Africa, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That he take his five western nation show on the road and arrange similar elections in Angola, Afghanistan, Burundi, Cambodia, Chad, Dahomey, West Irian, Zaire and Zambia and any nation in between that lacks a recognizable parliamentary democracy.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

EQUALITY FOR WOMEN—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter the urgency of which will continue until this House does something about it. Therefore, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), I move:

That this House calls on the government to recognize the contribution that women in their homes make to our economy, and as a minimum to recognize this contribution by establishing pension equality, including the equivalent of the Canada Pension Plan, for women whose work is in their homes, equal pension rights for all women between the ages of 60 and 65 regardless of marital status, increasing the pensions paid to widows under various government plans to at least 75 per cent, and the continuing payment of pensions granted to widows regardless of any subsequent change in marital status.

Mr. Speaker: Such a motion can be presented for discussion at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CALL FOR EARLY BUDGET WITH MEASURES TO COMBAT UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Howard Crosby (Halifax-East Hants): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the report of the U.S. labour department, just released, showing Canada leading all other western industrialized nations in terms of the unemployment rate, and having regard to the fact that the order paper is devoid of any significant or effective economic legislation, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House direct the Minister of Finance to bring forward his budget at the earliest possible date in order that any measures proposed to combat unemployment may be effected in time to meet an anticipated record level of unemployment this winter.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN CONSTITUTION

TIMING OF INTRODUCTION TO PARLIAMENT OF REVISED CONSTITUTION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. The throne speech indicated that the government had the intention of introducing in this session of parliament a revised constitutional bill. I wonder if the Prime Minister can tell us when it is the intention of the government to introduce a new constitutional proposal to parliament, and whether it is the government's intention to introduce that before, or after, the next conference relating to the constitution in early February.

Right Hon. P. E. Trudeau (Prime Minister): After the next conference, Mr. Speaker.

● (1412)

Mr. Clark: Can the Prime Minister tell the House whether he and his government have dropped the July 1, 1979, deadline for all or any aspects of what the former Bill C-60 referred to as phase one?

Mr. Trudeau: That was not asked of me by any of the premiers either publicly or privately. I myself announced that we would not want to proceed with the provisions of Bill C-60 which cover the Senate unless we had the unanimous consent of the provinces.

Mr. Clark: My question was a little more explicit than that. It was whether the July 1 deadline applies to any aspects at all of what was called phase one in the former Bill C-60. To which aspects of that bill does the deadline apply, if any?

Mr. Trudeau: No premier asked me to change that deadline and therefore there is no reason why I should change it.

Mr. Clark: I take it, then, that the Prime Minister is sticking to that deadline with respect to every matter except the Senate.

Mr. Trudeau: The Leader of the Opposition is quite incorrect.

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, I do not want to lose the opportunity to ask my final supplementary. It has to do with a document introduced by the Prime Minister on Tuesday, entitled "Agenda for Change", which I must say has a very familiar ring to it. I raise this point because there is some question about preconditions the government is attaching—

Some hon. Members: Question.

Mr. Clark: I am surprised at the nervousness members opposite are showing. If supporters of the government party will try to be quiet for a moment, I will put my question.

Some hon. Members: Oh, oh!

An hon. Member: Come on.

Mr. Speaker: Order, please. The Leader of the Opposition.

Mr. Clark: Thank you, Mr. Speaker. My question is this: does the government insist on establishing the criteria of rapid progress toward an amending formula as a precondition to serious consideration of any or all of the seven items in the so-called "Agenda for Change" introduced on Tuesday?

Mr. Trudeau: No, Mr. Speaker.

RECONSTITUTION OF COMMITTEE ON THE CONSTITUTION

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I have a question for the Prime Minister. Would he consider the immediate reconstitution of the Joint Parliamentary Committee on the Constitution which, as he knows, provided him with very valuable advice on the former Bill C-60? Would he consider reconstituting that joint committee, and would he refer to it those proposals which were presented by himself and by other first ministers to the recent first ministers' conference, so that it could study them and provide the right hon. gentleman with an all-party federal input prior to the February conference?

Right Hon. P. E. Trudeau (Prime Minister): I would certainly be prepared to consider that suggestion. I am not sure the premiers consider the committee's advice to be as valuable as I do myself. For instance, there was a unanimous report from the committee that we should entrench the Bill of Rights in the constitution. I regret to say that this advice was not accepted by some of the Tory premiers.

Miss MacDonald: What I am asking the Prime Minister is whether he is really interested in getting all-party input from the federal House of Commons and the Senate of Canada to the first ministers' conference in February, so that it may provide a much broader framework in which he can go to the conference. I wonder if he can give us that assurance.

Mr. Trudeau: That is what I answered: I said I am prepared to consider doing that.

* * *

● (1417)

FINANCE

LEVEL OF INTEREST RATES—EFFECT ON EMPLOYMENT

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, my question to the Prime Minister arises from the news that the discount rate in the United States has been raised from 8.5 per cent to 9.5 per cent. It is now at an all-time high. In light of the fact that it is the stated policy of the Bank of Canada to keep Canadian interest rates higher than American interest rates, we must assume that there will be further pressure on the bank rate and on interest rates in general.

Recent economic estimates suggest that the result of the recent rise in mortgage rates to levels as high as 8.5 per cent has resulted in the loss of some 25,000 jobs in the construction industry and that a further rise in interest rates of 1 per cent to follow the American lead will result in further unemployment in the range of 25,000 jobs. Can the Prime Minister confirm that this is the advice he has been given by the Department of Finance and, if so, will he provide this House with background information on the consequences of interest rate increases?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I have not been provided with any such advice. As the hon. member knows, I have been busy at the first ministers' conference for the past three days. The Minister of Finance did reach me on an urgent basis yesterday morning or the night before to inform me that Secretary Blumenthal had informed him that this was going to happen and that the minister would be considering what steps, if any, it would be necessary for us to take.

Mr. Saltsman: Mr. Speaker, in view of the very obvious conclusion to which all economists have come, that any increase in the interest rate could very well put us into a recession and prolong the unemployment problem we now have, can the Prime Minister indicate whether he is prepared to follow any other course which would be less damaging to employment than the raising of the interest rate, as has been the pattern in the past?

Mr. Trudeau: Mr. Speaker, any other course which is reasonable would be considered. I do not think the hon. member has suggested any other course. If he has no interest in keeping the dollar at any particular level, I suppose the advice he refers to could be followed.

Mr. Saltsman: Mr. Speaker, since the Prime Minister seems to be inviting suggestions as to what might be done, that is one suggestion which could be pursued. This is not the time to give the Prime Minister advice, so I will ask another question. Has the government considered exchange controls as an alternative to raising interest rates continuously? Exchange controls would be less damaging to employment.

Mr. Trudeau: Mr. Speaker, I have often discussed economics with the hon. member. I think he has some very wise ideas on the subject. I am glad that when he talked about exchange controls, he was not giving advice because I assure him that I would not accept that kind of advice.

Oral Questions

[*Translation*]

AGRICULTURE

INQUIRY WHETHER GOVERNMENT WILL ALLOW IMPORTATION OF U.S. BEEF IN 1979

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a question to the Minister of Agriculture.

Considering that the price of beef has shown an upward tendency for the past year and that in certain cases the increase has been over 100 per cent over the price of last year, considering also the requests made by many grocery chains to increase quotas in 1979, can the minister tell the House whether he intends to follow the suggestions of those undertakings and allow beef imports from the United States in 1979?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, much has been said about this. I think that the record should be put straight. The amount of meat in storage in Canada at the present time is only slightly less that it was last year. Last year there were about 83.3 million pounds of meat in storage. At the present time there are about 83.1 million pounds of meat in storage. Many live cattle which are being exported to the United States could be brought here by local buyers, rather than exported to the United States, if local buyers wanted to compete for that market. There have been extreme suggestions that the price of hamburger might rise to $2 a pound. There should be no reason for that.

● (1422)

So far as imports of meats from any country are concerned, the United States are not filling our quota of meat coming into Canada. Australia and New Zealand are filling their quotas. The permits are issued under the jurisdiction of the Minister of Industry, Trade and Commerce, I do not issue them, but we have a system of consultation before any permits are issued. So I do not think that at this time there is any intention of increasing that quota.

[*Translation*]

INQUIRY WHETHER GOVERNMENT INTENDS TO TAKE MEASURES TO INCREASE PRODUCTION OF BEEF IN CANADA

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a supplementary question.

The minister is no doubt aware that beef consumption has declined by 40 per cent last year and this factor has naturally encouraged higher consumption of pork and poultry. I would therefore like to ask him whether he intends to introduce legislation to raise beef production in Canada so that we will not have to increase our import quotas to stabilize the price of beef?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, there is no control whatsoever on the production of beef in Canada; it is up to the producers to make that decision. They can either increase it, if they so desire, or they can decide to go out of the business of producing beef.

I think the hon. member should remember the past 3½ years when beef producers saw the price of beef go down to below the cost of production and there was not that much sympathy expressed for them or on their behalf, or any suggestion put forward that we increase imports to Canada so that they may reduce the price. History shows that this may not reduce the price to consumers but may show that the people handling that type of beef are increasing their profits, not necessarily that consumers will get any benefit from it.

* * *

FINANCE

PROJECTION OF GOVERNMENT EXPENDITURES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, perhaps I could put my question to the Prime Minister. A review of the statement of the financial operations of the government by the Receiver General of Canada for the six months ended September 30 of this year indicates that expenditures at the governmental level are up by a startling 15 per cent compared to last year.

Would the Prime Minister indicate if he anticipates that expenditure rate of increase, namely, 15 per cent, will be maintained for the whole year and, if so, how does he reconcile that with the April prediction that expenditures would rise by only 9 per cent?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the hon. member has heard the Minister of Finance say many times before—and the hon. member should realize it himself—that you cannot conclude from a four or six-month period what will be the figure for the whole year, because of the cyclical character of the economy over the year. There are seasonal and statutory factors which tend to bunch together certain types of expenditures and certain types of receipts. It is patently misleading to try to extrapolate figures for the whole year from one quarter.

Mr. Stevens: Mr. Speaker, my question is again directed to the prime Minister, who I hope realized that in my question I related six months of this year to the same six months of last year. Let me put this further question to him. As a result of the near-static increases in revenue which are up by about 2 per cent only, whereas expenditures have been going up by 15 per cent, we find that the six months' deficit is $7 billion, 58 per cent higher than in the same six-month period last year. Would the Prime Minister indicate if he thinks that the deficit prediction of $10.9 billion for the entire year will, in fact, be realized?

Mr. Trudeau: Mr. Speaker, the premise on which the hon. member admits he based his question seems to indicate that his conclusions are indeed unfounded. He is telling me that he

is comparing six months of this year with six months of last year. I have answered that, due to statutory and seasonal factors, these figures are not representative of this year and, consequently, they are probably not representative of last year.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Speaker, let me try one final supplementary question directed either to the Prime Minister or to his seatmate: it deals with expenditures in the Privy Council office, and I emphasize the office itself. In the six-month period, those expenditures have jumped $7.4 million, an 86 per cent jump. For this year's six months compared to last year's six months, would the Prime Minister or his seatmate indicate why there has been such a sharp jump in Privy Council operating expenses?

● (1427)

Mr. Trudeau: Mr. Speaker, if the hon. member wanted to have an answer to this, he could have given us notice.

Some hon. Members: Oh, oh!

Mr. Mazankowski: Seasonally adjusted.

Mr. Trudeau: The hon. member opposite, I believe sitting next to the hon. member for—is it Prince Albert—said something about seasonal adjustment. Yes, it so happens that this year there are expenditures, I believe relating to the McDonald commission and other royal commissions, which were not incurred in other years. It was under the Privy Council estimates that a lot of these new operations, for instance, the operation of setting up an institute for research into inflation and productivity—

Some hon. Members: Oh, oh!

Mr. Trudeau: This institute was set up at the request of the ten premiers meeting here in Ottawa last February.

Some hon. Members: Hear, hear!

Mr. Trudeau: I do not know to what extent the expenditures are linked to this particular institute. I know it was set up at the request of the premiers and that the estimates come under the Privy Council office. If the hon. member really wants an answer to the question, and if his leader is interested in knowing facts, rather than fantasy, he can give me notice of such a question and I will provide the answer.

Some hon. Members: Hear, hear!

* * *

AIR TRANSPORT

HIRING OF CONSULTANTS OUTSIDE CANADA—POSSIBILITY OF CHARGES BEING LAID

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is directed to the Minister of Transport and Minister of Justice. On October 16 I asked the minister a question concerning the Boeing revelations, payments to an agent in Canada which seem improper or illegal in nature under a so-called system of dual contracts.

Now that the minister has had two weeks to brief himself fully on this matter, can he tell the House whether Canada has requested assistance from the United States Department of Justice? When can we expect charges to be laid in connection with these incidents?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can confirm that we have not only requested, but have received, information and assistance from the United States. However, the investigation in relation to the information received is continuing and I cannot comment further on the question of what the results may be.

AUTHORITY FOR RCMP INVESTIGATION

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my supplementary question is directed to the Solicitor General. Will he tell the House who initiated the Royal Canadian Mounted Police probe into the Boeing revelations in Canada? Was it the Solicitor General himself, some other minister, or did the RCMP initiate it of its own volition? Can he tell us when he expects the RCMP report to be handed in?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member ought to know that any investigation relating to matters which may be questionable come strictly within the purview of the RCMP. If the RCMP decides that sufficient facts or allegations have been brought to its attention to conduct an investigation, they proceed with that investigation. I am pleased to advise the hon. member that an investigation is ongoing relating to the matter which he brought to the attention of the House.

* * *

THE CANADIAN CONSTITUTION

INTRODUCTION OF LEGISLATION TO REVISE CONSTITUTION—TIMING VIS-À-VIS NEXT FEDERAL-PROVINCIAL CONFERENCE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I want to direct a question to the Prime Minister: I do so with diffidence in view of the fact that he is so truculent and peevish today.

Arising out of the question asked by the hon. Leader of the Opposition, and to determine whether or not I heard correctly, is the government intending to bring in any legislation in connection with the so-called plan which was evolved and placed before the Canadian people in general last July? Is it intended to bring any legislation before parliament covering Her Majesty the Queen or the Senate in advance of the next meeting of a dominion-provincial nature?

Right Hon. P. E. Trudeau (Prime Minister): I answered that question by the negative, Mr. Speaker.

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● (1432)

[*Translation*]

MANPOWER

LEGISLATION FORBIDDING CONSTRUCTION WORKERS TO WORK IN OTHER PROVINCES—GOVERNMENT POSITION

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is directed to the right hon. Prime Minister. As Ontario is about to give itself an act similar to that of Quebec to prevent real construction workers of other provinces from working in its own, as that will lead to several thousand lay-offs among real construction workers, especially in the national capital region; as those steps by Quebec and Ontario mark the start of the balkanization of Canada and a break in the association of the provinces, does the right hon. Prime Minister intend to submit to the Supreme Court of Canada both the Quebec law and the Ontario bill, when it has been passed, in order to settle once and for all all those unnecessary interprovincial complications which interfere with the sacred right to work of all Canadians, as well as the possibility for the labour force to move from one province to another?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the House knows that in its Bill C-60 the government provides specifically for the incorporation into the Human Bill of Rights of a provision guaranteeing all workers freedom of movement from one province to another. If that provision were passed, naturally it would be the ideal solution. Another solution is also possible, Mr. Speaker, that is, that the provinces of Ontario and Quebec agree between them to find a solution to that imbroglio. Unfortunately, they do not seem to have managed that. When they meet, they discuss a thousand and one things, generally pertaining to the federal government, but never seem to solve the problems that exist between them. I have repeatdly offered my services to intervene. If the two provinces were willing to lend me their authority, I could guarantee a solution to that specific problem. Otherwise, Mr. Speaker, if they insist in passing laws as they have indicated, and of which the hon. member has reminded us, and if they agree to having them referred to the Supreme Court of Canada, we should willingly make that referral. But they should agree at least on the referral, Mr. Speaker.

[*English*]

RESEARCH AND DEVELOPMENT

PROPOSED CUTBACK IN PROGRAM—LEVEL OF FUTURE FUNDING

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my questions is to the Minister of Science and Technology. In view of the proposed across-the-board cuts in expenditures for research and development, particularly in forestry, fishing and agriculture—areas where Canada has a comparable natural trading advantage—does the minister still hold to his objective announced last June of research and development spending equivalent to 1.5 per cent of the gross domestic product by 1983?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, that commitment still remains firm. As I indicated at the time the commitment was made, we are looking primarily to an increase in the industrial sector where Canada has by far its greatest shortfall. We are endeavouring, through means such as tax incentives—and they were announced in the earlier budget by the Minister of Finance—to stimulate and encourage the private sector. Indeed, that commitment remains firm.

Mr. Howie: Mr. Speaker, it is good to hear that despite the fact we are going to spend less, we will spend more. Since the exciting June 1 research and development announcements by the minister, can he indicate to the House if a start has yet been made on any new regional centres of excellence or the innovation centres he announced? Where are they, and when can we expect the regulations constituting the new government procurement policy which is supposed to enhance research and development in Canada?

Mr. Buchanan: Mr. Speaker, with regard to the hon. member's suggestion that you spend less to get more, in fact when you add the forgone taxes plus the expenditures it is substantially more than any cuts that have in fact taken place.

I will be meeting next week with my counterparts from the provinces to discuss this question of procurement and how we can more effectively use federal government procurement and provincial government procurement to promote and to effectively increase the R and D activities in Canada.

* * *

TRANSPORT

ARBITRARY WITHDRAWAL OF RAIL SERVICE FOR CERTAIN COMMODITIES

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, my question arises from the problem which has been affecting the potato industry of eastern Canada as a result of near double-digit inflation over the last few years. During this period, punitive increments in transportation costs have been imposed on that industry. The climax of all this has been proposals by

the railroad to withdraw from the transportation of this product.

I would like to ask the Minister of Transport: does the Department of Transport or the Canadian Transport Commission allow the Canadian railroad system or any of its members to withdraw service from a customer or group of customers who have been historically dependent on the railroad for transportation of a particular commodity, and does the Department of Transport or the Canadian Transport Commission have authority to order continued service when railroads arbitrarily withdraw such a service?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I think that the hon. member not only seeks a legal opinion but a fairly complex one, as it is a complex question. I will be glad to take note of the question in written form and attempt to obtain an answer for the hon. member.

Mr. McCain: Mr. Speaker, when railroad service is withdrawn from a captive industry such as the New Brunswick potato industry, can the industry concerned appeal to the Canadian Transport Commission, the Department of Transport or any other agency of government on the basis of economic hardship to the industry and region concerned?

Mr. Lang: Mr. Speaker, I think that I will apply my first answer to the second question as well.

* * *

NATIONAL DEFENCE

NEW FIGHTER PLANES FOR NATO FORCE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question was originally to be directed to the Minister of National Defence, but in his absence it is appropriately addressed to the Prime Minister.

The group of experts reviewing the choice of suppliers for the proposed new fighter planes to be substituted for the Voodoos in the defence of North America and to be used in support of ground troops in Europe under NATO were to report to the cabinet in September. Has this group reported to the cabinet, and when will the cabinet make a decision on the matter, bearing in mind the urgent necessity for cutting back on the more than $2 billion involved in the purchase?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that matter was discussed in cabinet last June and I do not believe it has returned to cabinet since. It may have been discussed in a committee of ministers: I do not think that it has, but I am not certain. I could inquire of the Minister of National Defence, who is in Toronto meeting with the minister of defence from Norway.

Mr. Brewin: Mr. Speaker, perhaps the Prime Minister will also want to refer this question to the Minister of National Defence. My question is: can it be stated in general terms what proportion of the proposed new fighter planes would be used in Europe and what proportion would be used in North America?

Mr. Trudeau: Mr. Speaker, this is part of the problem. We were looking at a plane which would be multipurpose and could be used in Europe and Canada. This is part of the problem we are looking at. I cannot answer the question, because I do not know, as I just indicated, what the present submissions are, if any, that have been made to the minister.

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HEALTH AND WELFARE

POLICY REGARDING EXTENDED USE OF SOCIAL INSURANCE NUMBERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I would like to ask a question of the Minister of National Health and Welfare: it is the same question that I asked her last Friday when she became rather agitated. I think the hon. member misunderstood the question.

I would like to know, in view of the fact the government has obviously broken its word with respect to the expansion of social insurance numbers over and above social security programs, what steps it is taking to restrict its ever-expanding use of those numbers and, equally important, what the government is doing to prevent information obtained by the social insurance programs from going to other departments not under the aegis of social security programs.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, the adjectives that I saw used in some press reports described my actions from agitated, to shaky and pale, to spirited. I will not be the judge of my actions. I do know that the answer I gave was addressing the point raised in a most responsible manner.

I would reiterate today that I would be playing the part of the ostrich which puts its head in the sand to pretend that the use of the social insurance number will not grow, because our population is growing and our social programs have expanded greatly in the past ten years.

The hon. member is probably also referring to the fact that the child tax credit bill presently being studied by the House requires the use of the taxation machinery and will require that people have a social insurance number. I do not understand why this procedure is so wrong. I would like the hon. member to stop making innuendoes about a breach of policy, because it does not exist. Would he please state exactly what his objection is and why he objects?

Mr. Hnatyshyn: Mr. Speaker, I do not think that the minister understands the problem. I am not talking about social security programs.

Miss Bégin: Then why do you direct your question to me?

Mr. Hnatyshyn: Because social insurance numbers are under the minister's responsibility.

• (1442)

Miss Bégin: No.

Mr. Hnatyshyn: They are under somebody's responsibility. Having regard to what the minister has said—and I am not going to get involved in a debate here—is the minister aware of the study on privacy and computers, a task force of her own government, that stated in its recommendations as follows:

—it is important to ensure that a single identifying number—

Or a social insurance number.

—should not be adopted in Canada, directly or indirectly, without a full examination and public debate of its merits and consequences.

Does the minister accept the recommendation that before there is an expansion beyond social security programs, parliament should be consulted?

Mr. MacEachen: It has been.

Miss Bégin: As far as I know, Mr. Speaker, and I thought the hon. member would have checked that, my office told him the SIN number is under the Minister of Employment and Immigration. I am the minister responsible for social policy and programs in the name of the Canadian taxpayer.

Some hon. Members: Hear, hear!

Miss Bégin: I am accountable for a budget of $14 billion. I am not shocked by the use of a number that permits control of funds, that are the funds of the Canadian taxpayer going to those in need. I will continue this policy of control.

Some hon. Members: Hear, hear!

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POST OFFICE

ALLEGED SABOTAGE AT TORONTO TERMINAL

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is directed to the Postmaster General. In view of the fact that reports indicate, including personal phone calls to me by a number of serious and dedicated members of Toronto's CUPW union, that an intensive and expensive sabotage program at Toronto's main postal terminal is under way, initiated by a few radical union leaders, causing not only extensive damage to the post office but to the mails, and the jamming of machines directing mail to other cities, could the minister advise this House whether he is aware of the sabotage tactics and what he intends to do to rectify this very serious and damaging problem now being experienced in Toronto?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I am not aware of the facts mentioned by the hon. member. According to the reports I have to date, postal work is going normally. If there is an intention of sabotage, we are not aware of it. If it happens, we will take the proper measures to correct it.

[Mr. Hnatyshyn.]

PUBLIC SERVICE

POLICY RESPECTING SECTOR BARGAINING IN LABOUR DISPUTES

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I will convey to the Postmaster General the messages I have received.

On a related matter, I would like to put my supplementary question to the Acting Minister of Labour. In view of the fact that the fragmentation of union power within each essential public service sector contributes dramatically not only to postal strikes but to other essential service strikes, air lines being a good example, could the minister advise this House whether or not the government is now prepared to reduce the number of bargaining points within these sectors and introduce what is known as sector bargaining, which I know would receive widespread support including support from a number of unions?

Hon. André Ouellet (Acting Minister of Labour): Mr. Speaker, this is a very serious question that is under consideration. I think it is too early to give any indication of this.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

FEDERAL MANDATE TO NEGOTIATE SOVEREIGNTY ASSOCIATION WITH PROVINCES

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is to the right hon. Prime Minister.

The media reported recently a shocking statement of the Leader of the Opposition that if he were Prime Minister of the country he would negotiate sovereignty association with the PQ government if 60 per cent of the Quebec population supported their government in the referendum.

[*English*]

I would like to ask the Prime Minister if he would inform this House whether, given the present constitutional arrangements which he is presently trying to renew and the fact that we must base these renewed constitutional arrangements on the fact that Canada remains a federation, the Prime Minister considers that any federal government or its leader would, or could, have a mandate to negotiate sovereignty association with Quebec or any other province on a bilateral basis.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I certainly do not know that any leader has been given the mandate to negotiate sovereignty association with any government in the country. Certainly, I have not been given such a mandate, nor would I intend to ask one. If the Leader of the Opposition intends asking for such a mandate, I hope he will make it clear during the election campaign.

Some hon. Members: Hear, hear!

AGRICULTURE

REQUEST FOR REPORT ON PROPOSED AGRICULTURAL PRODUCTS EXPORT DIVISION

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. For the last two years, members on this side of the House have asked for the establishment of an agricultural products export division within the Department of Agriculture, to work with the provinces and to work with commodity organizations to seek out and develop export markets for agricultural commodities.

Earlier this week—in fact, on Monday to be exact—I understand that a meeting was held between the minister and interested people within the agricultural industry to seek out ways and means to develop export markets. I must indicate that I welcome the minister's eleventh-hour interest in this very important subject. I ask the minister what progress was made and, secondly, did the provinces participate?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I think I should first put the record straight. I would have serious doubt about the originality of this suggestion—the claim that the hon. member has made that it came from the other side of the House. Many other people have put this forward. For instance, I would think it has come from farm organizations, etc. At the last Liberal conference it was passed, fully endorsed, and then some other people picked it up afterwards and tried to carry it.

This was an exploratory meeting that we held on Monday. The response was good. It was with agricultural officials and officials from the Department of Industry, Trade and Commerce. They seem to be in full support of the suggestion of this kind of an organization being worked out between the departments here in Canada, for the good of agriculture.

Mr. Wise: Mr. Speaker, if a new system or structure is established, can the minister give me the assurance that those assigned to this particular responsibility will be aggressive sales and market-oriented people?

Mr. Whelan: Mr. Speaker, the whole intent is just that. You would have an aggressive sales type of program. As it is stated in the presentation which we made to them at that time, we would want to see the provinces participating in this program and we want to see the federal departments concerned with the same issue participating in it, and probably a broader spectrum of the agricultural producers in Canada being brought into it, which we hope to do early in the new year.

REASON FOR CANCELLATION OF COMMITTEE MEETING

Mr. Gordon Towers (Red Deer): Mr. Speaker my supplementary question is to the Minister of Agriculture. In view of the fact that the export of barley has been dropping in western Canada and the elevators are plugged, with the result there are fire-sale prices of feed barley accumulating in western Canada, and the Canadian Wheat Board cannot be held to account until such time as the Standing Committee on Agriculture is organized—and such a meeting was scheduled for this afternoon—could the minister tell the House why this meeting was cancelled, along with several other organizational meetings?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I have no knowledge of the meeting being cancelled at all. I understood it was going to go ahead. However, some of the preamble that the hon. member put to his question I do not accept.

* * *

SOCIAL INSURANCE

EXTENDED USE OF SOCIAL INSURANCE NUMBERS—POTENTIAL INVASION OF PRIVACY

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a supplementary question to that posed by my colleague, the hon. member for Saskatoon-Biggar, to the Minister of Employment and Immigration who we are told is the minister responsible for SIN.

Some hon. Members: Oh, oh!

Mr. McGrath: I ask the minister this question in view of the finding in the report on privacy and computers, commissioned by the Department of Communications, as follows:

> —a single identifying number should not be adopted in Canada, directly or indirectly, without a full examination and public debate of its merits and consequences.

In view of the potential invasion of privacy that is represented by the extensive use of the social insurance number, could the minister tell the House what controls he has adopted to ensure that the social insurance number is not abused and does not, in fact, represent a massive invasion of privacy in this country without parliament having a chance to debate it?

● (1452)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we are in the process of preparing guidelines to ensure that information which we secure through the social insurance number will not violate the human rights legislation. The privacy provisions have not, in fact, been violated.

Under the old act, the commission had authority to release information, but that was always generally within the parameters of the act. Last year, when we moved amendments to the bill, the hon. member's colleague from Hamilton West suggested that the discretion should rest with the minister. We changed section 114 of the act to put that discretion in my hands.

However, we do not encourage outside use of the social insurance number as an identifier. I think in three particular regions the federal government has legislative authority to use the social insurance number: I think of the Canada Pension Plan, income tax and, of course, unemployment insurance.

Mr. McGrath: Mr. Speaker, the minister, like his colleague the Minister of National Health and Welfare, does not really

understand the question. What we are concerned with is the fact that the SIN will be used as a single identifying number and will thereby represent a massive invasion of privacy of the people of this country, without parliament first having had an opportunity to fully debate it.

For example, does the minister consider the use of the SIN in the gun control legislation to be proper use of the social insurance number? There are other areas as well where it is being used.

Mr. Cullen: Mr. Speaker, invariably, with people using names and numbers, a program can be better administered as a result of using numbers, whether it is for income tax, bank accounts, or whatever. I indicated in my answer that as far as the use of SIN numbers is concerned, we do not encourage their use outside the federal government. We indicate that individuals are not required to give that particular information. If you are asked that, I would say go and "sin" no more.

Some hon. Members: Oh, oh!

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HEALTH AND WELFARE

PROGRESS IN FIELD OF BEHAVIOURAL MEDICINE

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I wish to address a question to the Minister of National Health and Welfare. What progress is being made in the field of behavioural medicine, the dream child of the previous minister, who believed that this would cut the galloping costs of health care by not only cutting down the accident rate but in preventing disease in its incipiency and by full-scale innoculations, environmental changes, good hygiene and exercise?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have adopted the child left by my predecessor. We are continuing to put the emphasis on promotion of health, which the hon. member has referred to as the prevention of ill health. He has always supported the efforts of all governments and every Canadian in that respect. He knows it has more to do with a change in attitude than legislative change.

I am pleased to inform the House that the rate of hospitalization, one of the criteria that can be used to measure progress in the promotion of good health in Canada, decreased by 8 per cent between 1971 and 1975, the time when we put forward this new proposal to Canadians. Also, the proportion of death of Canadians by the two leading causes has decreased, motor vehicle accidents by 24 per cent between 1973 and 1976, and heart disease by 3 per cent during the same period. These are indicators, and no more; but I want to put on record that progress is being made. I thank the hon. member for having given me notice of this question.

[Mr. McGrath.]

CANADIAN BROADCASTING CORPORATION

COVERAGE OF FIRST MINISTERS' CONFERENCE

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is directed to the Prime Minister. Will the Prime Minister ask the Secretary of State to inquire of the CBC why it persists in trying to portray to Canadians an impression that this country faces insurmountable problems for which no solutions can, or will, be found, and have the Secretary of State report back to the House so that we can determine whether the CBC is trying to fulfil or thwart its mandate as a force for unity in this country?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the hon. member knows that the Secretary of State can, and will, convey the representation to the CBC. However, he has no control over what they do. He cannot give them direct instructions unless the House wishes him to do so.

I am sometimes amused when the CBC talks about the terrible state of the country, considering the terrible state of the CBC.

Some hon. Members: Hear, hear!

* * *

TRANSPORT

MOVEMENT OF FREIGHT IN NORTHWEST TERRITORIES

Mr. Wally Firth (Northwest Territories): Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development, I will direct my question to the Minister of Transport.

In view of the fact that the sea lift operation in Frobisher Bay has been aborted due to severe weather conditions and late scheduling, will the minister indicate what steps the government is taking to guarantee that food and other essential supplies will be transported to Frobisher Bay at the earliest possible date, and will he also tell this House if any emergency operations will be conducted without cost to the people affected by the sea lift termination?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, at least part of that question is not within the area of my responsibility. I can say that Transport was willing to give whatever assistance it could and, indeed, attempted to help by improvising helicopter pads and the like during the time of the unsuccessful loading.

I am sure the parties involved will be looking at the manner in which they can move this food and other supplies to their destination and will be consulting with various departments of government at different levels.

AIRPORTS

FOOD AND LIQUOR CONCESSION AT DORVAL

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I wish to direct a question to the Minister of Transport: it arises out of the rather extraordinary arrangement involving a 20-year monopoly to a food and liquor concessionaire at Montreal's Dorval airport. I understand this contract will be up for renewal. Can the minister assure this House that tenders will be called for this concession? Also, will he ensure that the details with regard to sales, rent and other pertinent data will be made available to all other interested parties who may be wanting to bid on this concession?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am not sure to which specific concession the hon. member is referring. However, I can tell him it is our standing practice to go to tender in connection with concessions. There are sometimes special reasons for deviating from that practice; those are always plain and available. I do not contemplate that at this particular time.

The question of what information is available has concerned me for some time. A couple of years ago we began to make it clear in our contracts with concessionaires that information required for future tendering would be made available publicly. We had not done it prior to that time. There are some contractual and other questions which arise about how far we can go with information in those circumstances.

Mr. Mazankowski: I will bring the minister up to date. The firm involved is known as AFC. In view of the fact this seems to be a rather extraordinary case, will the minister take the House into his confidence and make a statement on motions outlining the facts with regard to this concession? Also, will he determine, during the course of his investigation, whether there are any other monopoly franchise-type arrangements with the MOT? Since the whole tendering process within the Ministry of Transport has been drawn into question, will the minister consider reviewing the whole tendering process and clearly enunciate a policy in that regard?

Mr. Lang: Mr. Speaker, I am indeed reviewing the whole tendering process, particularly in terms of the kinds of conditions and limits that sometimes have been imposed in the bidding proposals. I have wanted to maximize the amount of competition in bidding and have already taken many steps in that regard. For example, in connection with catering concessions, we have ensured that the information about proposals is made available to as many local people as possible who might have an interest. The result has been a very greatly increased number of bids received in connection with the tenders being sought. I think this is a very good and satisfactory solution and that continued effort in that regard is warranted. We shall continue the effort.

• (1502)

ADMINISTRATION OF JUSTICE

PENALTIES FOR VANDALISM

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Minister of Justice. It has to do with a petition circulated recently by the town of Trenton regarding vandalism: it was circulated to all municipalities in Ontario.

In the light of this petition, which requests that the federal-provincial authorities meet with municipal officials to discuss a change in the law, imposing heavier penalties and restitution in vandalism cases, would the minister tell us whether he plans any such action?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): I would ordinarily be very happy to raise this question with provincial attorneys general, but I would expect the initiative to come from them if they are dissatisfied with enforcement provisions which apply to any section of the Criminal Code.

Mr. Scott (Victoria-Haliburton): Acts of wanton destruction and senseless vandalism are increasing at a frightening rate. Since it appears that the present laws are an ineffective deterrent to these crimes, can the minister explain his reluctance to take positive action in this area?

Mr. Lang: There is no reluctance on my part. I indicated I would be very happy to consult with the attorneys general on this question, but if their feeling agrees with that expressed by the hon. member, obviously they would have brought the matter to my attention before this.

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PRIVILEGE

MRS. HOLT—AFFRONT BY COMMISSIONER FAIBISH, MEMBER OF CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Mr. Speaker: Order, please. Two days ago the hon. member for Vancouver-Kingsway (Mrs. Holt) raised, by way of a question of privilege, an occurrence which had taken place before a hearing of the Canadian Radio-Television and Telecommunications Commission in the province of British Columbia.

The hon. member related to us an experience which, in her opinion, interfered with her right as a member of parliament to appear and adequately discharge before that commission—which is a federal commission—her responsibilities to her constituents, some of whom were present at the hearing to which she made reference. I have no doubt that the hon. lady was acting in a capacity which she considered to be an essential part of her function as a member of the House of Commons.

As I indicated at the time the question was raised, the difficulty we face is not whether a member is acting in a

capacity as a member of parliament. Indeed, there are many such occasions today which were not envisaged a few years ago, and increasingly members of this House are called upon to perform functions which, although very much related to their duties—and in the eyes of their constituents may constitute a fulfilment of their obligations to their voters—but do not necessarily bear a direct relationship to the privilege which has traditionally surrounded and protected members of this House in a very special way.

I want to stress that privilege is accorded to members of the House of Commons over and above the rights enjoyed by any ordinary citizen. For that reason it has always been interpreted very strictly by this House, because there is no reason why a general privilege or right to some kind of special treatment should surround a member of the House of Commons or any other citizen before our boards or commission or in the everyday work we perform as citizens in this country, except in so far as it relates to the basic or essential function of carrying out our obligations as elected members in assisting in or participating in the proceedings of the House of Commons itself.

After listening to the hon. member for Vancouver-Kingsway I will attempt to summarize the issue before the House as follows: Does the treatment received by the hon. member at the hands of a member of a public commission constitute a contempt of the House? Can the privileges which undoubtedly protect members in the performance of their duties in the House and in the committees be extended to include their duties in their constituencies and, specifically, in this case, an appearance before a hearing of a federal commission? Is there a distinction in the application of the law of privilege beyond the precincts of parliament when it is claimed on behalf of a member appearing before a federally appointed board or commission on the one hand, or any other non-parliamentary body on the other? I must express, of course, as I am sure all hon. members do, my shock and concern that a member of parliament would be treated in the way described by the hon. member by any public body appearing anywhere in this country.

Some hon. Members: Hear, hear!

Mr. Speaker: Indeed, I would be equally shocked, as I am sure would all other hon. members, were such treatment accorded to any citizen by any federally appointed board or commission in this country. However, in itself that is a statement of the dilemma. As I indicated earlier, parliamentary privilege is that which surrounds us here and ensures that we are able to carry out the basic function of participating in the proceedings of this House.

Since it is a right of a member of parliament, in common with all other citizens, to appear before these boards and commissions it would seem to me to be an unwarranted extension of the privilege of this House to extend it not only to meetings of the committees of this House which may take place from time to time around the country, but to go even a step further than that and extend it to the point at which it would somehow protect a member of parliament making an appearance before a public body anywhere throughout the country.

It seems to me that despite the fact that society demands more of members of parliament than it did even a few years ago, not all of these demands impose a strict parliamentary duty in the course of the service of the House of Commons. Every one of us has duties as representatives of the electorate to our constituents, and these duties are increasing. But the duties for which a member of parliament can claim the protection of privilege are his parliamentary duties, particularly in his primary duty or service to this House of Commons here. At times the line distinguishing these duties as a representative on one side and parliamentary duties on the other is very fine. There may be cases in which the line can become blurred, but in present circumstances unless I am absolutely convinced that a member's ability to serve in the proceedings of this House have been affected, I cannot find a case of privilege.

As I undertook to do, I have similarly to examine the law of contempt of the House to see whether or not there was a separate remedy available to the hon. member in this way, to ascertain whether, if a strict question of privilege was not involved here, there may not have been, in the treatment accorded the hon. member, a contempt to her person which could be translated further to be a contempt of the House. However, I face the same difficulty in this approach. Since the member was not in the circumstances acting in the official capacities which are surrounded by privilege—that very narrow category—it would, I think, be unwarranted extension of the precedents to extend privilege with respect to an act which was directed to her person in the circumstances. I have examined the precedents in order to assist the hon. member as far as possible but I regret I cannot be of more help to her in this respect.

To add another observation—and I put it as a third observation in the circumstance as I would not term it a primary defeat of her argument on procedural grounds—her complaint was not accompanied by a motion. As I say, that is not a procedural difficulty which would cause me to stop her on that ground alone, but it becomes substantive in these circumstances because it would be difficult, if not impossible, for the hon. member to have framed a motion which would have asked for anything more than an investigation or a verification of the circumstances. That kind of motion has often been set aside in the past on the grounds of it being too general. Therefore, while I reiterate that the hon. member has described circumstances which I find to be shocking, which ought to be considered as most grave not only to her as a member of parliament but as a citizen appearing before a federally appointed board, there may be remedies which she may and perhaps will pursue as they relate to a grievance in respect to that administration specifically.

I have to decide whether or not any motion which would be put to this House by the member would enjoy priority over any other piece of business by virtue of it being a case of privilege or of contempt. On the basis of that strict procedure, one

which has been guarded so carefully and, I believe, properly so in the past, I have to say that I cannot find it comes within the parameters of privilege or contempt. The hon. member will therefore have to pursue whatever other remedies may be available to her in the circumstances.

● (1512)

MR. LAWRENCE—ANSWERS GIVEN BY A MINISTER OF THE CROWN

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, just before the one o'clock deadline I gave Your Honour what I hope was valid notice that I wished to raise a question of privilege this afternoon relating to answers and correspondence given to me by a minister of the Crown which were very clearly misleading, which were misleading to a constituent of mine, and which very vitally affected later oral questions in this House to a minister of the Crown. Because I am still having research done for me and I intend to document matters a little better than I have already—some of this information just reached me this morning—I wonder if I could reserve my right to raise this as a question of privilege at a later date.

MR. DIEFENBAKER—BUREAUCRATIC USE OF SOCIAL INSURANCE NUMBERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, what I have in mind arises out of the discussions which have taken place here today in connection with social security numbers. I have been one who, through the years, has refused to accept the old age pension, and I have consistently followed that course. If I had taken the old age pension I would have had to accept a social security number. That was not the reason I did not accept the old age pension but, nonetheless, it is a fact.

Now we find in connection with investments by Canadians that social security numbers are being demanded. I have investments in bonds and the like, and I received notice the other day that my social security number must be produced and that, if it is not produced, the amount of interest accruing to me would be reduced by 25 per cent.

Some hon. Members: Shame!

Mr. Diefenbaker: If that is not an interference with the privileges not only of members of parliament but of people in Canada generally, I do not know what is. The Canadian people want to invest. They want to join with the government in its request and crusade for increased assistance through bonds, and I would like Your Honour to look into this question.

If ever there was a form of intimidation being practised in order to achieve acceptance of the social security number, which for some reason has become almost a pilgrimage for some departments, this is one. I have a right to determine whether I want to have a social security number. No government institution has the right to tell me that, if I do not do what a bureaucrat says, I am going to lose 25 per cent of my interest. I hope Your Honour will look into that whole question.

Mr. Speaker: The right hon. member for Prince Albert (Mr. Diefenbaker) raises this matter by way of a question of privilege arising out of some answers which were given in the House today. I do not undertake at the moment to set the matter aside on procedural grounds in a definite way, although I am sure the right hon. member recognizes that there would be severe difficulty in bringing this in as a procedural question. However, I am sure the minister responsible for this program will want to take into account the intervention of the right hon. member, and perhaps make a response. That minister will likely want to do that at the earliest possible occasion, and I will wait for that before I make a final determination on procedural grounds.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Deputy Prime Minister (Mr. MacEachen) with respect to the legislative program for the week. While he is dealing with that I wonder if he would designate Wednesday, November 8, as an allotted day. Perhaps he could advise me whether the schedule I have sent him as a proposal is satisfactory for a set of allotted days, given the problems the government may have with respect to the budget and a number of other things.

Mr. MacEachen: Mr. Speaker, in reply to the hon. member, the business for the House today, as is well known, will be the continuation of the second reading debate on the bill increasing benefits to the children of families in Canada, followed by the health resources fund measure, and then followed by amendments to the Unemployment Insurance Act which will, I hope, be given first reading today. I have already had some discussions with hon. members of all parties with respect to how we might deal with several other bills, including the CALURA bill, the Canada-France trade agreement bill and the independence of parliament bill, and when the discussions are completed it will be possible to say when we will deal with these bills.

In the meantime, I am happy to confirm that the dates suggested by the hon. member for Grenville-Carleton (Mr. Baker) with respect to allotted days are generally satisfactory. Perhaps we will have to change some of them, but certainly the first day, Wednesday, is satisfactory, and I designate next Wednesday as the first allotted day.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if the Deputy Prime Minister can tell the House when he expects to bring in the supplementary estimates, which are expected fairly soon, and whether there has been any conclusion reached by the government as to the appropriate day for a budget.

Can he also tell the House when it is the intention of the government to give notice of the bill with respect to the Post Office becoming a Crown corporation? I ask that question because there was some discussion that the notice might have been given last Friday.

I have had some discussions, and it would be in order if the Deputy Prime Minister wished to make a reference of the commodity tax review to the appropriate committee. I understand that there are a large number of briefs and that that reference could be made without debate.

I notice that the Bank Act legislation is on the order paper. I assume that that will be called quickly, and if it is the intention of the government to refer the subject matter of that bill—and I emphasize the words "subject matter"—to the appropriate standing committee, as far as our party is concerned that reference could be made without debate.

Mr. MacEachen: Mr. Speaker, the supplementary estimates have been approved, and it is my expectation that it will be possible to bring them into the House next week.

The date of the budget is not settled. The Minister of Finance (Mr. Chrétien) has indicated that it will be sometime in the middle of November, and I cannot add any precision to that.

I should tell the hon. member that it is not likely that I will be able to introduce the bill establishing a Crown corporation with respect to the Post Office at the time I indicated earlier. The reason for that is that the postal unions have requested consultations with respect to the bill. Just as soon as those consultations have been completed it will be possible for me to introduce that bill for first reading.

With respect to the revisions to the Bank Act, I hope that bill will be given first reading today and that we can send the subject matter to committee without debate. I will give further consideration to the question of sending the commodity tax matter to the appropriate standing committee. That committee is quite busy, and we will have to decide which takes priority, the Bank Act or the commodity tax matter. However, we can work that out.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I assume that the Minister of Finance (Mr. Chrétien) will be available for the Committee of the Whole discussions later this afternoon. He was not in the House earlier today, but I presume he will be available to discuss tax matters relating to Bill C-10 which deals with family allowances.

The Deputy Prime Minister mentioned the Post Office legislation. It occurred to me that there was a representation made by the government that it would bring in legislation of an omnibus nature with respect to Crown corporations. Is it the intention of the government to bring in that kind of legislation with the Post Office legislation at the same time, so that they can be compared? There may be special considerations in the Post Office legislation which might not apply generally. On the other hand, is it the intention to bring in the Post Office bill in isolation? Has the government considered that? Perhaps my friend can answer the question today because it is quite important, I think.

• (1522)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we seem to be reviewing the matters which we discussed earlier today at a meeting of the House leaders, so I can say that in so far as an agreement to certain points has been expressed, we join in that agreement. Specifically, if there is a desire to refer the subject matter of the bill to amend the Bank Act to committee without prior debate, we would be prepared to go along with that. I emphasize, as did my friend, the hon. member for Grenville-Carleton (Mr. Baker), that that motion, to be treated that way, must be a motion to refer the subject matter, not the bill.

I may say also that if there is a desire, as expressed some time ago by the government House leader, to move on the bill respecting the independence of parliament, we would be prepared to agree to a one-speaker per party debate at the second reading of that bill so that it too could get to committee at an early date.

I have just one other request to make, and again it is something that we discussed at the meeting earlier today. In view of the gross misrepresentation by the press with respect to Bill C-12, the one affecting the indexing of certain pensions, particularly those of retired public servants, I wonder if the government House leader would consider bringing that bill forward reasonably soon so that in public debate here on the floor of the House we could make its provisions clear.

[*Translation*]

Mr. Allard: Mr. Speaker, my question follows the same line. I would like to ask the leader of the government whether he intends, during this session, to bring back before the House the bill which was introduced last April 5 and which deals with the creation of the office of ombudsman in Canada.

[*English*]

Mr. Symes: Following the same point of order raised by the hon. member for Grenville-Carleton (Mr. Baker) on future House business, may I say, Mr. Speaker, that I notice as the first item of government business there is a motion which I moved under Standing Order 43 last Thursday, which unfortunately was not disposed of by the House. I realize, of course, that the motion asked the House to declare October 26 as Arts Day. We are now after the fact, nevertheless the debate on that motion had begun and we did not have time to complete it. In view of what I know is the long-standing desire of the House leader that fairness should prevail in this place, and that all parties should be able to express an opinion on the motion I moved, I wonder if he could inform us when he will call that motion for final debate and resolution.

Mr. MacEachen: Mr. Speaker, I will consider the representations made by the hon. member with respect to his motion and, if we can make good progress on other government business, I might bring it forward.

With respect to the bill relating to the pensions of public servants, I think it would be a good idea to have it debated at the earliest possible date in order to remove much of the misunderstanding and concern, which I regard as unjustified, and to which the hon. member for Winnipeg North Centre (Mr. Knowles) has alluded.

It is the intention of the government to bring forward the ombudsman bill. It is now before us for study, and it will be brought forward.

It is not the intention, at least I do not intend in the near future, to put a general bill before the House dealing with Crown corporations. It is a very complex subject, and I believe it would be better for us to deal with the issues involved in the Post Office Crown corporation as it is proposed.

It is the intention, if we get second reading of the child benefit bill, to go into committee of the whole. I should advise the House that the Minister of Finance (Mr. Chrétien) is meeting with his colleagues, the other finance ministers, but I am sure the House will be pleased to hear that the very capable Minister of National Health and Welfare (Miss Bégin) will assist the rapid passage of the bill through committee of the whole, aided, if necessary, by the Parliamentary Secretary to the Minister of Finance (Mr. Martin).

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REFERENCE FORWARDED TO ADMINISTRATOR

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in accordance with section 17(2) of the Anti-Inflation Act, I should like to table a copy of the reference from the Anti-Inflation Board to the Administrator, dated October 23, 1978.

* * *

UNEMPLOYMENT INSURANCE ACT

MEASURE TO AMEND

Hon. Bud Cullen (Minister of Employment and Immigration) moved for leave to introduce Bill C-14, to amend the Unemployment Insurance Act, 1971.

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

BANKS AND BANKING LAW REVISION ACT, 1978

MEASURE RESPECTING BANKING INSTITUTIONS

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) (for Mr. Chrétien) moved for leave to introduce Bill C- 15, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Wednesday, November 1, consideration of the motion of Mr. Chrétien that Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act, be read the second time and referred to committee of the whole.

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I had begun my speech yesterday and I was talking about the publicity accompanying every government action and I was saying this publicity was misleading. As an example of this misleading literature, here is how they can have people accept a smaller cheque. I am quoting another part of the famous folder I mentioned:

> In order to ensure funds for this child tax credit, we will have to lower the monthly family allowances from the current $25.68 to $20 for each child. However, they will continue to be paid to eligible families—

This $20, not the $25, is therefore taxable.

> —and, of course, to be indexed to the cost of living. The majority of Canadian families will benefit from this change because in addition to receiving the new tax credit, they will continue withdrawing their family allowances.

How could we qualify this publicity trick? Should we call it irresponsibility, infantilism or sheer deception? I suggest it is all that. I would simply say this to Canadians: Stop being suckers. Get back to reality because the first result of this bill will be to freeze huge funds not earmarked for family allowance. They all believe that children of low or middle income families will get a lot more money. Mr. Speaker, that is not the case at all because even if 10 per cent of these families do get a few extra dollars a month, most of it will be lost because the $200 will be payable only at the end of the year.

Miss Bégin: That is absolutely false.

Mr. Gauthier (Roberval): In other words the government will take advantage of the millions in $200 tax credits to finance itself during a year—

Mr. Breau: That's not true.

Mr. Gauthier (Roberval): —whereas the needy families will have only their meagre $20 per child to provide for them.

Mr. Speaker, someone said it was false—

Mr. Breau: That is false.

Mr. Gauthier (Roberval): Mr. Speaker, someone says that's false. But that is what is in the bill. Maybe if we ask long enough we will get amendments, as the minister promised, as well as payments every three months. That is exactly what we want in the first place, those $200, and we are calling that to the minister's attention.

● (1532)

What is really happening? First, let us go back to the facts. At the end of December, 1978, that is this year, the family allowances will no longer be $25.68 but, due to cost of living adjustments, they will be brought up to $28.80 a month for every child. It means that every child will lose $8.80 a month instead of $6 as the minister pretends. Thus $105 a year will be lost, which brings the $200 down to $94.40 at the end of the year. With this loss of $105.60 and the allowances now granted, a family of four children, for example, will not be able to subsist with $20 a month for each child, a total of $80 for the four of them. They will have to rely on the $800 to make ends meet at the end of the year, that is in April of every year—

Mr. Breau: But it is next April!

Mr. Gauthier (Roberval): —yes, I know, but it will happen every year. To make ends meet at the end of the year, the $800 will have to be borrowed.

Some hon. Members: No, no.

Mr. Gauthier (Roberval): —it seems to me what I witnessed yesterday is true. Yesterday, I was amazed to hear statements

to the effect that the minister tolerates interest rates of 15 per cent for a three-month period. In the case of a family which would like to negotiate those allowances, there will be only $400 out of $800 left at the end of the year since usurious interests will have taken $400.

Since it will be compulsory to fill in the forms, even if the family has not sufficient income to send an income tax return, this gives an idea of the delays which will occur in those payments. Those who like us have experienced the slowness of the whole bureaucracy, which has become impersonal, know what I am talking about. Even as an hon. member one cannot obtain the names of the people who are responsible for all the sectors of our riding offices, as I could experience recently. I asked the department but received no answer, which confirms my statement, Mr. Speaker.

Let us not forget that a family living on social welfare or below the poverty level waits every month for the family allowances cheque to make ends meet. It certainly would not tolerate that its own money be so withheld by the government a whole year before being entitled to receive an annual guaranteed income under a law. Those are always the same difficulties that we have when we pass too selective and too often politicized laws. It would be much better now to give $35 to every child without the tax credit provided in Bill C-10. We would rather pay $35 to everyone, we would rather see it universal, without that famous tax credit which would be delayed all year. That would be to the satisfaction of all families, the rich as well as the poor. And that would be fair.

In fact, poor families would receive the full allowances, which would amount to $420 a year for each child, whereas the family allowances to the families with an average income would be reduced according to the family income. Thus the poor would get more and the average family would get a little bit less, whereas the rich would then receive nothing, since everything he would receive would be given back in the form of income tax. Mr. Speaker, I can see that as a way to eliminate all the discrimination which existed so far, and which we still have in such selective legislation, because when making the payments, all children would receive the same cheque, since the difference would show only in the family income tax return. The family will get its allowances in full every month, so there will be no need to go see the shylocks to borrow.

● (1542)

That $200 will, as I said earlier, be easily taken off. Now, what will they do with the accumulated revenues—they will be accumulated revenues, they said so—after that cut in family allowances? The Minister of Finance (Mr. Chrétien) himself said that lowering family allowances to $20 per month per child, would bring the treasury $170 million for the rest of fiscal 1978-79 and $690 million for fiscal 1979-80, $800 million a year on average. So reducing allowances from $25.60 to $20 does represent a sizeable amount. But if the calculation

is made at $28 as it should be at the end of December, 1978, at $28.80, that would still increase the Minister of Finance's forecast revenues. So, at least $900 million in additional revenues, and all that taken out of child family allowances.

Today, I would like to congratulate the Minister of National Health and Welfare (Miss Bégin) for being frank with the people. Indeed, in her statement of September 14, 1978, she said:

> Our approach to the implementation of those changes is simple. Above all, we must be sure that we are really going to redistribute the money and not increase spending; so cuts are necessary to finance the new benefits. Then the money must be reallocated to people who need it most: old people and small wage earners with children, those who suffer most from poverty, those who need help right away. Finally, we must define the new measures taking into account our sick economy; the formula must be an incentive to work and stimulate our productivity.

After reading that first part, Mr. Speaker, I imagine the minister must not always feel at ease within her party. We admit that old people should be receiving more and that low income people should be guaranteed a minimum income. We recognize that because, for 15 years we have been calling on successive governments in this House to set up a universal guaranteed income system to do away with those millions of inspectors, investigators, auditors bureaucrats of all kinds who relentlessly harass the disabled, the sick, the poor, the unemployed and people on welfare whom they often consider as rejects because they could not benefit from political favours as many bureaucrats had a chance to do today.

People laughed at us for years. Today, the government must open its eyes and say we are right. We recognize that our sick economy must be stimulated, but we recommend that we need a formula to provide an incentive to work and strengthen our economy; we are aware of that formula we need. Our economy must absolutely be stimulated, we are aware of all that, Mr. Speaker.

But how, by which means, through what procedure? This is where our opinions differ because we will certainly not tolerate that the government stimulate the economy at the expense of our children by reducing the amount of family allowances now that it has finished robbing senior citizens by taking back their right to unemployment insurance on retirement, now that it has eroded the income of pensioners as much as possible to make them even more dependent on the state. Do you want examples? In the case of senior citizens who had purchased Quebec annuities for their old age, the federal government takes back 50 per cent by reducing by that amount their income supplement. The federal government therefore robs provincial insurance benefits. What if the senior citizen was covered by private or group insurance? Once again, the federal government takes back 50 per cent or 60 per cent, to such a point that, according to most pensioners, it is better to be broke when you retire than to have saved all your life only to be robbed by the state.

Mr. Speaker, I am somewhat concerned about another comment made by the minister to the effect that the new formula should be a work incentive and a stimulant for our productivity. I find it difficult to reconcile this concept with the one concerning senior citizens, poor children, and so on. We have to wonder if the funds created by these cut-backs will be used only for social services since we are talking about the welfare department and I was under the impression that the cutbacks would be used only within the framework of our social services. We must now wonder, Mr. Speaker, if they will be used for other purposes, as this last statement seems to indicate.

When we talk about stimulating our productivity and creating work incentives, this is a more direct concern of the employment department and I wonder whether the minister's department wants to use the sums made available under the bill to create employment for senior citizens. This would surprise me enormously. This is where I find the statement of the minister a bit vague because I cannot imagine that even if our economy is in bad shape, the minister finds the situation critical enough to eliminate essential services for our children. Even though we recognize the ills that have been denounced, we cannot accept the means suggested as a solution to all our problems. Mr. Speaker, there is so much potential in Canada to recover easily certain revenues to stimulate our economy that it is not necessary to do so at the expense of the weakest and the more defenceless among us while protecting the strongest, if that is the aim of this measure. The government is looking for funds? I believe the time has come for the government to stop looking for funds in the social sector to make up its incredible deficits and set afloat its shaky administration.

• (1552)

If the government needs more revenues let it first reduce its irresponsible expenses for trips throughout the world—planetary travels as would say a certain hon. member. And if it needs $2.5 billion, for instance, as we heard recently in this House, it should defer for five years the purchase of military aircraft it has already ordered. We do not need military aircraft to live in peace in Canada. By this suggestion the government will find more money than needed and I might make dozens of other suggestions, all perfectly realistic. Let the government go after the big monopolies it is always protecting. It should order a reduction of the interest rates it pays to chartered banks because it did not have the guts to make the monetary reforms needed to create the credits required by our country.

To conclude, I ask the government to undertake an in-depth study of this bill at the committee stage to make the amendments required on third reading as, in its present form, we consider this bill, like many others, to be anti-social, anti-familial as it gives to money capital priority over human capital on the backs of our children.

Mr. Speaker, if I have a few minutes left I wish to read to this House a very interesting article I saw in *Le Devoir* entitled: "The New Social Policy of the Federal Government" written by Michel Pelletier, an economist and jurist. This writer is involved in research on social policy. I quote:

D'Alembert described politics as the art of cheating people. Valéry considered it was the art of preventing people from minding their own business. If we consider all the actions and moves of the Trudeau government since last August 1, that is since the Prime Minister announced in a surprise television broadcast the new economic policy which his government was bent on implementing in the aftermath of the economic summit of Bonn, we could find here numerous elements to support either one of these two points of view.

It is not that Mr. Trudeau or any of his ministers have lied to us. It would be too obvious and consequently not very fruitful. It is rather by means of a careful dosage of staging and dramatization, by an increase in press conferences and apparently sudden and improvised statements, by uncovering bits by bits without obvious logic the elements of that new policy, by the time lapses between these partial disclosings, it is by all these indirect means that the Trudeau cabinet has been able to create a state of confusion in our minds while creating the impression it was accomplishing a lot in a very short time.

Now listen carefully because he is saying great truths. I am now quoting again:

It was obvious then that in order to reach simultaneously objectives which were at least in competition with one another if not contradictory, that is to say do more in order to spur the economy and do more for the most vulnerable people while at the same time reducing government spending by some $2½ billion—the government would have to show a great talent for magic. And if we can agree to the fact that the state can take social benefits away from some people in order to give them to others, we could also fear that it would take advantage of this opportunity to reassign the amounts saved from social programs for the purpose of boosting the economy.

This is precisely the point when one talks about stimulating the economy which has me a bit upset because I can see through all those statements and through all these amounts taken away from the family allowances that the government can use it and this is why I mention it because at least when it happens people will say that we expected it, that it could use them to other purposes than filling the needs of social services. I think that the proposals and the critical remarks which I have made are inspired by the greatest sincerity and it is to give to this bill a more social and human aspect and to make it less impersonal and above all less centralizational so that it will exert less control over our population, because we are heading towards an absolute form of control, as absolute I think, if not worse than what exists in the Communist countries.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, let me begin my speech by making it crystal clear, as it seems to have been misunderstood by some members of this House and by some members of the media, that members of the New Democratic Party support the principle of this bill.

We support the bill, as my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), who led off the debate for our party said, because for the first time a federal government is amending the Income Tax Act to give greater benefits to people in the lower income brackets than to people in the higher income brackets. For the first time in Canadian history people who pay no income tax at all, because their income is so low that they are not taxable, will get benefits. We hope that is the first step toward a negative income tax, a theory we have supported for many years and which provincial New Democratic governments in British Columbia and in Manitoba began to implement years ago.

In the province of Manitoba the NDP government, while it was in office, changed the property tax credit to provide that every family, whether renting or owning a dwelling in that province, would get a tax credit. It included those people whose income was so low that they paid no income tax, and provided that the greatest tax credit would go to people in the lowest income brackets, with the smallest tax credit going to people in the highest tax bracket. It is not surprising, given our approval of this principle, that we support this bill.

The reasons why we support this bill were very well enunciated in a paper put out in August of this year by the National Council on Welfare entitled "The Refundable Child Tax Credit, what it is . . . how it works" and I quote:

On August 24 the federal government announced what may well be the most far-reaching restructuring of its programs of financial support for families with children since the introduction of family allowances. For the first time the federal income tax system will be used to deliver benefits to low and middle-income families, including all of those with incomes below the poverty line. Unlike the usual tax cuts of the past which automatically excluded those so poor that they already paid no income tax, a new mechanism—a $200 refundable child tax credit—has been designed that will provide full benefits to these poorest of families who are most in need. The same benefits will be provided as well to virtually all other families with incomes below the national average. As incomes rise above the average and the need for financial support diminishes, the benefits will be gradually reduced and finally phased out.

We endorse that statement of principle completely, and it is for that reason that we support this bill.

Our support for the bill was not made easy by listening to some of the speeches we have heard from the government side. The Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Anderson) suggested the pension paid to all residents of Canada who reach age 65, that is, the old age security pension, should be de-indexed. We look on that kind of a suggestion as the first suggestion to eliminate universal programs. We support universal programs, and we will fight relentlessly against that kind of a suggestion. I certainly hope that the member was not floating a balloon for the government when he made that suggestion.

Neither was our support for the bill made easy when we listened to the speech made yesterday by the Parliamenary Secretary to the Minister of Justice (Mr. Lachance). He took it upon himself to lecture the hon. member for Broadview (Mr. Rae), suggesting that never having been poor he had no right to talk about poverty. He went on to suggest there was little if any poverty in Canada. He stated that this government had worked at reducing the gap between the rich and the poor and had been successful.

● (1602)

As reported at page 708 of *Hansard*, the parliamentary secretary suggested the hon. member for Broadview should

"support the efforts made by this government or any future government to better meet the needs of those Canadians who experience hardship, and try to narrow the gap between the rich and the poor." This government has done many things. One thing it has not done is narrow the gap between the rich and the poor. It is a Liberal myth which they have preached assiduously, that they have narrowed the gap between the rich and the poor.

When the minister spoke the other night, she tried to create that same impression. I am not as enthused about the Minister of National Health and Welfare (Miss Bégin) as my colleague, the hon. member for Winnipeg North Centre. However, I look upon her as being probably the only liberal in the so-called Liberal cabinet.

The minister has made a number of good speeches dealing with the question of poverty. I want to quote a couple of sentences from a speech she made last May to the YMCA. I quote:

—nearly 2 million children who live in families with incomes inadequate for their needs and for the 600,000 working families who spend two thirds or more of their incomes to provide the basic necessities of food, clothing and shelter.... In 1977, the poorest 20 per cent of Canadian families received less than 6 per cent of total Canadian family income while the richest 20 per cent of Canadian families received 40 per cent of all the income. These figures are, unfortunately, very stable. The share of income going to our poor families has scarcely changed since the end of the second world war.

That was a statement of fact which the minister made last May. What happened the other day? I suppose she was responding to the attacks and criticism of her and the government by the lead spokesman for the official opposition, the hon. member for St. John's East (Mr. McGrath). I ask the minister to think about the difference between her May speech and what she said the other night about the hon. member for St. John's East. She said, and I quote:

He did not tell Canadians that it is not fashionable to talk about poverty today because there is no longer visible, flagrant poverty in Canada. People no longer really suffer from malnutrition as they did when I was a teacher 20 year ago. People no longer suffer from the effects of unacceptable housing conditions. Poverty is far more difficult to fight. It is far more difficult to sell to Canadians the fact that poverty should be put on the map of urgent problems to tackle because it has gone underground and has become less apparent.

She went on to suggest that because the standard of living in Canada had increased by 25 per cent in the last ten years, we do not have to worry about it. The minister knows better. The facts disprove everything she said the other night.

According to Statistics Canada, in 1968 a very substantial number of people were living in poverty. In its fifth annual review in 1968, the Economic Council of Canada stated, that based on figures from the 1961 and 1965 census, 20 per cent of all Canadians were living below the poverty line.

The most recent figures we have are for 1976. According to Statistics Canada figures for 1975-76, 11.8 per cent of all families and 38.1 per cent of unattached individuals in Canada were living below the poverty line. In other words, 19 per cent of all Canadians were living below the poverty line in 1975-76.

If anyone doubts the figures of Statistics Canada, I want to put on record figures published by the OECD. They show that in the early 1970s, using a standardized definition, 8 per cent of the population in Australia were living in poverty, 16 per cent in France, 3 per cent in Germany, 5 per cent in Norway, 3½ per cent in Sweden, 7½ per cent in the United Kingdom, 13 per cent in the United States and 11 per cent in Canada.

The Minister of National Health and Welfare represents a constituency in the metropolitan Montreal area, as does the Parliamentary Secretary to the Minister of Justice (Mr. Lachance) who suggested yesterday there is little if any poverty in Canada. I was interested in an article which appeared in *Canadian Magazine*, in June, 1975, dealing with some of the problems that exist in the city of Montreal.

Before putting any facts or figures on the record, I want to make it clear that I do not suggest that Montreal is any different from or any worse than other cities in Canada. In my own city of Winnipeg the situation of the native people, who are increasing in number every year and now make up an appreciable percentage of the population of metropolitan Winnipeg, is a disgrace. A large majority of them live in real poverty.

I want to put on record for the information of the Minister of National Health and Welfare, the problems which exist in her city of Montreal. The minister was somewhat glib, uncaring, and unnoticing of the situation in her speech the other night. I quote from the article which appeared in the *Canadian Magazine* in 1975:

In Canada it's estimated that 25 per cent of all children live in poverty. In the city of Montreal, the figure is 46 per cent, almost double the national average.... 15,000 dwelling units don't have hot water. In 10,625 homes, people live without a bathtub or shower. Inadequate heating or faulty wiring cause at least ten fires a week.... The types of lives people lead show in the health statistics. The death rate in the slums of St. Jacques, in central Montreal, is fully twice that of the city as a whole.

I wish the Parliamentary Secretary to the Minister of Justice were here to hear the statistics. Maybe he could explain how, under a Liberal government, that kind of situation could exist in the city of Montreal, part of which he represents.

● (1612)

The article goes on to say that in greater Montreal just under one quarter of the children under 15 can be classed as poor. In the actual centre of Montreal the figure rises to 46 per cent, almost double.

Then, in a report published by the National Council of Welfare in 1975, entitled "Poor Kids" I came across the following description of poverty:

We find the greatest number and higher proportion of poor kids live in rural areas of less than 1,000 population.

The report states that there are more than 500,000 children living in poverty in the province of Quebec and that the percentage of the total number in the province living in poverty is 28.1. The report goes on to speak about the St. Catharines school in a low income neighbourhood in Montreal's east end, where it found the following situation: 21.3 per cent of the children were inadequately nourished, 22 per cent were retarded in height and weight development, 30 per cent had a history of diabetes, and 20 per cent had a family history

of tuberculosis. So I hope we shall not hear again the kind of speech we heard the other night from the Minister of National Health and Welfare. I hope she will go back to being the one person in that so-called Liberal cabinet who really understands that a large percentage of the people of Canada are in need, and that their conditions have not been improved by the policies which the federal and provincial governments have applied.

I said at the beginning of my speech that we would support this bill. It is a move in the right direction, but it is only a small step in the right direction. I suggest to the minister and to the government that if they were really interested in improving the condition of the people or in redistributing the wealth and benefits which could be achieved, they would set themselves the objective, the goal, of full employment. What we have seen under the Prime Minister (Mr. Trudeau) for the last ten years is precisely the opposite result.

When the Prime Minister took office in September, 1968, there were just under 300,000 people unemployed. That was 3.7 per cent of the labour force. What we find ten years later is 946,000 unemployed—7.7 per cent of the labour force. The number of the unemployed has almost tripled and the percentage has more than doubled. That is the government's record. The most serious effect of this tremendous increase in unemployment is, of course, felt by the unemployed themselves. But every Canadian suffers as a result of that unemployment.

Don McGillivray, who writes a column several times a week appearing in the Southam Press, wrote an article which appeared in the Montreal *Gazette* on October 11 of this year, in which he analyzed the effects of unemployment. I quote from his article because Mr. McGillivray is by no means a wild-eyed radical, and the Southam Press cannot be called anything but an establishment organization. Here is what Mr. McGillivray said:

> Unemployment can never be reduced to zero, of course. But surely it is reasonable to aim at getting it back to 5.6 per cent, the level of 1974 before the rate started to climb as a result of recession.
>
> If unemployment could be cut to the 1974 level, 360,000 Canadians who are now unemployed would be working instead. They would be producing, at a guess, about $8 billion worth of goods and services in addition to the $230 billion worth of output expected this year. They would also be off welfare and unemployment insurance, a saving of perhaps $2 billion a year.

The writer goes on:

> Let's stay with hard cash. What would $8 billion of extra production and $2 billion of lowered government cost mean to the average Canadian family?
>
> It means that unemployment cost the average Canadian family about $140 last month in lost output and extra welfare payments. That adds up to about $1,700 a year.

The result of the government's economic policies is being felt by every Canadian whether employed or unemployed.

If the government is interested in the redistribution of wealth, as members opposite have on occasion said they were, it would do something about the working poor of whom there are so many. In the *Financial Times* of August 1, 1977, George Radwanski, who writes a column every week, summarized the findings of the report made by the National Council of Welfare entitled "Jobs and Poverty", as follows:

[Mr. Orlikow.]

> The report makes clear that neither laziness nor inability to work can be the decisive factor in the majority of cases. Fully 60 per cent of low income families headed by persons aged under 65 are the working poor, people who depend on labour rather than upon government assistance for most of their incomes.
>
> Thirty per cent of the working poor are under the age of 25, most of them single persons without family responsibilities. But the overwhelming majority are over 25, and two out of three in this category are the heads of families with dependent children.

The writer goes on to show who these poor people are:

> They range from junior clerks and cleaning women in the office buildings of our largest cities to wood lot operators and fish processing workers in our rural areas. They are the laundrymen in our dry cleaning establishments, the textile knitters and small appliance packers in our factories, the baby sitters and housekeepers in our homes.

The article shows how poverty is prevalent in all parts of the country, in all provinces. Figures are given for the median income of these workers. Yet we find governments, federal and provincial, people who are living well, people who have "made it" in our society, people in business and in universities, saying that the minimum wage set by some of the provinces is too high. People who have to live on the minimum wage do not say that wages are too high. It is always those who are doing quite well, thank you, who lecture others about wages being too high.

● (1622)

I say to the government, and particularly to the Minister of National Health and Welfare, that if they are really concerned about poverty and inequity, they should move to raise the minimum wage, because it is a disgrace that there are hundreds of thousands of people in this country who are doing an honest day's work and whose wages are so low that they live in poverty. We have to do something about that. The time for that is long overdue.

Let me speak about one more group which is in trouble. I am thinking about probably hundreds of thousands of single parents, mostly women, who want to work, who are trained and educated for work, whose work is needed, who are not working, and who are living, many of them, on welfare or social assistance, because in this country we have not developed a system of nursery schools, day care centres and kindergartens so that the children of these single parent families can be taken care of during the daytime when their parents are at work.

In this respect this country and its governments, federal and provincial, have failed miserably, and we ought to look at the experiences of some countries in western Europe, such as Sweden and Norway. We ought to look at how they have established systems so that children whose parents want them to be in day care centres, nursery schools and kindergartens, can be there for a substantial part of the day so that their parents who want to work and are able to work can do so.

There was one other part of the minister's speech which disturbed me, and I thought it to be very surprising coming from this minister. Hon. members can find this part of her speech on page 672 of *Hansard*. In reference to the part of this bill which reduces the amount of the monthly cheque which is paid to the mother of each child in this country, from the

present $26—or $28, which it would have been in December—to $20, and which provides a yearly cash payment for each child of $200 to mothers in families earning less than $18,000, the minister tried to justify the necessity for cutting this $26 to $20 by saying, and I quote:

—we knew Canadians would not agree to pay more taxes and that there was no other source of funds than shifting benefits within the existing system, making it more fair and equitable.

The minister knows better. Indeed, in a speech from which I have already quoted, a speech she made to the YMCA in May of 1978, with regard to the tax system the minister said, and I quote:

The average taxpayer in the $5—10,000 category benefited from various special personal income tax exemptions in 1975 to the tune of about $237 per year. The average taxpayer in the over $50,000 category benefited to the tune of $5,592. And of course if you were too poor to pay taxes you would not have benefited at all. That may well be good fiscal policy and in some respects it is good social policy too—but still, it does seem odd that those who need the benefits most are least likely to get them.

When the minister was speaking two nights ago, I wished she had remembered the speech she made in May, because in May she was saying that the tax system as it is and as it has been—and as it will be after this bill is passed—has not been working properly nor in the interests of the poor. The other night she was saying that there was no other way to get the money needed to pay for the increase to those people whose incomes are less than $18,000 except by reducing the $26 per month payment to $20. We in our party completely reject that kind of thinking because the facts do not bear out the argument made by the minister.

Let me refer the minister to a report—I presume she has forgotten it, if she ever saw it—made in November of 1976 by the National Council of Welfare. The report is entitled "The Hidden Welfare System". The council did an excellent job of showing how the tax system under Liberal and Conservative governments, and in the last 15 or more years under a Liberal government, operates. Let me quote a few paragraphs from the council's report. I think the following is a profound observation:

There are two welfare systems in Canada—one for the poor, the other for everyone else.

Most of us know about the welfare system for the poor. We are told about that ad nauseam by many well paid lawyers, accountants, university professors and other spokesmen who frequently speak on behalf of those who have, but we do not hear a great deal about how the tax system works as a welfare system for the wealthy. This is what the National Council of Welfare says:

While all of this is going on—

This refers to the welfare system for the poor.

—however, another massive spending program continues virtually unnoticed. Like the highly visible welfare system for the poor, this program transfers money from government to individuals. In fact it transfers far more money than the poor ever receive from their welfare system, and its benefits go to millions of persons. By any reasonable definition of the term it is a welfare program.

Only it is not called a welfare program. And its principal beneficiaries are most assuredly not the poor. It is called the Income Tax Act.

I want to digress for a moment and say to the Minister of National Health and Welfare that this minuscule change which is being proposed in the Income Tax Act, while a step in the right direction, will not change the essential fact that, on the whole, our income tax system benefits those who need benefits the least, the wealthy. Then the National Council of Welfare went on to say in its report, which I commend to the minister, the following:

The mechanism which governments have used to make the ability-to-pay principle operational is a system of progressive rates of taxation. These rates work in a straightforward manner: The first few dollars of an individual's income are not taxed at all; the next are taxed at a very low rate; the following are taxed at a greater rate; those after that at an even greater rate, and so on.

That is how the system supposedly works. As originally developed that is how it did work, but that is not how the system works at the present time, and I think the minister knows it. In its report the council gives examples.

Under the existing income tax provisions . . . a taxpayer is allowed to deduct up to $1,000 in interest to arrive at his taxable income. Therefore, although this person's real income is $20,000, he only has to pay taxes on $19,000 (his $1,000 of interest income is tax free). Tax on $19,000 is $4,640—$380 less than the tax on $20,000.

That is just one example. In other words, a person with a taxable income of $20,000, of which $1,000 comes from interest on investments, gets a bigger benefit than a low income family with one child will get as a result of this bill.

● (1632)

It goes on and on. They summarize by saying the following about the tax system as it operated then, and it has not changed, except for the worse:

In 1974 the tax subsidies generated by the exemptions and deductions in the personal income tax system (excluding the basic personal exemption and the deductions for expenses directly related to earning an income) plus the tax subsidy contained in the temporary tax reduction provision cost Canadians $6.4 billion. And this was, by no means, the total cost of the hidden welfare system in that year.

Mr. Speaker, $6.4 billion is what the tax system gave to people, most of them in the upper income brackets. As a matter of fact, they go on to show in the report that the tax benefits for a person with an income of over $50,000 average out of just under $4,000 a year, to be exact, at $3,989.78, while the tax exemptions, the various loopholes in the income tax system for a person with an income of under $5,000, give him a benefit of only $243.75.

I put those figures on the record because I want to reject completely the suggestion made by the Minister of National Health and Welfare the other night that there was no other way to get the money but to reduce the amount paid in family allowance to each child, from $26 to $20.

Let me conclude by putting on the record what we find has been done for the corporations of this country, mainly for the 1,000 largest corporations, in the way of tax concessions as a result of the recent benefits. We have calculated them to be $1.25 billion, made up as follows: $300 million in tax relief in respect of business inventories; $485 million in federal investment tax credit; $20 million in enhanced depletion for high cost oil and gas wells; $120 million in increased dividend tax

credit; $45 million in the increase in limit for capital loss; $10 million in the inclusion of capital gains on Canadian securities; $100 million in other corporate and investor tax concessions; and $165 million in loss in provincial revenues related to the above, for a total, as I have indicated, of $1,245 million.

Therefore we do not accept the arguments of the government as expressed by the Minister of National Health and Welfare that it was necessary or useful to reduce the monthly payments per child from the $26 now paid, or from the $28 which would have been paid as of December 1 as a result of the increase in the cost of living, to the $20 which is proposed in this bill. We do not believe it is necessary. We think that the amount should have remained as at present, and that we should give, as well, $200 per child in tax credit to people in the lower income brackets. However, we are not the government and we have not drafted the legislation. We propose to vote for this bill despite what we consider to be the very grave defects in it.

Having said that, I conclude as I began, by saying that we will vote for the bill but we will do so with grave reservations. We will do so in spite of the speeches made by members of the government side—including the Minister of National Health and Welfare—rather than because of the speeches which they made.

Mr. Deputy Speaker: Order, please. Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

The Chairman: Order, please. House in committee of the whole on Bill C-10, to amend the Income Tax Act. Shall clause 1 carry?

On clause 1.

[*Translation*]

Mr. Caouette (Villeneuve): Mr. Chairman, having thoroughly considered the bill now before the House, I think it is fair and reasonable that hon. members should try to understand its contents more deeply. I think that the time allowed to us in committee of the whole is the best time to put questions to the minister and give him the chance to make us understand the amendments brought to the bill.

● (1642)

Hon. members will have the opportunity, as I will in a moment, to propose an amendment which, hopefully, will be carried by the House. Mr. Chairman, first of all I would like to thank you for recognizing me. Several aspects of this bill are very positive, while others are very negative. I will deal, Mr. Chairman with a very negative aspect. I had the honour of congratulating the minister during her stopover in my riding last summer, about the $200 tax credit. According to the minister, it will be granted not to those living on the poverty line but rather to the middle income families of this country. Despite the government's desire to lighten the tax burden of the disadvantaged, the practical application of the legislation poses problems and results in serious administrative complexities.

Mr. Chairman, to quote an expression used by my colleague, the hon. member for Bellechasse during a debate in the last session, I would say that we have in front of us a government of fence riders. Why fence riders? At a certain moment, the government juggles with a bill which it says is not yet good enough, then it amends the bill as it probably will amend, in the coming weeks, the bill amending the Unemployment Insurance Act which was passed about two years ago, if I am not mistaken. Instead of wasting the time and energy of the House, why does the government not take the time to consider thoroughly the needs of Canadians?

Mr. Chairman, I would like to point out a statement of the Minister of National Health and Welfare for which, as I said earlier, I congratulated her. As the minister explained it, the new measures are judicious and will have good effects from an economic point of view. They will enable the children of poor families to contribute, to a certain extent, in the prosperity and welfare of the country. Let there be no misunderstanding. These payments are for the people who are in urgent need of help. They will increase the purchasing power of millions of Canadians. These people will not save that money, they will spend it and, by so doing, they will stimulate the economy.

Mr. Chairman, as my colleague, the hon. member for Roberval pointed out earlier, the minister says, on the one hand, that she wants to help the economy as well as low and average income groups with this bill, and on the other hand, she reduces the rate of family allowance because, as she says, there will be a tax refund. We are told, on the one hand, that it is necessary to give the economy a new impetus while allowing those people to meet their needs and, on the other hand, family allowances are being reduced.

Therefore, I am tempted to put a question to the minister. If the economy needs a new impetus, why decrease allowances that are payable and, by the same token, increase the tax credit by $200? Now, let us keep in mind that, according to the minister, the refund is immediate, while people will have, as pointed out by the hon. member for Roberval, to wait until the end of the year. But some say he was wrong; so let us take their word for it: he is wrong and payments will be made every four months. Thus, those people will have to wait four months before receiving their share which will be approximately $270 for a family of four children after a period of four months. On the other hand, those poor families—as the minister said—

must stimulate the economy by spending the income they are being given.

Following a question raised by the hon. member for Broadview, the hon. member for Yorkton-Melville replied and I quote:

> We are concerned about the discounters, the usurers, the rip-off artists who may go to a mother and say, "You have four children. That amounts to $800 that you will be getting in terms of a tax credit. We will lend you the money, but we will charge you an excessively high interest rate." If that happens it nullifies—

And the minister interjected:

> It is limited to 15 per cent now.

Imagine, Mr. Chairman, if these people want to follow the suggestions of the minister, they will have to use these means to be entitled to live decently in this country.

Going over, once again, the main principles of the bill now before the House, we note the following: Allowances are reduced from an average $24.68 to $20 a month. The government proposes to end the higher income tax exemptions for children of 16 and 17, and substitute instead a uniform exemption of $460 for each child. Clause 3 of the bill proposes the withdrawal of the non-reimbursable tax credit of $50 a year for each child. The bill institutes a reimbursable tax credit system of $200 for each child in families whose income is $18,000 or less, and of 5 per cent of the amount by which the family income for the year exceeds $18,000 in the other cases.

As my hon. colleague for Roberval said a while ago: Why take away from one and give to the other? Why deprive of that right those who earn a salary of $30,000; why not have a system entitling those whose income is higher to receive the same amount as everyone else? As the hon. member said, we should have a universal allowance, or in other words, all Canadians should get one regardless of their salary. In his income tax return, the person who earns $30,000 a year will have to declare the family allowances and pay income tax accordingly. To my mind, the system suggested by the hon. member for Roberval would be far more fair to all mothers, regardless of their income. We have reached the point where we are asking the average mother not to have any more children, while we are telling the low-income mother: We will give you more money, so go ahead and have more children! We ask unbelievable things of the Canadian people; yet, motherhood is one of the vital rights of every mother.

Mr. Chairman, too quick an examination of this bill could lead one to say it is excellent. But on closer perusal, one will realize that it holds many a hidden problem. I know the minister wants to increase the tax credit. But did she think that many poor families depend on those family allowances to make both ends meet? When reducing family allowances, by $5 a month, the government does not help families which must live from day to day. Why give the tax credits and take off $5, as I said earlier? We should not forget that Canadians who live below poverty level do not pay taxes; so most of them do not file income tax returns. With the new system proposed by the minister, those families will have to file an income tax return to obtain this refundable tax credit.

I agree when the government wants to give more support to poor families but by requiring them to ask for their money, they force them to ask for their due, namely family allowances. Like my colleague the hon. member for Rimouski, I think this measure will unnecessarily make the bureaucracy heavier and make income tax returns more complex for Canadian citizens. I know that the Minister of National Health and Welfare wanted to help the poor by introducing this reform through the Minister of Finance. Unfortunately, I am afraid this reform increases the tax burden of middle income families. Poor families will be able to use the credit in full but middle income families will need an income of over $18,000 or they will not be entitled to the whole deduction. The government has the bad tendency to overtax middle income families. Well, those families represent the greater part of families in Canada.

Mr. Chairman I think, Bill C-10 will be an additional burden for middle income families with two to four children. By reducing family allowances to $20 a month the government immediately reduces the purchasing power of those families. Mr. Chairman, there might be a very interesting suggestion to be made at this point to the Minister of National Health and Welfare who I hope will forcefully ask cabinet and more particularly the Minister of National Revenue as in a question put on the order paper by the hon. member for Bellechasse in January, 1976, and I quote:

> 1. As of March 31, 1975, what was the amount of income tax arrears owed by national and multinational corporations?
>
> 2. Do those arrears carry interest and, if so, at what rate?
>
> 3. How far back to they date?

To our great surprise, Mr. Chairman—and I think that would be something to bring to the attention of the Minister of National Health and Welfare, rather than taking from one hand to give to the other the government should take its responsibilities immediately. We learned that for the years 1973 and before, 2,470 national and multinational corporations owed the Department of National Revenue $80,662,661. In 1974, those companies were given a break. We have 9,269 companies owing a total of $91,381,797. In 1975, we have the utterly ridiculous situation where 12,881 national and multinational corporations owed the Department of National Revenue an amount of $50,998,490 for a grand total of $223,042,948.

Mr. Chairman, it stops in 1975. I believe this government should in the first place, as suggested by the hon. member for Roberval, desist from picking the pockets of middle-income and poverty line taxpayers, and turn to those corporations owing enormous amounts of money. Questioned earlier I quoted the minister who said a person borrowing the amount of family allowance she would be getting four months later

would pay interest at 15 per cent. Mr. Chairman, what could be more ridiculous? The 27,000 companies owing us $223 million are charged interest at an annual rate of 6 per cent. We are telling the people: Pay, give your lenders an opportunity to charge you 15 per cent interest, and we will allow millionaire multinational corporations to keep the public's money at 6 per cent interest. If that is not ridiculous, Mr. Chairman, what is it? Scheming, maybe? Mr. Chairman, what is urgently needed today is trying to give Canadians an opportunity to live decently. Concerning taxes and those companies I was referring to, since I have come to age, since age 17 when I started working, never did the government allow me, nor will it ever allow a Canadian citizen to tell Revenue Canada: I will keep your money and give me 6 per cent of what you owe me. No, we are charged 15 per cent.

• (1652)

[*English*]

The Deputy Chairman: Order. I regret to inform the hon. member that his allotted time has expired.

[*Translation*]

Mr. Martin: Mr. Chairman, I would simply like to answer a few points raised by the hon. member for Villeneuve in his speech.

[*English*]

Mr. McGrath: Mr. Speaker, I rise on a point of order. There are just a few minutes left before we begin private members' hour. Perhaps the parliamentary secretary could wait until we reassemble at eight o'clock. I just wanted to make the point that the official opposition has not surrendered its traditional right to lead off on clause 1 of the debate. I trust that Mr. Chairman will keep that in mind as we reassemble at eight o'clock.

Mr. Martin: I am quite prepared to close off now until eight o'clock, Mr. Chairman. I would like to respond to some of the points raised by the hon. member for Villeneuve, at that time.

The Deputy Chairman: Is it agreed that we call it five o'clock?

Some hon. Members: Agreed.

Progress reported.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Turner): I have the honour to inform hon. members that a message has been received from the Senate informing this House that the Senate have passed Bill S-3, an act to implement the international convention for safe containers, to which the concurrence of this House is desired.

[Mr. Caouette (Villeneuve).]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa West (Mr. Francis)—Public Service—Relocation and retraining of employees whose jobs are declared redundant; the hon. member for St. John's West (Mr. Crosbie)—Transport—Rail service in Newfoundland; the hon. member for Esquimalt-Saanich (Mr. Munro)—Fisheries—Rights of Indian bands.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills, private bills. There being no items under the headings notices of motions and private bills on the order paper, the House will proceed to public bills.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

NATIONAL TRANSPORTATION ACT

AMENDMENT RESPECTING HEARINGS OF CANADIAN TRANSPORT COMMISSION

Mr. Mark MacGuigan (Windsor-Walkerville) moved that Bill C-201, to amend the National Transportation Act (review and re-hearing), be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, Bill C-201 arises out of problems caused by the construction of the Powell sidings by the Canadian Pacific Railway in Windsor, but is not limited in its effect to that case.

Since the Powell sidings issue is still before the Canadian Transport Commission for decision, I have to be somewhat restrained in my references to it, though I must develop enough of the facts in relation to it to explain the problem. The Powell sidings were built in the summer of 1974 to facilitate a new co-operative rail-freight service between the Canadian Pacific Railway in Canada and the Chessie system in the United States. To quote from an article in the Detroit *Sunday News* on November 3, 1974, at page 10-G:

> A new siding in Windsor was built to provide a landing stage for the exchange of Chessie and CP equipment . . . An eastbound train, manned by a U.S. crew, is turned over to a Canadian crew. Simultaneously, a westbound train manned by the Canadians, is turned over to the Americans . . . Prior to this arrangement Canadian trains halted in Windsor and cars were transferred to various U.S. carriers in the Detroit area.

The problem is not with the co-operative arrangement between the railways—which is an admirable effort at rationali-

zation—but with the location of the new sidings in Windsor. Although the sidings were built on land already owned by the railway and served by railway tracks, the land had not previously been used as a holding and transfer area. Since there are residential areas contiguous to the tracks on both sides, the neighbourhood residents were understandably disturbed by the substantial change in the railway activities in the area, and they succeeded in obtaining a hearing before the Railway Transport Committee of the Canadian Transport Commission on the application by the CPR to change the usage of the sidings.

In my submission to the committee on behalf of the citizens on June 17, 1975, I described the situation as follows:

There are really two kinds of problems raised by the Powell siding. The simpler problem relates to the traditional pedestrian crossing. The lack of such a crossing has proved an inconvenience to residents especially of the Remington Park area to the south of the tracks because it hampers their access to Memorial Park immediately to the north of the tracks.

● (1702)

What I regard as the more serious problem concerns the environmental effects from noise and air pollution caused by the use of the Powell siding by trains for long periods of time. When there are no delays, the occupancy of the tracks is for a very short period of time, but on the 25 per cent or so of occasions on which the trains are not on time, the use of the new tracks constitutes a genuine and serious annoyance for the residents. Even if the diesel engines are disconnected and taken to the CPR railway station, the continued presence of refrigeration cars and cabooses causes a noise and pollution problem. On days when the schedule is awry this nuisance may be present for 6 to 12 hours or longer.

Many residents described the railway usage in much stronger language than I did. I might also add that many people were ready to substantiate that the delays were much higher than the 25 per cent figure I used in my submission. With the additional observation possible during the lapse of time since then, I am inclined to agree with them.

After lengthy hearings the Railway Transport Committee held on April 17, 1977, that the application of the CPR to construct and use the sidings should be rejected. The committee said in part, and I would like to quote from the decision of the Railway Transport Committee:

In our opinion, the difficulty was created by the fact that, contrary to the Railway Act, Canadian Pacific constructed Powell sidings without first applying for and obtaining the requisite approvals from the committee—

It is one thing for the committee to consider the opening of what is proposed to be a lightly travelled branch line through farm land or uninhabited open country (or a siding on a main line through the same kind of territory), and quite another for the committee to consider two sidings along the main line to be used for international traffic through the Detroit River Tunnel as is the case here, and as is also the case here, that traffic will not merely pass over the sidings without stopping, but trains containing, among other things, cars with dangerous commodities will, according to the evidence before us, be left standing sometimes for hours. By no stretch of the imagination could it be suggested that Powell sidings are in open country or even in a lightly populated area. They are located in the middle of a city with residential districts, a park and a school in close proximity on one side and a residential area and substantial open space on the other. It is the Powell sidings in that character that we must consider, not Powell sidings as two isolated pieces of track.

For these reasons, the Application of Canadian Pacific under section 216 of the Railway Act fails."

The committee could not reach agreement at that time on the disposition of the motion for costs by the citizens, and that question remains undecided to this day.

The problem which this bill addresses arises from the application by CP Rail in July, 1977, not for a review by the CTC of the decision, but for a new hearing. The public argument began in November of 1977 and continued through April, 1978. The neighbourhood citizens were once again put in the position of having to engage legal counsel to defend their rights to undisturbed possesion of their property. In fact, representation for the citizens was made possible by a decision of the Windsor city council to pay a lawyer to act on their behalf before the CTC. Without this generous decision by the city of Windsor, the residents would have been in a most unfortunate plight.

The second set of hearings before the CTC has been conducted on the premise that the doctrine of *res judicata* has no application to the proceedings, and I am informed that counsel for the CTC contended on an application before a federal court that *res judicata* does not apply.

The doctrine of *res judicata* is described by Halsbury's "Laws of England" (4th ed., 1976, vol. 16, para. 1527) as a "fundamental doctrine of all courts that there must be an end of litigation." It applies where the subject matter in dispute in a later case is the same as in a previous case, i.e., where everything that was in controversy in the second case as the foundation of the claim for relief was also in controversy or open to controversy in the first case. Where a plea of *res judicata* cannot be established because the causes of action are not identical, issue estoppel may preclude a party from contending the contrary of any point which has been determined against him. This is sometimes also referred to as *res judicata.*

The doctrine of *res judicata* does not apply to administrative tribunals, but it does apply to quasi-judicial tribunals exercising judicial functions. The citation for this is the "Canadian Encyclopedic Digest," (Ontario) 3rd edition, 1973, paragraph 104.

In fact, the CTC has held that on a review it is, in effect, bound by the doctrine of *res judicata.* Witness the statement by a review committee in the Comsol case:

The power to review, now to be found in section 63 of the National Transportation Act, has been given to the commission and to its predecessors for pragmatic reasons. It is an expeditious manner to correct an error or to meet changed circumstances. In themselves these two factors encompass all motives for review. The nature and the degree of the error may vary almost ad infinitum. The changed circumstances may have developed after the decision had been rendered or for sufficient reason some circumstances may not have been placed before the commission at the time of the original hearing. With respect to the correction of an error, the remedial process may exist concurrently with the appeal jurisdiction of the Federal Court. With respect to a change of circumstances, the remedial process is left to the commission. It amounts, when changed circumstances are invoked, to a reopening of the original hearing in order to receive further evidence.

The jurisdiction of the commission is administrative, legislative and quasi-judicial. For instance, the commission is called upon to make an administrative decision when it sets a specific speed limit pursuant to the Railway Act. In adopting regulations, the commission legislates by delegation. When making a decision on a matter in dispute between parties in adverse interest, the commission performs its quasi-judicial role . . . The finality of a decision rendered in the quasi-judicial context must be seen in that very context which is not the context of an administrative decision even if the procedure followed to reach a conclusion in either instance may have been the same under the general rules of the commission—

This panel would agree that it would be remiss to refuse to determine the matter before it is reviewable if the applicants and the intervenors had demonstrated that new facts had arisen or that the decision contained an error in law or in fact or that a matter of principle that had been proposed before the original committee had not been considered, or that a new matter of principle arose as a result of the decision ... This committee cannot see that it would be to the public advantage to again consider the questions that have already been dealth with by the modal committee and to re-examine the body of facts from which in their wisdom earnestly and in accordance with the rules, the members of the original panel have drawn opposite conclusion.

The official citation for that case is Amoco Canada Petroleum Ltd. et al and Canadian Pacific Ltd. [1974] CTC 300, at 321, 322, 326.

● (1712)

Although this decision was criticized by a 1978 study for the Law Reform Commission by Professor H. N. Janisch, it nevertheless remains the Committee's final word. I should also make it clear that this was not a report of the Law Reform Commission itself but a study which was done for it.

But if a party is able to avoid the CTC's stated limitations on reconsideration of a matter merely by the device of making a new application rather than by asking for a re-hearing of an earlier application, then obviously there is an enormous loophole which the law must move to close if the CTC does not. It is this loophole which Bill C-201 attempts to cover by providing that the CTC may alter orders or decisions already made only where there has been a material change in the circumstances upon which the order or decision was based.

I would have no objection to an amendment at committee stage to broaden the grounds on which reconsideration can take place beyond the single one I propose in Bill C-201 of a material change in circumstances. The five grounds adopted by the CTC itself in the Comsol case would be acceptable. What is not acceptable is the continuation of the status quo under which there are no limitations on the CTC's powers of rehearing and there is therefore no end to litigation. Such a situation puts a premium on the financial resources of the contending parties and obviously places citizens' groups in an inherently unfavourable position, especially when confronted on the other side with the resources of a gigantic corporation.

It is my hope hon. members will agree that the status quo cannot be allowed to continue and will agree to refer Bill C-201 to the Standing Committee on Transport and Communications for full consideration of the problems that I have raised.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I do not intend to take much time of the House. I listened to the comments made by the hon. member for Windsor-Walkerville (Mr. MacGuigan). His remarks underlined a particular problem with regard to transportation policy, which is operated to a large extent in this country under a quasi-judicial tribunal, the Canadian Transport Commission.

The hon. member for Windsor-Walkerville pointed out that while he deals ostensibly with an example in his locale, it opens up a much broader question for debate. I support the hon. member in asking that this bill be referred to the committee for the fullest possible examination. From that point of view, I support the bill going forward.

[Mr. MacGuigan.]

This gives us an opportunity to present the bill to the committee for the fullest examination of the circumstances regarding a loophole whereby transportation companies, often large corporations, may circumvent the principle of reasonable justice by making a re-application or new application under a particular set of circumstances. This could cause citizens in a particular locale who are affected by these decisions, some inconvenience and substantial expense. I understand and sympathize with the motives which caused the hon. member to bring forward this private member's bill.

There is a growing feeling of concern in many regions in Canada about the effectiveness of the operations of the CTC. I see the Minister of Industry, Trade and Commerce (Mr. Horner) is here. I do not say this in any partisan sense, but people in western Canada often feel that the resource or sensitivity of that administrative tribunal is not all that could be desired with regard to particular problems relating to transportation in various regions, specifically in western Canada.

Hon. members know that my party has suggested a reorganization of the CTC to provide for a western branch of that administrative tribunal. It would be responsible for considering matters relating to transportation in western Canada. We look forward to the CTC performing a more sensitive role with regard to transportation policy, using transportation as a tool for regional development in western Canada.

The bill brought forward by the hon. member for Windsor-Walkerville gives us an opportunity to consider the more technical loopholes to which he referred. This is an admirable opportunity for members of parliament to examine the rules under which the CTC operates and whether the CTC is adequately equipped to deal with local or regional problems. Over the course of the next few weeks and months, we could look at the operation of transportation policy where an application is required for a service, extension of service, or permission needs to be granted by the CTC.

I support sending this bill to committee, as do the members of this party I am sure, because it will serve a very useful function. I believe even the hon. member for Yorkton-Melville (Mr. Nystrom), who usually opposes things, will agree to having this bill go to committee. With those few words in support of the hon. member for Windsor-Walkerville, I will resume my seat.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, it is no surprise that whenever the name Canadian Transport Commission comes up in this House, whether in a private member's bill or any other context, I cannot sit back and say nothing. I am surprised that other members from Vancouver Island, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), the hon. member for Victoria (Mr. McKinnon) and the hon. member for Esquimalt-Saanich (Mr. Munro) are not here. I assumed they would be equally interested. As I progress, I will show why it is of interest to those on the island.

I may not agree with the hon. member's proposed bill because, as I understand it, the bill before us proposes to amend Section 63 of the National Transportation Act to make it read as follows:

> Where there has been a material change in the circumstances upon which an order or decision of the commission was based or out of which an application arose, the commission may review, rescind, change, alter or vary the order or decision, or may re-hear the application before deciding it.

As hon. members will recognize, the bill would limit the powers of the commission to review its own orders and decisions. Under its terms the commission could only carry out reviews "where there has been a material change in the circumstances upon which an order or decision of the commission was based or out of which an application arose."

At present the rules under which reviews are conducted are set out in the general rules of the commission. The general rules provide that:

> —an application for review shall be filed with the commission within 30 days of the issuance of the commission's order or decision, unless the commission enlarges the time.

There are other areas which give the review committee a determination as to whether to re-open hearings. At present the review committee comprises the vice-president, five chairmen of the modal and two ad hoc commissioners. I understand in 1974 the committee considered the Comsol case, Commercial Solids Pipe Line Company Ltd. and examined the place of reviews with regard to appeals to the CTC. It came up with a decision, and I quote:

● (1722)

> The decisions of the Transport Commission are appealable under the National Transportation Act, as under earlier legislation, to the courts—at present to the Federal Court—upon a question of law or of jurisdiction. Further, our decisions may at any time be varied or rescinded by the Governor in Council either on petition or on his own motion. Finally, section 55(1) of the National Transportation Act provides that on a question of law or jurisdiction a case may be stated to the Federal Court.

This is particularly significant to the residents of Vancouver Island, because in 1976 a decision was reached by the Transport Commission to allow the abandonment of passenger service on Vancouver Island. Almost immediately the province of British Columbia took to the federal courts a case in which it challenged the right of the E and N Railway to abandon its passenger service. This action was taken on the grounds that under the original agreement certain sums of money or land had been granted to the company by the federal government and by the government of British Columbia in return for an undertaking to carry on a rail passenger service in perpetuity. It was on this ground that the B.C. government decided to challenge the decision of the commission.

As I said earlier, the bill before us would restrict the powers of the CTC with respect to a re-hearing or re-examination of a decision.

As I have noted, it is also possible for the Privy Council to overturn a decision of the CTC. In December of 1977 I petitioned the Privy Council to take such action. If I may, I will read the letter I wrote to the Clerk of the Privy Council, Mr. P. M. Pitfield:

> I, the undersigned, most respectfully wish to submit, through you, a petition to the governor in council under provision 64(1) of the National Transportation Act requesting that a decision taken on December 14, 1977, by the Railway Transport Committee of the Canadian Transport Commission Under order No. R-25960 be rescinded.

I received a reply almost immediately from Mr. James R. Midwinter, Senior Assistant Secretary to the cabinet, in which he states that the matter would be referred to the Minister of Transport (Mr. Lang) as the minister responsible for the act, for his consideration and advice to the governor in council. I bring this up because we are dealing with a very complicated area. The CTC is not only being questioned on legal grounds in the courts of British Columbia, but steps have been taken by a member of this House to have it rescind an order which would cause the abandonment of passenger service on Vancouver Island.

Hon. members may recall that last year I spoke extensively on this subject of rail line abandonment. There is only one railroad line on the island and only one road, so when rail passenger service is cut out you end with one road which is totally inadequate to meet the needs of the people who visit our beautiful island every year, especially in the summer months by the hundreds of thousands. I can give one figure which may be of interest. Over a four-month period more than 600,000 people visited the Pacific Rim National Park near Comox-Alberni.

With these things in mind I find myself uneasy hearing an hon. member put forward legislation whose effect would be to restrict the re-examination of decisions made by the CTC. There are some of us who want these decisions to be reviewed, especially decisions which affect what we consider to be essential transport services. For this reason I am bound to speak against this bill and trust we shall continue a wide open approach to the review of the commission's decisions. In many cases, as I say, we are dealing with matters which are of great importance to the areas affected.

Since the decision was made by the CTC some startling developments have taken place. In 1977 there were approximately 11,000 passengers using the E and N Railroad. With the rescheduling of dayliner services, a reduction of fares, and the introduction of a three-day excursion fare in 1978, the total number using the service to date this year is 40,000. This is the sort of information we would wish to see brought before the CTC, and it is for this reason I hope we shall allow the greatest latitude for the re-opening of these matters so that we may save transportation systems where there is a need for them.

I would hope that the CTC, if faced with an unfavourable result of the court action, would be willing to re-open its hearings so that new evidence could be produced to demonstrate the economic feasibility of this line due to the much greater passenger participation in the last year. Alternatively, Mr. Speaker, I hope the Privy Council, on the basis of the information provided for 1978, will overturn the CTC ruling. But these corridors must be kept open for the sake of the

people of Vancouver Island who do not wish their passenger service discontinued.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I would have to agree with the views expressed by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn). The number of opportunities for the House to consider the activities of the Canadian Transport Commission or even of the Department of Transport in depth are few and far between, and it looks as though they will be unusually limited this session.

There are a number of items which should be considered, both by the department and by the commission. Applications such as those referred to by the hon. member for Comox-Alberni (Mr. Anderson) come before the Canadian Transport Commission without any onus upon the applicant for abandonment of service to prove that there is in fact no business. There is no onus upon the applicant to prove that he or she has made a proper effort to obtain the business which might be available in the area to be abandoned. There is no onus upon the Canadian Transport Commission to consider seriously the human, industrial or social needs for a particular service and to say in an unqualified way that the carrier must continue the service which he has suggested he should abandon.

● (1732)

I am particularly concerned about the aspect of the situation in which the carrier is not requested to indicate how much business is in the area and what effort the carrier has made to obtain that business. It appears to the public that the carrier very often may deliberately reduce service to a level which makes it totally unacceptable to the shipper or passenger. Having become totally unacceptable, it is of course not properly patronized, and the application for abandonment of the particular service automatically follows.

I think the questions which I raised in the House today put an exclamation mark after this procedure, over which the government apparently has no control or, if the government and the CTC do have control, the minister of many years is not prepared at this moment to state what element of control they do have. A carrier may be permitted to abandon a service, the transportation of a product, without application to the CTC, and this is a very dangerous situation.

I understand the reasons for the presentation of this bill, but I must say that because it deals with an isolated instance it cannot be used as an instrument to justify the limitation of the power of the CTC to change its position. Nor can it justify itself on a national basis because it cites a specific instance. My sympathies are with the applicant and with the residents of Windsor-Walkerville who are concerned about this problem, but I would not like to see this matter considered in the committee as an individual case with relation to the CTC, its decisions and what rights of appeal there are. I would like to see this bill go to the committee so that there can be an opportunity to consider the general transportation problems of Canada and the decisions which are being made by the CTC.

I would like this subject matter to go to the committee so that we might get a proper delineation of the opportunity to appeal to the CTC when service is not officially suspended but in practice is, as is the case with the CPR and the potato industry in the province of New Brunswick, and as is that case with respect to perishable food products and processed products in the Dominion of Canada. There has been a virtual withdrawal by the railroad systems from their responsibility to transport these products.

If this bill were to go to committee and if the government permitted a broad study of the responsibilities of the railroads, the authority of the minister and the authority of the CTC so that these things might be spelled out, the bill might then be amended, not just as it refers to the CTC and a specific case but, rather, as it refers to transportation problems in Canada generally. I strongly recommend that this bill go to a committee on that basis. It would be unfortunate if it went to committee and was considered only with respect to a specific instance because the subject matter is much broader than that. I do not offer any prejudice to the specific instance outlined in this bill, but I do want to use it as an example of a broad transportation problem in all of Canada.

If the bill could go to the committee in that context, I think we could have a very proper discussion on how the government, the CTC and the railroad structure of Canada could combine to give better service on a broad basis and assure all Canadians that where service is essential the railroads shall be obligated to continue that service.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am pleased to have an opportunity to add a few words in this debate and to commend the hon. member for Windsor-Walkerville (Mr. MacGuigan) for once again putting before this House the whole question of the interaction between the railways and the Canadian Transport Commission and, more particularly, the railway transport committee of the CTC.

As one who is somewhat familiar with the problem faced by the hon. member for Windsor-Walkerville by virtue of a similar problem in my own riding some years ago which cropped up again within the last year, for which I was, thanks to the co-operation of the House, able to get through a private member's bill which amended the Railway Act in this connection, it seems to me that there is a real need to examine closely the jurisprudence which the CTC, through its railway transport committee, is going to use to assist people. I am thinking particularly of people in urban areas which perhaps were not so heavily built up years ago when the railways first went through but have since become very heavily urbanized. In some cases homes were built closer to railway facilities than they should have been.

I think what the hon. member for Windsor-Walkerville is touching on is what position the CTC should be taking in relation to the railways. In the past I think there has been concern amongst ordinary residents who run into problems with the railways that they are in the position of fighting city hall. Even though there is a federal authority in place, there is

a feeling that it should be there to take care of their interests as well as the interests of the customers of the railways and the railways themselves. There has been concern that perhaps the CTC has not been doing that effectively.

I believe that perception has not been without some degree of validity, but I think that is changing. As a result of a private member's bill which I managed to get through the House recently, I find that the CTC is now prepared to come out to the public, as it were, and hold public meetings in areas where there are problems. I want to commend the railway transport committee for initiating that kind of action last year. When a subsequent problem arose in my area the railway transport committee came to the borough of Scarborough and held a public meeting. When the local residents were not satisfied with the notices they were given concerning that meeting, another meeting was held. The second meeting was widely advertised. At the meeting the committee listened carefully and attentively to all the comments made by local residents. It was a formal meeting, and subsequent to it the Railway Transport committee issued its findings and insisted that the railways do certain things. What was involved was a temporary relocation of track. The committee insisted that the railways conform to certain requirements, and I know that tended to placate the concerns of the residents.

I think the CTC and the railway transport committee, which is a segment of the CTC, are endeavouring more and more to listen to people. Through submissions made by members of this House, including the excellent submission put forward through this private member's bill in the name of the hon. member for Windsor-Walkerville, I think they will do more listening. I think it is up to us as members of this House to continue to bring these problems forward.

The railways are a tremendously important part of our economy. In years gone by they were considered to be so important that perhaps the ordinary citizen should not have involved himself too much in what was going on, even if there were problems in local areas.

This is a thing which has to be turned around. The railways must realize that not only are they responsible to their customers and for keeping the economy of this country functioning, but they also have a responsibility to communities where their railway facilities enter and pass.

● (1742)

I know the problem which the hon. member for Windsor-Walkerville is facing. I think it is a little unfortunate. I believe that because the CTC has rules in this matter in favour of the local people and against the railways, if I am correct, the railways were anxious to bring the matter up again and the CTC held another hearing. I believe the appeal process should provide for either side to do that. I really think the CTC should be as responsive to the local groups in urban areas as it is to the railways.

The other point I would like to make—and now I will move away from the concerns of citizens relating to the reopening of facilities that have been dormant for years—relates to the whole matter of grade separations. I see the hon. member for Scarborough East (Mr. O'Connell) in the House now and I know he shares my concern in that regard because there are many crossings in our two ridings on the main Canadian National line which runs between Toronto and Montreal. I do not know whether there is a more heavily traversed line in Canada than that line. There are crossings in the borough of Scarborough, which has a population of 375,000 people, which as yet do not have grade separations. This is a really dangerous situation. Every day there are hundreds of thousands of motorists crossing these level crossings and in each instance the exposure factor is very serious. I hope that the Canadian Transport Commission will continue to put more pressure on the railways to initiate the installation of grade separations as well as better signalling equipment.

I have noticed that as a result of actions taken by the hon. member for Scarborough East and myself of recent years, there has been an improvement in our borough in the quality of safety measures at those level crossings over the last few years, and it is noticeable. I do not know whether this is strictly a coincidence or because the railways and the CTC are starting to feel some pressure. If that is the case, it is all to the good because what we want is what is best for the communities involved; and in the long term what is in their best interest is also in the best interest of the railways themselves.

● (1752)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the bill introduced by my colleague from Windsor-Walkerville (Mr. MacGuigan) is essentially quite important, in the sense that it gives rise to a problem faced by his constituents and also raises a much broader issue, that is the place of a citizen as an individual and the place of a citizen as a member of a pressure group and, the means available to him to challenge a decision made by federal boards endowed with quasi-judicial powers. This is a very important problem and I would like to thank and congratulate the hon. member for having introduced a bill which allows us to discuss however, briefly the much broader issue of the citizen's representativity before quasi-judicial boards as mentioned earlier.

A very important problem evidently arises if such commissions, as in the case of the CTC, can constantly reconsider their own decisions and if a transport company can put forward any reason, which may be more or less different from those invoked before, if a commission can and must reconsider or reexamine the issue or the decision it made. Of course, Mr. Speaker, this subjects pressure groups, whether citizens' committees or individuals, to financial and administrative burdens, and is quite time consuming, and I think it is the same for the CRTC and other federal commissions, who must implement certain policies of the federal government.

I know that the CTC is now stydying this aspect which can become quite costly for the citizen, and that it is looking for ways of reducing this burden which an individuals, a citizens' group must bear, to allow them to resort with more fairness to the procedures established by these commissions, either the Canadian Radio-Television and Telecommunications Commission or the Canadian Transport Commission.

Mr. Speaker, we have heard valid arguments for both sides of this issue, one being that the commission must have the right to review, rescind, change, alter or vary its orders and decisions, the other being that the power of the Canadian Transport Commission to do so should be restricted, so that justice is not constantly doing and undoing itself. My colleague, the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Anderson) argued that the CTC's mandate, its power of review, should be as widespread as possible in order to avoid that citizens, groups, or areas be wronged when a decision that is issued is detrimental to them.

Moreover, my colleague the hon. member for Windsor-Walkerville, seconded by the hon. member for Scarborough West (Mr. Martin) and the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), argued that the power now enjoyed by the commission to change its decisions and modify its orders is too wide, as I said earlier, and that any transport company can, for more or less serious reasons, try to convince the commission to change a decision it has made and which might not be advantageous for the company.

These are the two arguments we must consider and I think they can be applied to both sides of the fence. The hon. member for Saskatoon-Biggar said it is unjust to allow large transport companies to refer constantly to the commission's decisions, but on the other hand the magnitude of the Canadian Transport Commission's power to change or review its own decisions makes it possible for simple citizens, citizen groups, local chambers of commerce or any other pressure group, in other words for people who do not have the financial means and are not as well organized as large companies, to refer to the commission's decisions. Arguments are used on both sides with equal force, and this is the dilemma I am facing now.

I would like to come back a little later on the foundation of the question, but may I digress a little, Mr. Speaker, to comment on what the hon. member for Saskatoon-Biggar said when he stressed a real problem in the western provinces, namely the fact that provincial authorities or the citizens or local groups feel somewhat uncomfortable when it comes to appeal to the Canadian Transport Commission, and they consider that the commission does not always do justice to their regional aspirations.

This is an important matter which the hon. member raised, but I would like to remind him that last year, on December 3, if my memory serves me right, in a speech he made in Saskatchewan, the Minister of Transport undertook, on behalf of the government, to establish as far as possible a western arm of the CTC, as he said to look after and satisfy more adequately the legitimate regional expectations of the western provinces. So I am happy the hon. member for Saskatoon-Biggar raised that aspect of the problem but I would remind him, Mr. Speaker, that such a commitment was made by the Minister of Transport nearly a year ago now.

The hon. member for Carleton-Charlotte (Mr. McCain) wanted to support the principle of the bill we are considering now on the ground that it would be a good opportunity to discuss the whole policy and problem of transport at a meeting of the transport committee. I have some sympathy for the point he has made because everybody in this House had at some time or other problems somehow related to transport in Canada. And that is all the more true, I believe, for the Atlantic provinces and for the riding of Carleton-Charlotte which is represented by the hon. member. Of course, as individual members in this House we all had to criticize decisions made by representatives of our national railways but naturally it is always important, I think, to raise those matters before the House of Commons or in committee to try bringing those large companies to play a social role which should be more important. With your permission, Mr. Speaker, I would like to illustrate my point with a personal experience I had some two years ago when the Canadian National decided to suspend its passenger service between Quebec and La Malbaie in the heart of my riding.

Of course, you could argue that there had been a sharp decline in the volume of passengers in recent years, but as was mentioned by the hon. member for Carleton-Charlotte, there was no way to assess or determine to what extent the company was responsible for that traffic loss. So it is very easy, Mr. Speaker, to come up after a few years and say: Look, the number of passengers has been going down for five years, we are losing millions of dollars each year on that branch; that's why we are asking the Canadian Transport Commission permission to suppress that service. That is very easy to do: you only have to make trains leave at 5.15 a.m., or use self-propelling railway coaches without any heating; there are all kinds of means which may be used to scare the passengers away.

That is what they said in the riding of Charlevoix when the commission was under the able and noble chairmanship of the vice president, Mr. Roberge, who came in La Malbaie to preside over the public hearings. Mr. Roberge was very sympathetic to our local representations but, of course, he was faced with questions of dollars, statistics that could not be denied because if the company said, we had so many passengers such and such a week, this could not be denied, it was right. And the commission or the commissioner did not have any means at their disposal to assess, as I was saying, the factors for which the company itself might have been responsible, the factors which brought about that deficit situation, so finally, not

having those instruments, the service was unfortunately abandoned.

In other instances—this was the case of the little Northern train that goes to the Laurentians north of Montreal—we saw the commission refuse to let the CPR abandon a service and as a result of the sustained efforts of local chambers of commerce in the municipalities, that service had 100 per cent more passengers last winter. If I make those digressions, Mr. Speaker, it is to show how important is the basic question of allowing the Canadian Transport Commission to review its own decisions and I think that the hon. member for Windsor-Walkerville was right in raising it but unfortunately I think we still have not had enough time to scrutinize all the aspects of that question because, as I said earlier, we are faced with a dilemma, there are arguments both for an as extensive as possible revision authority and a restrictive revision authority for the Canadian Transport Commission.

I think, Mr. Speaker, that we still have not had enough time to scrutinize that whole question which is extremely important to refer this bill to the Standing Committee on Transport and Communications, but I hope that this important matter which we have just examined briefly will allow the government and the federal administration to try in the coming months to do what needs to be done with respect to all those quasi-judicial commissions or boards so that appeal procedures will not become a financial burden for the average citizen or pressure groups because the game is too one-sided between a big company and a group of citizens, a chamber of commerce or an individual to pursue for months, even years, appeal or revision procedures, or changes in decisions and orders, and so on.

I hope the government and its administration understood the message clearly and will try as soon as possible to develop mechanisms to ensure that Canadians receive all the justice they are entitled to in dealing with large corporations in this country.

Mr. Speaker, may I call it six o'clock?

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business has now expired. With the consent of the House, perhaps we could go back into committee of the whole before the Chair calls it six o'clock. Is that agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed consideration in committee of the whole of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: Order, please. It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the committee took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: Order, please. When the committee rose at six o'clock clause 1 of Bill C-10, an act to amend the Income Tax Act, was under consideration and the hon. parliamentary secretary had the floor.

[*Translation*]

Mr. Martin: Mr. Chairman, I was answering some of the points the hon. member for Villeneuve brought up during his speech when we broke up for dinner. The first point he made, I believe, was that next year there will be a decrease in federal allowances to the citizens of Canada as a result of the bill now before us; I should like to explain that this will definitely not be the case. In 1979, more money will go from the government to the citizens' pockets. For instance, the Minister of National Health and Welfare (Miss Bégin) told me $60 million more will go to the province of Quebec, to name only one. I feel that point deserved to be explained.

[*English*]

The second point I should like to refer to, which I picked up from the hon. member's comments, is the concern over the need for people to go to tax discounters in order to obtain their funds. This should not be necessary at all as we are hopeful that the filing system will be simple and speedy enough that, indeed, they will be able to make their filings in good time and receive their $200 credit for each child on a fairly prompt basis. There should be no need to resort to the tax discounting business.

I suppose one might add in passing that, as a result of the legislation we passed in this House last year, the tax discounters are at least now limited to being able to collect no more than 15 per cent. However, the point should be made that there should be no need now for people who want to claim this particular credit to make use of the tax discounting group.

The third point the hon. member for Villeneuve referred to was the fact that there is a progressive decrease in the $200 benefit once a family income is over $18,000 per year. I understood from his comments that he felt this was rather unfair. There has to be a threshold somewhere in order for this particular legislation to make any sense at all, and it seemed logical to fix that threshold at some point around the area of what the average family income is today. That is how the figure was picked. As has been pointed out in speeches by both the Minister of Finance and the Minister of National Health and Welfare, the threshold is $18,000 but, indeed, people with net incomes higher than that will continue to receive credits, though on a diminishing scale.

Again, I think along the same line, the hon. member was generally making the point that it seemed unfair to hit the wealthier families in that they would have a decrease now in family allowance payments. Perhaps that is very true, but the whole thrust of the legislation, from the time of the first announcement by my own minister on August 24 and subsequently by the Minister of National Health and Welfare, has been that we are taking a look at some of these social programs, and here is an opportunity, without increasing over-all government expenditures, to take the expenditures now being made, reallocate them in a manner that really seems to make more sense, and really help those people in areas where there is a real need.

● (2012)

Those are the only four points which I wanted to comment on at this time. I am sure there will be opportunity during the course of the debate to speak on other matters.

Mr. McGrath: I welcome the opportunity on clause 1, Mr. Chairman, to place a few questions on the record in the hope that they will draw the attention of the minister. I am glad to see her sitting opposite me tonight, and I am particularly happy to see that the officials of the tax department are between us, because the last time I addressed the House on this bill the minister transgressed one of the ancient privileges of the House and crossed the invisible barrier between us, which is the equivalent of four sword lengths separating the opposition from the government, and presented me with a copy of the report by the Royal Commission on the Status of Women right in the middle of my speech.

Mr. Knowles (Winnipeg North Centre): Two sword lengths.

Mr. McGrath: I stand corrected; it is two sword lengths. In any event, I have the protection of the department tonight as well as the two sword lengths.

I would like to place on the record a quote from the recommendations of the Royal Commission on the Status of Women, to which the minister was the distinguished secretary, in support of the position that I put forward during my remarks on second reading. One of the points my party put forward as part of our social program was that the homemaking spouse should be included in the Canada Pension Plan. I would like to read recommendation 103 of the royal commission report; I am grateful to the minister for sending it across the floor to me:

Therefore, we recommend that (a) both the Canada and the Quebec Pension Plans be amended so that the spouse who remains at home can participate in the plan, and (b) the feasibility be explored of

(i) crediting to the spouse remaining at home a portion of the contributions made by the employer on the employed spouse's behalf, and

(ii) on an optional basis, permitting the spouse at home to contribute as a self-employed worker.

I would like the minister to tell us exactly what the position is of these recommendations by the Royal Commission on the Status of Women which were made some time ago. I put it to the committee, in support of the position which I placed before the House during second reading of the bill, that the government has continued to ignore most of the recommendations of the Royal Commission on the Status of Women and particularly this recommendation, which is so important to the whole social welfare program which the government is addressing in part by the bill which is now before committee.

I would like to refer also to the remarks of my colleague the hon. member for Egmont on the effect of this bill on women in the home and the status in the bill of the married woman in the home. I would also like to comment briefly on the outstanding maiden speech of my colleague the hon. member for Rosedale. Most hon. members will agree with me that it was one of the greatest maiden speeches of the House.

In support of the position put forward by my colleague from Egmont, there was presented today to the Minister of Finance a letter—copies of which were made available to all parties in the House—from the chief commissioner of the Canadian Human Rights Commission. I would like to read that letter into the record. It is addressed to the Minister of Finance and is dated November 2, 1978:

The Canadian Human Rights Commission has certain reservations concerning the provisions of Bill C-10, the enabling legislation for the refundable child tax credit program, which I would like to communicate to you before the bill moves into committee of the whole this afternoon.

We are concerned that the bill makes distinctions based on marital status. The result of these distinctions is that mothers who are married are treated differently (and adversely) under the bill. The identification for special treatment of individuals whose living arrangements are based on legal marriage has a discriminatory impact.

Implicit in this provision of the bill is the intention to take family income into consideration in the determination of refundable child tax credits. We would like to be assured that the government does not intend to base its future taxation and social policies on the joint income of two spouses, which is not an adequate definition of family income.

That is precisely the argument that was put forward by my colleague the hon. member for Egmont.

The basic principle of using the income of the total family or living group will require extensive examination before its implications are fully appreciated; the Canadian Human Rights Commission urges the government not to move precipitously into this policy area.

The provisions of Bill C-10 which isolate the income of legally married women for special consideration are not consistent with the recent social phenomenon of the emerging economic independence of women. The Canadian Human Rights Commission felt it important that parliament be alerted of these concerns at this stage of policy development.

He goes on to say that he has sent copies to the Leader of the Opposition, leader of the New Democratic Party and the

leader of the Social Credit party and the letter is signed by R. G. L. Fairweather.

The committee and the House have a right to hear a response from the government as to just how it intends to meet the very serious implications set out by the commissioner with respect to the direction this bill is taking in determining family income and the impact it will have on the rights of women and, especially, women as outlined in the bill—those women who are in the home and who are not covered by the bill.

There were a number of questions raised during the course of the debate which should be put into focus at this point in the committee stage of the bill, since we are now dealing with clause 1. It is well to remember that the welfare ministers of the provinces, when they met in Nova Scotia last September, expressed concern that there had not been consultation with them regarding this bill. Has there been consultation since that time, considering there are two provinces which have their own child allowance programs, and what impact will this bill have on those two provinces?

We would also like to know if there has been consultation with the provinces with respect to the impact this bill will have on provincial social assistance programs. Does the government have the assurance that people who qualify for the special tax allowance under this bill will not be penalized in terms of social welfare programs under provincial jurisdiction? That is an important point and one which the committee is entitled to be satisfied on.

The question has already been raised regarding the rebaters, who will have a field day unless there is special provision made to protect the recipients of the benefits of this bill from those people. There are a number of things in this bill which are causing us trouble. We support the bill naturally, but while we question the way the government is going, we do feel nevertheless it is a bill that tends to address a problem in this country, namely, the disparities of income with respect to the present social welfare program of the government. For expample, we are dealing here with a negative income tax principle and in my estimation a number of people will be filing tax returns for the first time. These people will be unfamiliar with the forms and we can anticipate that there will be a number of errors. We would expect, under normal circumstances, that there would be a substantial educational program involved because we are dealing here with the 1978 tax year. We are talking about this bill becoming operative in this tax year, and the returns will be based on the 1978 taxation year. So we can expect all kinds of administrative problems in this area. We are wondering, therefore, what steps the government proposes to take with respect to meeting these problems.

● (2022)

Then there was the question which was raised in the House today dealing with the social insurance number. Many of these people do not have a social insurance number. They will be required to have one, and we know the administrative process in applying for and receiving a social insurance number is often slow. A lot of people are not familiar with this number and do not know how to go about applying for it. To a large extent we are dealing with low income earners, people who are not familiar with the tax bureaucracy of the government, with income tax returns, with the social insurance number and all that it entails. There is no information presently available in the 1978 guide that accompanies tax returns. Consequently, some kind of an advertising or educational program will be needed in order to familiarize people with their entitlement under the bill, how they can qualify and meet the requirements of the act. In this respect we are wondering how the government intends to meet that problem.

We will have other questions with respect to the technical aspects of the bill, Mr. Chairman. My colleague the hon. member for York-Simcoe will have questions with respect to those aspects of the bill, and I know the Parliamentary Secretary to the Minister of Finance is well able to satisfy the committee in this regard. Officials of the Department of Finance are with him, and these are questions we will anticipate as we get into the bill.

To conclude my opening remarks on clause 1 of the bill, I believe the committee is entitled to some response from the government with respect to the legitimate concerns expressed to the Minister of Finance today in a letter from the chief commissioner of the Canadian Human Rights Commission. I hope that either the Minister of National Health and Welfare or the parliamentary secretary will address herself or himself to this letter at the outset.

[*Translation*]

Miss Bégin: Mr. Chairman, the hon. member raised—and I took note of his questions—seven matters he would like to be clarified. The main question concerns clause 1 of the bill and I will do my best to answer it. Referring me to his earlier speech on the recommendations of the Royal Commission on the Status of Women he asked what we are doing for homemaking spouses and their participation in the Canada Pension Plan. While his point is not too relevant to the bill before us, I shall answer it briefly.

First, most of the recommendations of the report, with a federal thrust, have been implemented. The report recommended a study on housewives participation in the Canada Pension Plan, as it is in essence a pension plan that applies to workers. It is based on employer-employee contributions. So, the government studied this problem under my predecessor and decided after many public and private consultations to maintain the nature of the Canada Pension Plan based on a double contribution and to make only amendments that would not change its character.

I think the hon. member will recall for instance that we proposed for a mother who decides to stay home to raise her young child a so-called drop-out provision so that her contributory earnings would not be reduced in the years for which she gets no salary, but that provision was rejected for all Canada because of the refusal of Ontario to sign the agreement. I only wish to say that the problem of housewives participation in the

Canada Pension Plan, for which nobody has yet come up with the right answer, is related to the following question: Who will pay the employee and employer contribution? It seems to us that what is proposed to date by the hon. member would only benefit high income families as the husband might give to his wife the money required to pay both contributions.

On the second point, the hon. member referred to his colleague from Egmont (Mr. MacDonald) and asked if the tax credit is high enough to be a deterrent for some mothers who would want to take a job outside. I believe that $200 per child would not be a deterrent for mothers who would choose to work outside unless in some very hypothetical cases a mother, because of her profession, would have a very high income and her husband would be a low income earner. Her decision to work or not to work would mean that family would no longer be in the $18,000, $20,000 or $22,000 a year group.

Also, I would like to say that we have in our income tax system other provisions allowing deductions for day care expenses. There are already many fiscal privileges so that a mother can decide to go or not to go on the labour market. Certainly, the tax credit will vary according to the parents' income and the number of children and will be reduced gradually by 5 per cent for each additional dollar and that is very marginal. Honestly, I believe there is nothing in that new tax credit likely to prevent a woman from working outside. Low income earners or mothers who would want to leave welfare and go on the labour market will be able to do so because the family income will probably be below the maximum where the tax credit is cut off. I can reassure the House on that point.

The third point is extremely important. I think it is fundamental and that everyone will agree on this. That is the issue raised by our former colleague, Gordon Fairweather, now chief commissioner of the Human Rights Commission. I believe that point is fundamental and it is the first time it is under study in this House when dealing with a legislation, and it is well known in some women circles.

● (2032)

[*English*]

It is the first time we have seriously considered the eventual problem of discrimination based on the use of marital status as a criterion. It is important to study it seriously. The hon. member for Kingston and the Islands cannot disagree with that.

[*Translation*]

The whole Canadian welfare plan, whether it is from federal or provincial origin, is based on the parental income of the family unit, for instance the welfare benefits paid under the Canadian public assistance program, the guaranteed income supplement, the GIS, which is paid to old age people, and other programs we have, for example in the field of housing for the underprivileged. The whole social policy in Canada and the programs derived from it are based on the concept of parental income of the family unit; the same is true in the U.S. Moreover, the Canadian tax system is based on the individual except when a spouse takes charge of the other and, because of marriage, benefits from fiscal exemptions. That already exists. I have never heard the opposition object to this point. The bill before us does not make any change to this.

In Bill C-10 we are not concerned with marital status. We are concerned only with motherhood or legal custody of children, since it determines who will be the beneficiary, that is the mother in most cases since the refundable tax credit follows the family allowances pattern. Now, to determine the needs of the children we aim to help with this bill, it is essential that we know the parental income of the family, whatever the source of the income may be. One parent or two, the father and or the mother; the marital status is not important in this matter. I must establish clearly that in my opinion the concern expressed by the commissioner of the Human Rights Commission is absolutely without foundation in this case. It is true that the personal income tax return first asks for identification data which include the taxpayer marital status. The same data will probably be asked in the new and very simple form that is being developed for mothers, and it proceeds from the need to know the total income of the parents of the child whose needs we are trying to evaluate. I think I have covered all the aspects of this question. The fourth point was the impact on Quebec and Ontario. I am not sure if—

[*English*]

On the fourth point, I am not sure if I understood the hon. member. He may wish to repeat his point. It had to do with the impact on Quebec or Ontario and the other provinces. He may have meant the financial impact.

I would simply say that the poorer a province is relative to the rest of Canada, the more it will benefit. Quebec will be a beneficiary. The Parliamentary Secretary to the Minister of Finance gave the figure concerning new investments in terms of transfer payments to individuals by way of a new tax credit. This will be approximately $60 million for 1979. In Ontario, if my memory serves me well, the payment will be made to 714,000 families. However, because of the reduction in the monthly family allowance, the net result will be a very small gain. It will be a gain of approximately $26 million. This is speaking in terms of the impact on the provinces not from an economic viewpoint, but from a federal relations viewpoint.

The fifth point raised by the hon. member was consultation with the provinces. This is indeed very important if we want the money to represent an increase in the hands of the families. I have written to all my provincial colleagues. None have yet made a firm commitment. I have invited them to pass on this total amount, in other words, without using any indirect way of getting all or part of the money back into the provincial treasury, via increases in rents for housing or day care centre, or through welfare payments, such as the mothers' allowance in Ontario or any other such payment. I am very

confident that the provinces will pass it on even though I have not yet received their formal commitment.

I have already met with five of my provincial colleagues. I will be meeting with all of them this month when this topic will be on the agenda. Under the act from a federal point of view, I confirm to my provincial colleagues that I will not consider this new child tax credit as income, thereby clarifying for them that they too should not consider it as income.

The sixth point concerned the appearance of the form and the complexities of using a tax form for 1.5 million mothers who receive family allowance but who are non-filers. The form has not yet been finalized. Our objective is to design the simplest possible form for mothers. We want them to apply and to receive the money set aside for them. Most will be non-filers because they are either on welfare or do not earn enough to pay tax. We are conscious of that and, if possible, will try to design a simple one-page form. However, we repeat, the final decision has not yet been made.

The last point raised by the hon. member was, strangely enough, with regard to SIN.

Mr. McGrath: That is, the proper use of SIN.

Miss Bégin: I do not wish to comment on moral grounds. The social insurance number is now required under section 237 of the Income Tax Act. If the form is devised to use the tax machinery and is connected to the tax system and, as the bill describes, we will check the income of the tax filers in cases where the parents are tax filers, we will probably invite mothers to write their social insurance number on the new form. If they do not have one, they will be asked to obtain one. This can be done very simply by filling in the form which is available at post offices or other government offices. I hope this answers the hon. member's questions.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I appreciate the fact that, when the minister spoke during the debate on second reading, she dealt with some of the points I raised. Indeed, she dealt with two very important points. However, there are one or two others which I should like to invite her to speak about at this stage.

The two extremely important points that I raised in my speech on second reading and on which the minister commented were the matter of universality and the principle of indexation. I want to say again how much we welcome the fact that, even though a change is being made in the system of family allowances, we are maintaining the system of universality inasmuch as there will be a family allowance payment for every child in Canada up to the age set out in the legislation.

● (2042)

There was brought to my attention recently a statement which appeared in the "18th Annual Review" of the Economic Council of Canada. A new member of that council, Mr. Kalmen Kaplansky, commented on universality in a sentence or two that I think put it very well:

> The universal social security schemes now in place have been evolved painstakingly over a long time. That they are now as universal as they have become derives from the belief, well tested in experience, that universality is the way best to minimize arbitrariness of any kind in the delivery of these programs, and, accordingly, the way best to safeguard the dignity of each and every individual who comes into contact with them.

I have said a good many times with respect to old age pensions that it made all the difference in the world when the plan became universal. And it made all the difference in the world to family allowances when they were made universal. I am glad the principle has been continued and I appreciate the strong words the minister used in that connection when she spoke on second reading.

I am also pleased that as far as the continuing operation of this legislation is concerned, indexation is being maintained. It is true the government took away the indexing of family allowances for a year a while ago and that the government is taking away for 1979 all the indexing that has been accumulating since the basic rate was set at $20. Nevertheless, it is clear that in January, 1980, the $20 rate will be escalated in accordance with the rise in the consumer price index. It is also true that the $200 refundable tax credit will be escalated in 1980 and so will the $18,000 cut-off point. These are important aspects of our social security program and I am glad that, despite the voices which have been heard against continuing these principles, they still hold in this important piece of legislation.

These are two of the points I made on second reading. I am glad the minister agreed with me and perhaps expressed her views in even stronger terms than I did. There were also other questions I asked hoping that they would be dealt with at this stage. She has already touched on one of them. I indicated that in our view it was extremely important to get commitments from the provinces that they would not take advantage of the refundable tax credit and take away from needy families that amount of money or any portion of it. I was glad to hear she has made this representation to the provinces but I am sorry that she has not received any commitment from them. I do feel she should stay with the issue until she does. We cannot deny her this legislation if the provinces do not play ball, but to my mind it is important they should recognize the nature of this legislation and agree not to make any reductions in any other programs because of this refundable tax credit. As the minister has said, this credit is not to be treated as income as far as this government is concerned. That is good. I hope the provinces will be Canadian and follow suit.

Another issue I raised when speaking on second reading is one in which the minister showed some interest. I do not think she has yet commented on it. I refer to the changes which are being made in the way the consumer price index is computed. We have been told that the importance of food in the basket of goods and services which is used to make up the index is being downgraded. If there is any sector of our society to which the food component is important it is our children. If the change in the consumer price index results in a lesser indexation in 1980 or 1981, then a great disservice will have been done to the poor families of this country. The minister has just said, and I

thoroughly agree with her, that for the provinces to take away any of the money which is being directed under the legislation to families in this country would be to defeat its purposes. I say to the minister that if her colleague the Minister of Industry, Trade and Commerce permits a change in the computation of the consumer price index such that Canadian families do not get the indexation they ought to get in 1980 or 1981, it will be just as great a disservice.

I recognize that for the population as a whole changes have to be made in the consumer price index, maybe for statistical purposes, but surely for families with growing children to which food and clothing are so important, and also for older people, there is room for a special index. I do not know whether the minister has become familiar with this issue in the time she has been with the department; I know I placed the matter before her predecessor and I hope she will have something to say about it.

I move on to the question raised by the hon. member for St. John's East on the basis of the letter written to the Minister of Finance by Mr. Fairweather. I want to express the hope that the hon. lady will make the position clearer as time goes on. I have been reading the bill and reading Mr. Fairweather's letter, and I must say I am still trying to figure it out. If all that is happening in the bill is that a woman who is legally married is required to file a return jointly with her husband, whereas a woman who is living common law does not need to do so, then I do not see that as serious. But if there is a difference in the total income they report, if, for example, a legally married woman has to report the total income coming into a house whereas a woman who is not legally married does not have to do so, and therefore gets more, it seems to me that Mr. Fairweather's point is a good one. I shall not make a judgment until there has been more discussion of the matter, maybe when we get to the other clauses where the references to couples and marriage so on appear.

I move now to another issue to which oblique references have been made by the Parliamentary Secretary to the Minister of Finance and by the Minister of National Health and Welfare. The Parliamentary Secretary to the Minister of Finance answered the hon. member for Villeneuve with respect to his remarks about discounters—and the same remarks were made by my friend, the hon. member for Broadview, the other day—by saying that the intention was to get these payments out fast, and in his view that meant that there really was not enough time to worry about discounters getting into the picture. I am not sure that that is a very good answer. If a mother knows she is going to get a $600 or $800 cheque in April and she is in need in February or March, the temptation to go to a discounter can be quite real. I think that should be looked at more deeply than was reflected in the remarks of the Parliamentary Secretary to the Minister of Finance.

● (2052)

This leads me to a concern about something to which the Minister of National Health and Welfare referred just a few moments ago. The minister made the point in her speech at second reading that a simple form would be sent out with the January family allowance cheque and that that form would be the kind which people who have never filed income tax returns could complete. The whole idea was that by getting that form out in January and getting it back very quickly, the work could be done and the refundable tax credit cheques sent out.

What concerns me is some language which I see in clause 5 of the bill where it says, in a proposed section 152(1) of the Income Tax Act, the following:

> The minister shall, with all due dispatch, examine a taxpayer's return of income for a taxation year, assess the tax for the year, the interest and penalties, if any, payable and determine—

Then it goes on to say that the Minister of Finance, having done that, may send out the refundable tax credit cheques. What I should like to know is very simple. Does this one-page, simple form which the Minister of National Health and Welfare says her department is going to send out in January qualify as the taxpayer's return of income for a taxation year, as referred to in clause 5? In other words, can we be sure that the clearly stated and completely approved position taken by the Minister of Finance and the Minister of National Health and Welfare is going to be implemented? Can we be sure that that will be done? Will that simple, one-page form about which the Minister of National Health and Welfare talks qualify as a taxpayer's return for the purpose of getting this refundable tax credit into her hands?

I think the minister said that 1.5 million mothers are non-filers. These will be women who are not in the habit of filing income tax returns and who are buffaloed by almost any legal document or questionnaire they have to fill out. I appreciate that what the minister wants to do is to get for those people a simple form so that the money will come back in two or three months. Is that going to happen, or are these people going to be told, "Well, you have not yet filed a taxpayer's return of income for a taxation year"?

Some of the things I have said have been part of the speechmaking we do around here. I want to emphasize again the importance of universality, indexation and so forth, but I would like to have the minister's comments as to her determination to get commitments from the provinces, as to what she is going to do about the consumer price index, and anything further she wants to say about Mr. Fairweather's comments. In particular I should like to know if we can be sure that there will be speedy delivery of these cheques to the 1.5 million mothers to whom I referred as well as to all the rest.

[*Translation*]

Miss Bégin: May I take a few minutes to answer, Mr. Chairman?

The Chairman: Agreed.

Miss Bégin: The first three points were probably comments made by the hon. member. I have listened closely to his explanation about the universality of indexation. I have already stated my commitment to those two fundamental

features of our social programs. His third point concerned my reiterating the importance for the provinces to redistribute the money to needy mothers or families. Of course, the House can be sure that I will do everything I can to achieve that and I have sufficient confidence in the fact that my provincial colleagues are good politicians and could do it at no cost at all. That will give them good publicity and it will not cost them anything since the federal treasury will pay for this program on behalf of all Canadians. I am not prepared to ask all members to start submitting petitions to provincial ministers!

The fourth point was about the consumer price index.

[*English*]

I will not go into too many details regarding the consumer price index, but I want to make it quite clear that as far as I am concerned the new consumer price index will serve the clients of my department better. That is the attitude I would take if proposals like this came before cabinet. The new index is made up of an updated basket of goods. It includes the 1974 basket instead of the old 1967 basket to bring us closer to reality. It covers all family sizes rather than just two to six person families, as does the current one. It covers all income groups rather than just the $7,000 to $21,000 group referred to by the current consumer price index. In other words, all families earning less than $7,000 are now included. That will give a much better reflection of the needs of low income families. The new consumer price index covers more cities and more expenditure items.

All that being said, the net result is a relative decrease in the importance of the food index. It has declined from 24.8 per cent to 21.5 per cent of the consumer price index. By the same token, the importance of other items such as housing has increased. The housing factor has increased from 31.4 per cent to 34.5 per cent of the consumer price index. That part of the index will be important in the budgets of the families we are trying to help with this program.

With regard to the letter from the chairman of the Human Rights Commission, the hon. member for Winnipeg North Centre referred in his question to the treatment of married mothers compared with the treatment of common law situations in the income tax system. At the outset I would like to say that I do not think this bill will correct everything that is wrong in the system.

Having said that and protected myself from financial specialists, I want to say as Minister of National Health and Welfare and not as the former minister of national revenue that as far as I know common law situations have not been recognized by the income tax system. People living in common law situations usually have not enjoyed all the tax privileges offered to dependent spouses.

● (2102)

This time the common law situation is not viewed as it was before, and this legislation will permit in some cases mothers who are living in a common law situation to benefit from the credit, in contrast to families where the partners make good money. That is pretty theoretical, but if that is what the hon. member meant, it is theoretically possible.

Let me go back now to marital status as the criterion of eventual discrimination. I want to reiterate that the point raised by the chairman of the Human Rights Commission is not at all valid, so far as I can see. The married mother declares both incomes, or whatever income exists. The separated mother who has a legal separation declares her income, if any, from whatever source, as defined under net income in the income tax form, and will also declare the alimony, if there is any, or child payments. The situation is the same for divorced mothers. In the case of a de facto separation which is not legal—

[*Translation*]

—in the case of separations which are not legally recognized but which are actual separations, the mother is considered as sole parent and reports her sources of income. In the case of unmarried mothers, the woman of course reports her income once again whatever may be the source. Finally I do not see any case of discrimination based on marital status. The parents, when both are there, must report their income because the needs of the children must be determined and whether the woman is married or receives an alimony or is unmarried, as long as the family unit not within the fiscal meaning of the term, but as far as family allowances are concerned as long as the family unit does not have necessary earnings, the mother will receive a cheque. One might say that it is discrimination against men, but I am sure that was not the point which the commissioner wanted to make. I think that the commissioner was referring—and his letter is not quite clear in that respect to problems more especially identified by several feminist organizations a few years ago when the Carter commission was widely discussed. A point income tax or point returns were then mentioned. The Canadian system is not based on joint income tax reports. The mother, the woman, whatever her marital status, still files her own income tax report, if necessary. This I want to make quite clear. I do not really think that we should be concerned about it.

[*English*]

The sixth point had to do with tax discounters. There is a problem there. I would invite everyone to advise mothers to wait two months until they receive the full amount. Of course, cases might exist where mothers might wish to cash the anticipated benefits ahead of time. What was said last night in the House concerning the rate of 60 per cent which could be claimed by the tax discounters on the mother's anticipated return is quite incorrect. They cannot claim more than 15 per cent, all charges included. Hon. members will have to read the Tax Rebate Discounting Act.

An hon. Member: Read the form.

Miss Bégin: Officials from all the departments concerned have studied the matter. Perhaps 15 per cent is too much, but at least the amount is limited to a maximum of 15 per cent,

interest and all charges included, which was not the case before. The complete system is geared toward sending out the cheques as soon as possible, and we hope to be able to start sending them out perhaps as early as the third week of March to the most needy mothers who do not file income tax returns.

The last point concerns tax forms. The hon. member referred to clause 5 which amends the old section 152 of the act. We are still working on the form. As I understand the situation, under the Income Tax Act the wording of the taxation form is prescribed by the Minister of National Revenue. We are working on a new form which we want to be as simple as possible. I hope it can be a one-page form which would follow the requirements of the Income Tax Act and at the same time provide us with whatever information is required.

Let me just go back to what I was saying under the heading of status of women. In the case of a family with two parents, the mother will fill out the form and ask the husband for his signature because both signatures will be required. Either parent will be able to fill out the form, but in all cases where there are two parents the two signatures will be necessary. I think this answers the questions put by the hon. member.

Miss MacDonald: Mr. Chairman, I notice that the minister said earlier that she would avoid answering questions based on moral grounds. I want to say to her that I consider the principle embodied in this bill to be totally immoral. I am talking about the rebate being based on family income. That principle, as the minister should very well know, she of all people in the House, is discriminatory against women. This is something which the minister has not really faced in her detailed answers to the various points that were raised. This principle is highly discriminatory against women.

She must recognize that in the legislation before us women are penalized. That is not new to the minister. She has heard me speak on this before in connection with other pieces of legislation which have been brought in by the government and which in fact she herself put forward. Not long ago I raised that question in the debate on the spouse's allowance. The kind of discrimination I am talking about here is the kind which takes away the sense of self-worth that a woman has as an individual in our society every time she must seek the approval of the older spouse—which, as the minister knows, in most cases is the man—to get the spouse's allowance. That is discrimination against women. This legislation discriminates against women also and it is contrary to the Human Rights Act.

The minister made reference to the letter which my colleague, the hon. member for St. John's East, read into the record, the letter from Mr. Fairweather, the head of the Human Rights Commission. The minister indicated that this was the first time the subject had been brought up. Also she indicated that his presentation was not valid. That is not the first time it has been brought up. This point was raised with Mr. Fairweather, the whole approach of rebating or taking into consideration the concept of family income as some kind of a basis. It has been raised repeatedly with the Human Rights Commissioner by women's groups, individual women and individual members of parliament.

● (2112)

I should like to refer to one occasion when it was raised with the Human Rights Commissioner not long ago. The distinguished former chairman of the Royal Commission on the Status of Women, Senator Florence Bird, raised this issue with the Human Rights Commissioner before the special joint committee on the constitution. In reply he said the following:

> I would be unhappy about a formula based on marriage. You know, we are over the days whether women have a right to work or not. 3.5 million women in this country work, and a quick answer would be that if a formula for eligibility is based merely on marital status, I think it is contrary to the Canadian Human Rights Act.

He went on to say:

> Women have the right to work and marital status in itself should not be used as an excuse for a different formulation.

I have put on record the question raised by the former commissioner of the Royal Commission on the Status of Women, as well as the reply of the present commissioner of the Human Rights Commission, because they were both very concerned about this particular aspect. The Parliamentary Secretary to the Minister of Consumer and Corporate Affairs said yesterday that she was delighted people here had suddenly found the report of the Royal Commission on the Status of Women. I am sure the minister knows that there were some of us, including herself, who were involved in the writing of that commission report.

One of the things being fought for seven years ago, and again now, was equality for women in this country. This bill begins a regressive step toward that equality. The principle embodied in the bill is discriminatory, but it is also very regressive. It makes me extremely concerned and unhappy that this kind of legislation has to be introduced into the House.

I would think the minister herself must be very uncomfortable with this kind of legislation. I am sure she will appreciate that the entire thrust of the drive for equality of women in the past decade has been based on erasing the assumption that a woman is an extension of her husband. That is what the drive for equality has been all about, that a woman can be considered independent in her own right whether in the marriage unit or outside it.

This proposal puts her back into a dependent situation. It is no longer a question of having erased the assumption that she is dependent on her husband. The fact that her income is seen as an extension of her husband's income makes her a dependant in that category. For that reason I am concerned and upset that the minister, of all people in the House, should be lending her support to this aspect of legislation which is terribly regressive.

The minister will know that the ongoing reform to legislation at both provincial and federal levels, as well as the entire thrust of sections of the Law Reform Commission in the past decade, has been focused on reforming laws which discriminate against women, particularly women in the marriage unit.

This bill will add one more piece of discriminatory legislation to the statutes now on the books, at a time when we are attempting to eradicate them. There is a conflict between what we have been doing in the last ten years and what the bill introduces. The fact that the legislation is discriminatory and regressive shows a major step backward rather than forward.

In addition to this, the principle perpetuates injustice within marriage. Many laws have been introduced in the last number of years to improve the situation of women upon the dissolution of marriage. Many pieces of legislation have been introduced in many legislatures across the country. Regardless of the fact that these laws have been introduced to improve the lot of women upon the dissolution of marriage, the minister knows there is no guarantee of economic equality within marriage itself, and that a woman has no claim, save possibly her bare subsistence, on her husband's income. The minister must know that and recognize it. This proposal does not take that situation into consideration.

Over and over again we have stated that there are women, women's groups and organizations which are concerned. That was the concern of the Advisory Council on the Status of Women when its paper on taxation was produced. In part the paper read as follows:

Until Canadian women enjoy full economic equality within marriage, it is very important that no new measure be introduced that will further erode the independent financial position of married women.

That is what the council requested, that no new measure containing the concept of income based on family income be introduced to erode the independent financial position of women. In effect, it would make women more dependent.

There are a number of questions I should like to ask the minister, having expressed my concern about this legislation. I know she shared a similar concern at one point in time, and I hope she does now. Can she give us any idea how many women who would be entitled to the rebate on their own incomes will not be so entitled when their incomes are combined with those of their husbands? How many women will be affected by that? Has she made any effort to consult with the women who are going to be so penalized by this legislation? Has there been any effort on the part of anyone in the government or cabinet to find out what these women feel and think about the principle of joint income for tax purposes? Has anyone attempted to canvass the situation with women in order to find out whether they are willing, happy or receptive to this regressive legislation? Does the minister know if her colleague, the minister responsible for the status of women, has made any investigation regarding this matter? Has he attempted to canvass this situation? Has he made any real effort to find out what this legislation will do to the self-respect and dignity of women as individuals? Has that area been canvassed?

Has the Minister of Finance taken into consideration any other options for those women who do not want their incomes lumped with those of their husbands? Have other options been considered? Perhaps the minister could refer to the situation in the United States. The situation there is that there are several different options for tax purposes. A husband and wife in the United States can file jointly or separately for income tax purposes. Was that situation canvassed here? Was that approach considered? If it was considered, was it considered in light of an over-all revision to the taxation system? Did the minister look at that? Did she consider that perhaps, although that kind of legislation could be put into effect where women could file separately from their husbands, this aspect of the bill is premature?

• (2122)

Those are some of the questions I wanted to ask the minister. I should like to ask her as well if she has considered the possibility that whoever claims the children as dependents would be able to claim the rebate? Has this been considered, that the person responsible for the children within a marriage should be able to claim the rebate? I wonder whether the minister, in addressing herself to these questions, could tell me that in fact considerable discussion, considerable study and debate took place with her cabinet colleagues specifically regarding those points embodied in this bill which I find so immoral, regressive and discriminatory?

Miss Bégin: Mr. Chairman, I would first like to say that it may be discriminatory that the cheques will be made out in the name of the mothers, but that is the thing of which I am most proud. I am also very proud of the bill and I want to clarify that once and for all. I am extremely comfortable with this reform which means, to anybody who understands and knows the taxation system, a refundable tax credit instead of a tax exemption. That is really what it is.

The purpose of this bill is to redistribute money within the system, making it more beneficial for families with children and small salaries who are in need. This has been achieved and the cheque had to be made out in the name of someone. The government decided the cheques should be made out in the names of the mothers of Canada, and this means that approximately $120 million more money will be placed directly in the hands of women. That is also pretty important and no one has mentioned it in this House. I want to make that point clear.

The way this bill was described by the hon. member for Kingston and the Islands, it is a bill which would change the taxation system in Canada. This bill is not introducing the principle of joint filing in this country. The hon. member addressed herself to the joint filing principle. There are opposite points of view on the principle of joint filing, but it seems to me we are not here to debate that. We are not here to debate the principle of joint filing, which is only a technique, a philosophy or a principle of taxation which, because it calls for different rates of taxation, would be beneficial to women.

However, we are not discussing that today. Opponents of joint taxation usually forget that aspect and discuss the matter on an ideological basis, questioning the fact that a woman would no longer have an income tax form in her name only. However, that has nothing to do with this bill. That involves a matter of joint taxation, something which does not exist in Canada.

Tonight we are discussing a bill which uses the tax system to create a tax credit associated with children. I want to confirm that we are not creating any discrimination or regressivity in this system, that being the other word the hon. member used. Eligibility is not based on marital status. I will repeat that because the hon. member said I did not explain it. Maybe I was not clear enough the first time. Eligibility has nothing to do with marital status. Anyone with children can receive the credit, be they single, divorced, widowed, married, separated or deserted. The credit is attached to the income of the family unit, which means two parents or one parent, whatever the circumstances of a given family, and there is no relation to joint filings of joint tax returns. This relates to parents, one or two, with children in a family unit who do not benefit from having enough money.

The purpose of this bill is to see that the children of the nation are provided for, and the credit is available to the parents, or the parent in the singular, no matter who looks after the children, in order that the parent or parents have enough money for the children.

I want to confirm that the wife's income is not treated differently than the husband's income. Both sign a piece of paper. There is a problem of which I am aware, as are many of my colleagues in this House. We will always fight in order to correct the situation, but this bill involves the redistribution of family allowances to the children of Canada.

There are just a few more points in order to clarify this matter. The federal Advisory Council on the Status of Women approved wholeheartedly of this reform, and made that approval known by a resolution of the complete council, as well as through numerous speeches and meetings. I have met with many women's groups all of which approve of this reform. Some of them regretted, as I do and as I have said often, the reduction in universal family allowances.

That is another question. Women's groups have told me that they approve of this reform, and I am reporting that to this committee. This reform has been requested of us by all provincial and federal advisory councils. They wanted a change in the tax system from tax exemptions to tax credits. This is a step in that direction of which they approve.

Quite rightly from their point of view, as well as from mine, they regret the fact that in order to create that new credit, one of the sources of the new money was found in a reduction of family allowances. We decided to reduce universal family allowance, although slightly, and to redirect the funds to mothers and children in need.

I think that answers the various points made by the hon. member. I want to stress again that the signing of a piece of paper in respect of the incomes of both partners in a family already exists, and I am not talking about a taxation system per se. This exists already in respect of GIS as well as in respect of every Ontario senior citizen program, low rental housing and in all our welfare schemes.

Mr. Friesen: Mr. Chairman, before I get into the body of my remarks I would simply point out that the minister overlooked one question put by the hon. member for Kingston and the Islands, and it relates to the fact that both the husband and wife, or both parents, apparently have to sign the application form. Was that not one of the points that was made?

[Miss Bégin.]

Miss Bégin: Yes, both parents.

Mr. Friesen: Both parents have to sign, and that seems to me to be a point of discrimination. If the mother is an adult in every other way, why is she not considered an adult in this area?

● (2132)

I have been going over with some interest the remarks made by the minister in her speech two days ago. There are three words that keep recurring in her speech. One word is the word "reform". It is a very useful term but it can also be a very intimidating term in a speech like this. The purpose of this forum is to debate, and everybody is interested in reform, but how do you initiate debate when the minister uses that word? If I wanted to object to anything the minister has said, there is an implication that I am not interested in reform. If the minister wants to initiate debate on this bill, it would be better to use a more neutral word. Perhaps a better word would be "progressive". Everybody believes in reform and progressiveness, but if you disagree with a particular aspect of the policies that issue from those terms, then you are being retrogressive and not interested in reform.

The minister has used two other words which disturb me even more. One is the word "universality" which the hon. member for Winnipeg North Centre is so interested in and takes great pride in, but which he is unable to get his caucus to agree with him on. I would like to ask the minister just how she intends to apply this principle of universality. Does she believe that everybody can be treated alike in this matter? She said in her speech, as reported at page 670 of *Hansard*:

> That is what we are proposing. In other words, we decided to put together the best of selectivity and universality.

I would like to have the minister explain how she can be a proponent of universality on one hand and selectivity on the other. The hon. minister cannot have it both ways, regardless of how good she is at gymnastics.

The third word which causes me concern is "redistribution". I take it the hon. member is referring to redistribution of wealth. How far is the minister willing to work toward the redistribution of wealth in this country? Obviously, if you talk about universality and about redistribution it infers government intervention. In fact, the minister makes a point of it at the bottom of page 672 of *Hansard*:

> This is the first time that the tax system will be used to deliver benefits to people. That is why we give it that funny name—the refundable child tax credit, although it is a cheque sent to mothers. It goes through the tax system and because of that this machinery has been set up only for annual deliveries.

Here is the sentence which really scares me:

> In future years it will be important to monitor what is best for, and what is wanted by, mothers.

Can the minister tell me to what extent the government is qualified to monitor what is best for mothers? The most fundamental institution we have in this country is the institution of the family and the integrity of the family unit. The thing which I find disturbing in this bill is not only the principle of redistribution which the hon. member refers to, but the intervention of the government into the sanctity of the family unit. I would like to have the minister explain that last sentence to me. To what extent is she willing to carry that out? The minister continues at page 673:

The hon. member for Winnipeg North Centre asked me that question. In all honesty I think members on the other side could agree with me that family allowances, no matter the economic circumstances of a family, are a right, by which the government shows that the nation is responsible for the well-being of . . . children—

When has it become the government's responsibility to look after children? If the government would like to do its job properly, what it needs to do is unshackle the parents so they can do their job. Perhaps we should restructure the tax system, not according to principles which the minister is introducing in this bill, but in such a way that the burdens are taken away from the parents so that they can spend their time bringing up the children.

SIN numbers have been the topic of questions and answers and repartee in this House, and I would like to ask the minister—and I am not punning on the word this time—whether the growing use of the SIN number is not part of the background, in the government's mind, of setting up the machinery for expediting guaranteed annual income. Would the minister answer those questions?

Miss Bégin: The first three points the hon. member has raised are of a philosophical nature. He has referred to three different concepts—reform, universality and redistribution. The hon. member, with whom I sat on the committee on immigration, is a great philosopher and well versed in rhetoric.

With regard to the word "reform", it is reform in the sense that I explained previously, in the sense of the tax system. It is a major reform. Reform is a normal thing on the government side, and we are very proud of the reform in this bill. We feel that it is a good reform and a major one.

The hon. member asked how far I am willing to go with regard to the word "universality". We are talking about family allowances and a universal program for every child in Canada. In terms of the money given out for each individual child, it is a modest amount, but the total expenditure amounts to $2 billion. I would ask the hon. member to read the first chapter of the report by the Royal Commission on the Status of Women, which outlines the historical development of the economy of the family. At one time children of ages 12, 13 or 14 were considered productive assets, but that has changed and, therefore, so has the economics of the family. Perhaps the hon. member forgot that I had mentioned these aspects of family life.

When the government gives a family allowance to the families of the nation, it acknowledges that children are essential to this country. It decides that in dividing up the total pie of government expenditures so much will go for national defence, agriculture, wharves and fishing, and that a portion will go to children!

That is what we are saying. This universality has been maintained. It does not help to pretend that it was not questioned in many quarters in Canada and it will be questioned again. This government believes in the universality of family allowances, and when I spoke of the best of selectivity and universality, I very clearly defined the new reform. We want to maintain a relative universality for every child. We are redirecting to those children in need much larger sums of money than to the ordinary children of Canada who are in good economic circumstances. That is what I said.

● (2142)

On the third point, redistribution of wealth, I will go very fast. The hon. members asked how far is the minister ready to go. That is very, very easy to answer. I will go as far as necessary to make sure that no longer will we have in Canada 600,000 families with a total of close to two million children living below the poverty line.

Fourth, the hon. member did not quote me correctly; he forgot part of the sentence. He was referring to that part of my speech where I said we would monitor the program to see if changes were needed in future years. That was said in reference to an annual payment versus several instalments. If I recall correctly, and the hon. member can correct me if I am wrong, I said that it is very important to me that mothers be listened to, and that we hear their voices, not only the voices of all the social workers of the country. I do not mean that social workers do not do their job, they do a good job, but I would like mothers to speak for themselves, if possible. We will create the program first if hon. members pass the bill. We want to hear from mothers who will be living with that program whether they prefer to receive several instalments rather than one large payment.

In any event, for the first year the tax system being used is not a system geared to making several payments a year; the current mechanism provides for only one yearly payment. That was the context.

As for "SIN", which is the favourite topic tonight, I do not know what the hon. member thought first; perhaps he thought there was a monster on the horizon! He asked if the government was planning—I missed some parts of the sentence—to find some hidden way to introduce a guaranteed annual income through the use of a SIN number. I fail to see the connection because then I would have to have the SIN number right away, because it would mean that we would have the guaranteed annual income. The social insurance number, as I said earlier, and maybe the member was not in the House, is required as per section 237 of the Income Tax Act. If we use the tax system, I would invite mothers who do not have one already to get one.

I just want to mention that I do not want to mix different things here, but when an hon. member asked this question the other day, members of the House had just received their pay

cheques as members of parliament with their SIN number on them. I would like to know how many members of this House refused to cash their cheques.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, I should not want to miss this very special opportunity, the study of Bill C-10 which deals very specifically with the income of Canadian families, of saying what I think of this bill. Mr. Chairman, in the speeches made in this House by some of my colleagues, it has happened at times that an outline was given of the background of the act which first authorized the Canadian government to pay family allowances to our Canadian families.

Mr. Chairman, having been directly concerned with, and especially having participated with many others in the matter before that act was introduced in parliament, which authorizes the payment of family allowances, I must point out that we were often accused by opponents of such social legislation of being marxists and of wanting to give families things they had not earned. The young might be interested in this, to better understand the whys and wherefores of that very important social legislation, not only at that time but also in this day and age when amendments are being made to it on the basis of present needs. I should like to tell my colleagues that the legislation passed by parliament many years ago stirred up many a controversy. I remember, with considerable emotion as I remind the House of it, how a movement was organized among people who, at the time, wanted to look seriously into the situation of families with a view to introducing a policy to help the women better fulfil their role as mothers, and give the fathers additional income to enable them to assume their responsibilities.

● (2152)

We were regarded as general disrupters. Some even said that we were communists because we wanted to introduce in our society a social measure, a family measure, to acknowledge family needs and the sacred character of motherhood. But they forgot to say that when dramatic events occur, when the country is in a difficult situation because of war, it is in families that soldiers are sought to defend our liberties. It is in families that our technicians are sought as well as the professionals and the engineers who will, throughout the years, manufacture the weapons and the goods needed by the country to ensure its defence and security. We forgot that when some people really want to give more security to families the whole country, the entire population benefit by it.

As far as I am concerned—and I would not like to pose as an example, far from that, because many of my colleagues in this House had members of their own families who volunteered to fight abroad in order to ensure the level of security and freedom we are now enjoying—in my own family as in those of many of my hon. colleagues, it was the same thing. But should we go on imposing obligations only to those mothers and fathers, or should we on occasion recognize them certain rights and a degree of economic security?

That is why, in 1945, the Canadian government enacted the statute under which the government could pay family allowances, and at that time such allowances were paid on a universal basis. It was then recognized that mothers, whatever their husband's incomes—because at that time husbands in most cases were the providers—were entitled to some income.

Mr. Chairman, I remember at that time some rather deep minds were saying: If we pass the family allowances legislation, we will be unduly encouraging parents to bring up large families. The suggestion was that mothers and fathers would be increasing the Canadian population because of family allowances. The young people making such suggestions did not know what they were talking about because I for one, as many others, have a large family but never did I do my duty because of any social benefit, even family allowances, nor did other parents. Love is greater than that.

Nonetheless, Mr. Chairman, recognizing the right to allowances for families is a right of association in our society. Let those in our society who have the courage to give children to our country, the human capital that is any country's greatest resource. If this is not the greatest resource, Mr. Chairman, let people rise and tell me what is the greatest resource in the country. I have always considered that the most fabulous wealth is the human resource. Hence, if human resource is the greatest wealth in our country, it is the duty of the state, which is the association of individuals and families, to give special consideration to those persons who have the courage to give this human resource to our native land. This is not achieved without sacrifice; however, it is also the source of great satisfactions. When there is a new-born in the family, all parents are delighted with the birth of this child; however, the parents are still responsible for the child. They must see that the child's needs are satisfied in a normal way. They have to ensure his education until he is self-sufficient. That is the role of parents. I would like this role to be recognized, that it be on a continuing basis the role of all persons who enter into a partnership to lay the foundations of a family.

Mr. Chairman, we deplore today, and with good reasons, the many separations, the numerous divorces, whatever the reason for them, it is not my role to judge them, it is neither my line nor my business. But as legislators, as parliamentarians whose duty it is to administer the public good, to administer the country, we have a responsibility. It is not in our line of duty to go and see in people's bedrooms why they want to have one, five, or ten children. That is not our responsibility. That is not our business. But, Mr. Chairman, when in a household there are one, two, five, ten children, that represents a wealth for our country. And it is our role as parliamentarians to see that the rights of these parents are recognized. It is our responsibility

to ensure that these parents have sufficient means to live up to their responsibilities. That is precisely the aim of Bill C-10.

I can see, unfortunately, that my colleague is most anxious to have the floor. I would gladly turn it over to her, but I think that tomorrow, even if it is in God's hands, we must continue our debate to ensure careful consideration of this bill. I am sorry.

[*English*]

Mrs. Appolloni: Mr. Chairman, I rise on a point of order. I want to make something very, very clear. In all modesty, I seem to be the person in this chamber who is most competent to speak for mothers, four times as competent. As a mother, I would like to state that family allowances are primarily for children, not for parents. I would also like—

The Assistant Deputy Chairman: Order, please. I am sure the hon. member will have an opportunity to state her views later in the debate. That is certainly not a point of order.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, if there is somebody in this House who holds mothers in high esteem it is certainly me, that is for sure! But a mother cannot be a mother by herself, she needs a father. May I call it ten o'clock?

The Assistant Deputy Chairman: Order, please. It being ten o'clock, it is my duty to adjourn the debate, report progress and ask for leave to resume consideration of the bill at the next sitting of the House.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—RAIL SERVICE IN NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I hope the Minister of Transport (Mr. Lang) will stay because this has to do with a question he was asked on October 17. It has to do with the subject of murder, the murder of the Newfoundland railway by the inattention and lack of caring of this government, particularly the Minister of Transport.

The Newfoundland railway had been in existence since the 1890s, built through much toil and difficulty by the people of Newfoundland. Since 1949 it has been owned by the Government of Canada which has given it to CN to operate.

On July 24 the Sullivan commission made an interim report on Newfoundland transportation problems. One recommendation of that commission, which the government had received two months earlier, is that the Newfoundland railway be abandoned, be done away with over a period of five to ten years. That recommendation was immediately repudiated by the Newfoundland members of this House. It was repudiated by the Progressive Conservative caucus in Ottawa on August 14. It was repudiated by Premier Moores and the Newfoundland government on August 22.

• (2202)

On August 3 I wrote the Minister of Transport and I have not had any reply yet, Mr. Speaker. On August 21 I wrote the Minister of Transport asking him what attitude the government was taking with relation to the railway and the recommendation which had been made, and pointing out to him that business was leaving the railway because of the uncertainty and that certain trains had been discontinued from Bishop's Falls to St. John's. On August 22, as I said, the province repudiated that recommendation.

I wrote the minister again on September 6. None of these letter were ever answered by the three-in-one minister—justice, transport and wheat. He is not doing his job properly in any one of the three. He did not answer my letter of September 6 pointing out that business was leaving the railway because of uncertainty and because government was taking no position. I asked what was the position of the Canadian government.

On September 12 the Secretary of State for External Affairs (Mr. Jamieson) spoke in St. John's and said the Canadian government accepted the position taken by the government of Newfoundland that they would not accept the position that our railway should be done away with, and that the onus was now on all concerned to test the validity of the proposition that freight traffic could be increased and the service made more attractive to users. He said there had to be a new sense of commitment on the part of CNR, that it must accept the decision. That is what the minister's colleague said on September 12.

I asked a question in this House on October 17. I said that nothing was being done to see that the system continued or to assist CN in operating it. I asked the minister whether the government would accept its responsibility to meet any losses proven to be properly realized on the Newfoundland railway system so that CN does not have to meet them from its own revenue from elsewhere—which it should not have to do; it is a government railway—and would the government direct CN to manage the railway efficiently and try to attract traffic back and give it a real chance to put in new management? I asked, would they set the uncertainty at rest.

I pointed out to the minister that there were 20 more lay-offs and two more trains cancelled in breach of an undertaking the minister had given that there would be no more lay-offs while the Sullivan commission continued its work. The minister said he would investigate the lay-offs. He has not reported to me since October 17, this indifferent and neglect-

ful minister, so I do not know what investigation he carried out.

I gave up on the minister then, Mr. Speaker. He showed he did not want to meet with the railway unions, he did not want to have a meeting with anybody from Newfoundland. He said he wanted to wait for the final report of the Sullivan commission in 1979 before meeting anyone. He said that if Newfoundland wanted to have a railway the money would have to come out of other moneys for transportation in Newfoundland. That is his attitude.

On October 24 I gave up on him and wrote to the Secretary of State for External Affairs to ask him to convene a meeting. After that letter was delivered I got information indicating to me that CN had instructed their Newfoundland division to cut their next year's budget in half, by over half a million dollars. That is going to cost 200 people their jobs in the next construction season. They will not be improving the CN track. They are cutting their maintenance budget by $500,000, causing more lay-offs in January as well as the laying idle of equipment. As well, they are not to replace some 12 workers, who have left the department, responsible for constructing bridges and buildings. They are not to hire anyone to replace any of them.

I have now called on the minister, in another letter dated October 30, to take some action to convene a meeting with interested Newfoundland MPs—the hon. member for St. John's East (Mr. McGrath) and myself; the Liberal members are showing no interest. I asked him to give instructions to CN that they are to stop this attempt to sabotage the Newfoundland railway by cutting away all its funds. I refer to the savage cuts in Newfoundland by comparison with only $173,000 in the budgets of all the other three maritime provinces.

What kind of a record of negligence does this constitute against a minister who has not answered these letters which have been sent to him since August 3? They are dated August 3, August 21, September 6; and on October 24 and October 30 I wrote to the Secretary of State for External Affairs. The minister deliberately wants to see the Newfoundland railway go by neglect and inattention. It is a case of a battered railway, not a battered wife. It is a case of letting CN go ahead and finish the Newfoundland railway now or in 1979 so that there will be no business going on the railway; and then the story will be that there is no business on the railway, there is no railway to save and the 3,000 jobs have to go. Two thousand to three thousand Newfoundlanders are being sacrificed by this minister's inattention to his duties and lack of response to these requests.

● (2207)

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, in March of 1977 a commission of inquiry into transportation in Newfoundland was formed under the chairmanship of Dr. Arthur Sullivan. The commission presented the first volume of its report in July of this year. In that volume the commission recommended, among other things, that the railway should be phased out in ten years; the railway would have an opportunity to demonstrate its continuing role; and re-evaluation of the decision to abandon would take place after a five-year period.

The minister has made it very clear that action in relation to the Newfoundland railway is expected by us to be a bilateral matter, just as the creation of the Sullivan commission, its personnel and terms of reference were agreed upon by both the federal and provincial governments. To this end a federal-provincial committee on the Sullivan commission has been set up to analyse all the recommendations with respect to implementation costs, decision timing and implementation processes. The committee has met twice and will continue to meet approximately on a monthly basis.

In addition, Transport Canada officials are discussing with Canadian National possible courses of positive action designed to make the railway more attractive to shippers, and the minister has had preliminary discussions with Dr. Bandeen about the railway as well.

There has been communication between the Minister of Transport (Mr. Lang) and the government of Newfoundland and representatives of labour on a number of issues related to the Sullivan report.

While CN has made an alteration in train schedules, I emphasize that no trains have been cancelled. Basically the change referred to by the hon. member opposite involves holding over one train in Bishop's Falls each Saturday for 24 hours and adding it to the train going through Bishop's Falls the following day. This does not result in a change of service to shippers, and the CN has confirmed that the change was instituted solely in response to changes in the level and flow of business. Twelve men will be laid off as a result of this action. A further seven men will be laid off as a national agreement made between CN and the union with respect to a reduction in yard crew personnel comes into effect in Newfoundland. This agreement has already been implemented in many other parts of Canada. Canadian National has decided to postpone the regional implementation of this agreement affecting the seven men until April of 1979.

FISHERIES—RIGHTS OF INDIAN BANDS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, over the past fortnight I have twice been given the put-down, first on October 19 by the Prime Minister (Mr. Trudeau) and more recently on October 30 by the Minister of Indian Affairs and Northern Development (Mr. Faulkner), for asking very important questions about fisheries management. First the Prime Minister said that I was asking a goofy question. Then the Minister of Indian Affairs and Northern Development said I was asking a silly question.

My questions were quite legitimate, and they deserved straightforward answers. The replies were, in fact, goofy and silly because they were deliberate attempts on the part of the ministers concerned to sidestep the problem about which I was seeking clarification. By making light of my questions the

respondents were obviously betraying their embarrassment and were hopeful that I would be put off or that the issue would be clouded by their frivolous replies. I am not to be put off; there is too much at issue.

When the Minister of Fisheries and the Environment (Mr. LeBlanc) displays petulance in this House at failure of a colleague to inform him of a matter which encroaches on his sphere of interest, concern and responsibility, and when he displays that petulance by spitting out that, in his view, somebody goofed—not in his department but in the Department of Indian Affairs and Northern Development—by not informing the Department of Fisheries and the Environment, there is obviously something important at issue. It was clear from the context that the goof was in the Department of Indian Affairs and Northern Development.

This is how it all began. In September of 1977 an Indian band in British Columbia passed a bylaw claiming sole jurisdiction over fish passing through the reserve. On the face of it, this is perhaps no great deal, but section 91(12) of the BNA Act assigned to the Parliament of Canada exclusive legislative jurisdiction over sea, coast and inland fisheries. This responsibility for exercising jurisdiction is, by statute, passed on to the Minister of Fisheries. It is clear, therefore, that there was a conflict of jurisdiction in the making between that claimed by the Indian band, on the one hand, and that assigned by the BNA Act to the Parliament of Canada.

• (2212)

The Minister of Indian Affairs and Northern Development has certain responsibilities here too. All bylaws passed by the Indian bands are to be sent to his department where he is to vet them, and if he considers any as claiming the exercise of powers beyond those to which the Indian band is entitled, he can disallow them under section 82, but he must do so within 40 days. That was not done. Therefore, by November or December of 1977 the bylaw became law.

Now we have to ask ourselves: was this an administrative slip-up or was it deliberate? Were the ministers' advisers not aware of the provisions of the BNA Act? If they were not, I think I am entitled to ask why they are the ministers' advisers. Did the minister decide on his own to withhold his powers of disallowance? We do not know. We can suspect, but we do not know for sure.

We do know, however, that the Minister of Fisheries was unaware of this development until it was brought to his attention in May or June of this year, six months later. How is the Minister of Fisheries to exercise his responsibilities under the constitution and under the statute if part of his jurisdiction is taken from him? The parliamentary secretary who will reply was parliamentary secretary to the Minister of Fisheries at the time, and he is in a spot. How can the Minister of Fisheries exercise his responsibilities in the international field, let alone the domestic field—that is, how can he exercise his responsibilities internationally with credibility—when he cannot assure his foreign counterparts that the management of the fisheries in Canada is entirely within his hands? He cannot say that now.

These were not frivolous, silly or goofy questions. These are serious questions going right to the heart of our constitution and the credibility of this government. The Minister of Indian Affairs and Northern Development might very well have had a scheme to extend some measure of jurisdiction, to winkle away from the Minister of Fisheries some jurisdiction which properly belonged to him. Why otherwise did he not alert his colleague that the bylaw would be encroaching on the jurisdiction of the Minister of Fisheries?

What makes me think that the Minister of Indian Affairs and Northern Development deliberately refrained from disallowing this bylaw is that I have another document which was prepared within the Department of Indian Affairs and Northern Development indicating that revisions of the Indian Act are in the offing and that they contain proposals to extend wide powers to Indian bands over fishing and hunting. If we get into the hunting business, we are into another department, namely, the Department of the Environment, because the minister has certain responsibilities with respect to the Migratory Birds Convention Act. What the Minister of Indian Affairs and Northern Development is doing is involving not only the Minister of the Environment but the Secretary of State for External Affairs (Mr. Jamieson) in bilateral relations with our neighbour to the south. Is the Department of Indian Affairs and Northern Development now deciding to take upon itself the rewriting of our bilateral agreements? Should it be proposing legislation which would require Canada to open a treaty with a friendly power?

To come back to the fisheries, let me point out that the main problem, of course, is fisheries management. Management cannot be effective under two sets of managers, and I think the parliamentary secretary would probably agree if he were free to speak his own mind, particularly when each has its own separate objectives. No one is questioning the Indians' claim to a food fishery, or a food hunt for that matter. That is and can always be within their respective rights, but it is not clear how far this claimed jurisdiction would go into commercial fishing. Commercial fishing is legitimate and under licence by the Minister of Fisheries and the Environment. I feel these questions deserve straightforward answers.

• (2217)

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, first may I say that recent problems in British Columbia concerning Indian fishing are merely symptoms of long-standing issues and uncertainties surrounding Indian fishing rights. As the hon. member is no doubt aware, the allocation of our increasingly pressured fish and game resources among different and competing sectors of society is a complex task. This situation forms the backdrop against which we are trying to find solutions to some of our current problems, solutions which will be compatible with legitimate Indian rights as well as with the exigencies of modern resource management.

There are two constitutional responsibilities at issue: to manage the fisheries as a whole, and to manage Indian lands in the perspective of a long-standing historical relationship with Indian people.

At the federal government level, an interdepartmental committee on Indian hunting and fishing now is tackling some of the underlying issues to which I have referred. It is developing long-term statutory, policy and administrative solutions. Both the Minister of Fisheries and the Environment (Mr. LeBlanc) and the Minister of Indian Affairs and Northern Development (Mr. Faulkner) have found through recent discussions that they are already in broad agreement on certain central principles and objectives. They share a sense of the importance of fishing to the social and economic well-being of Indian people. They recognize, as do the majority of Indian people, the need for wise management and conservation of fishery resources. They share the objective of increased participation by Indian people in the resource management area.

May I turn to the specific issue of the Squamish band bylaw No. 10. This bylaw, entitled: "A By-law for the Preservation, Protection and Management of Fish on the Reserve", draws heavily on fisheries regulations. It was passed by the band pursuant to one of its enumerated powers under section 81 of the Indian Act which authorizes an Indian band council to pass bylaws on a series of matters applicable within its area of jurisdiction, as the council of a local municipality does.

Although section 82 of the Indian Act empowers the minister to disallow a by-law within 40 days after a copy has been forwarded to his office, he is very reluctant, as is the Minister of Indian Affairs and Northern Development, to interfere with the local government powers of a band council. As a result, he seldom disallows a bylaw unless it can be shown clearly to be patently ultra vires, beyond the band's jurisdiction or discriminatory within the context of human rights legislation. This is the crux of the situation. As Minister of Indian Affairs and Northern Development, he must defend the rights and uphold the legitimate powers of a band council as enumerated within the Indian Act. He cannot co-operate with any attempts by a band council to exercise such rights or powers outside its jurisdiction.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.21 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, November 3, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC WORKS

OFFICE ACCOMMODATION OWNED OR LEASED BY GOVERNMENT—MOTION UNDER S.O. 43

Mr. Robert de Cotret (Ottawa Centre): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In light of the fact that the federal government owns or leases 8,036,885 square metres of accommodation and facilities across Canada, an area equal to 1,236 football fields, and in light of a local media report that procedures for monitoring and control of these organizations have been suspended, I would move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That this House direct the Minister of Public Works to set up immediately a monitoring agency as recommended by the Auditor General last year and further recommended just recently by the Standing Committee on National Finance in the other place, and to make available to this House as soon as possible a report on the current unused accommodations and facilities owned or leased by the government across the country and particularly in the Ottawa area.

Mr. Speaker: Presentation of such a motion, under the terms of Standing Order 43, can be done only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

LEVEL OF INTEREST RATES—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise, under Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that the Minister of Finance (Mr. Chrétien), when asked on Wednesday what the effect on Canada would be of the record increase in the U.S. of an interest rate of 9.5 per cent—the highest in United States history—stated, "I am not going to speculate and engage in the kind of business the hon. member enjoys", and that the move "has to be welcomed by Canada", and in view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) speculated on the question of the dollar and on increases in interest rates by stating that an increase in interest rates in the U.S. automatically compels the Canadian government to raise interest rates and that he expects the bank rate to go up soon, saying, further, that he "is not happy about the latest move by the United States", I would move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That the Prime Minister explain to the House, on motions, if he can, which of his economic ministers he agrees with and whether Canada has no choice but to increase interest rates, or that speculation is unwise, or whether the United States move has to be welcomed by Canada or whether he is not happy about the latest move by the United States, and advise the House whether he is happy with the Minister of Finance and unhappy with the Minister of Industry, or happy with the Minister of Industry and unhappy—

Mr. Speaker: Order. The hon. member for Regina-Lake Centre.

* * *

TRANSPORT

MOVEMENT OF GRAIN—REPAIR OF BOXCARS—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a motion, under the provisions of Standing Order 43, on an urgent and pressing matter arising from the fact that Canadian Pacific Railway has refused to participate in a program with the federal government to repair boxcars for grain service.

Since that company has been treated very generously by the Canadian taxpayer, receiving $102 million in direct hand-outs in 1977, the use of $135 million worth of new hopper cars with which to haul grain, and a tax deferral of $558 million of taxes owing, since the company bogged down grain movement so badly last year as to cost prairie farmers $90 million in lost grain sales and demurrage on waiting ships, and since Canadian National Railways has agreed to fix up 1,000 cars for grain service, I would move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That the Canadian Pacific Railway be required to repair and substantially increase the number of its boxcars, and that Canadian Pacific be called to appear before the Standing Committee on Transport and Communications to account for its misuse of public funds and its failure to improve and increase its rolling-stock for grain movement.

Mr. Speaker: Presentation of such a motion, under Standing Order 43, would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

REQUESTED REPLACEMENT OF CHAIRMAN OF PRAIRIE RAIL ACTION COMMITTEE—MOTION UNDER S.O. 43

Mr. Arnold Malone (Battle River): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the chairman of the Prairie Rail Action Committee stated in Calgary, on October 19, that the government should abandon a still larger number of miles of rail trackage from the basic network than was originally recommended by Chief Justice Emmett Hall in the Hall report, I ask leave to move, seconded by the hon. member for Provencher (Mr. Epp):

That this House recommends to the Minister of Transport that Professor Fred Anderson be replaced as chairman of the Prairie Rail Action Committee.

Mr. Speaker: Presentation of such a motion at this time would require unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

SOCIAL INSURANCE

EXTENDED USE OF SOCIAL INSURANCE NUMBERS—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Whereas increasing evidence is becoming available that the government has broken its commitment that social insurance numbers would be used only with reference to social insurance matters, and whereas in the example of Walter Rudnicki, whose continuing difficulties and litigation involving the Government of Canada are a matter of public record, and that his social insurance number as well as his RCMP file number were quoted with reference to his security clearance by the Privy Council office, I would move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the Solicitor General, on motions, indicate to what extent social insurance numbers are used in matters other than social insurance-related investigations and issues in his department and what limitations or safeguards. if any, are implemented by the Minister of Employment and Immigration.

Mr. Speaker: Such a motion can be introduced for debate, pursuant to the Standing Order, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

• (1112)

EXTERNAL AFFAIRS

REPRESENTATIONS THAT DANYLO SHUMUK BE ALLOWED TO IMMIGRATE TO CANADA FROM U.S.S.R.—MOTION UNDER S.O. 43

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. My motion concerns Danylo Shumuk, a Ukrainian patriot who is reported to be dying of stomach cancer in the Soviet Union. Last Wednesday, the hon. member for Burnaby-Richmond-Delta (Mr. Siddon) moved a motion on this matter, and I believe there might have been unanimous consent at that time. In any event, I think there may be unanimous consent this morning. In light of the fact that the Soviet labour code itself provides that in the case of serious illness such a person may be released from prison, I therefore move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House strongly urges the Soviet government, taking into account Danylo Shumuk's ill health, to release him from prison.

Mr. Speaker: The introduction of such a motion for debate at this time can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion—

An hon. Member: No.

Mr. Speaker: Order, please. There is not unanimous consent.

Mr. Lawrence: Yes, there is.

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Clark: Wait a minute, Mr. Speaker.

Mr. Baker (Grenville-Carleton): On a point of order, Mr. Speaker—

Mr. Speaker: The hon. member for Winnipeg North Centre.

Mr. Clark: No.

Mr. Baker (Grenville-Carleton): Mr. Speaker, on a point of order—

Mr. Speaker: I will hear the hon. member at a later time on a point of order. However, there are two minutes left of the time allotted for motions under Standing Order 43. I heard a dissenting voice.

Mr. Clark: You did not.

Mr. Baker (Grenville-Carleton): There was no dissenting voice.

Mr. Trudeau: The Tories disagreed.

Mr. Clark: That is offensive action.

* * *

VETERANS AFFAIRS

REQUEST FOR STATEMENT ON TIMING OF AMENDING LEGISLATION—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, many times in the past number of years I have had the privilege of naming, as the seconder for my motions respecting veterans affairs, the former member for Humber-St. George's-St. Barbe. Today, I am happy again to name the hon. member for Humber-St. George's-St. Barbe (Mr. Faour) as my seconder. Accordingly, I move:

That this House calls on the Minister of Veterans Affairs to make a statement on Monday indicating what legislation respecting veterans he proposes to introduce prior to November 11, the sixtieth anniversary of the armistice which brought World War I to a close, in the knowledge that the House would be eager to pass such legislation without delay as a tribute to all of Canada's veterans.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

LEVEL OF INTEREST RATES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Prime Minister: it concerns comments made by the Minister of Industry, Trade and Commerce outside a cabinet meeting last Thursday. The comments were recorded in a taped interview with CHCH-TV Hamilton and CFGO Radio in Ottawa.

The minister stated that the increase in the American prime rate will, and I quote, "have the effect of forcing us to raise ours," meaning the interest rate, "or capital will flee this country into theirs". Asked, further, if he felt Canada could afford a rate increase, the minister stated, "It is not a question of can we afford to; it is a question of can we afford not to. If the United States raises their interest rates, they automatically force ours up". Would the Prime Minister indicate if the minister was speaking on behalf of the government when he made those comments outside the cabinet meeting?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I understand that the comments quoted by the hon. member are out of date, because CP has issued a wire stating that the minister had not been quoted quite correctly.

Mr. Stevens: Mr. Speaker, I have the corrected CP story before me and, as CP has indicated, it was simply designed to change the emphasis of the minister's statement from a "positive" to a "possible" statement.

Mr. Trudeau: So what is your question now?

Mr. Stevens: The quotations I read to the Prime Minister were not taken from the CP, but from a verbatim tape taken off the radio as listened to by myself and certain members of our staff a few minutes ago.

In view of the fact that the minister categorically speculated on future interest rates in Canada, and has stated quite categorically that they will automatically rise with American interest rate increases, would the Prime Minister indicate whether he thinks the minister was acting in a responsible fashion by speculating on future interest rates in this country?

• (1117)

Mr. Trudeau: It is a difficult choice, whether I should trust CP or the hon. member. Just now he read a correction which says that the emphasis was changed from "positive" to "possible". If he is asking me whether it is possible that there will be a rise in the interest rate, of course it is; and if that is what the minister said, I do not see anything shocking about that. But it will still be the governor of the Bank of Canada who will decide, in consultation with the Minister of Finance. Certainly, that is a possibility.

Mr. Stevens: Mr. Speaker, my question is directed, again, to the Prime Minister. I would invite him, if he has not already heard the tape, in his own interest to listen to what his own minister said on the tape, and after he has listened to that, would he kindly go to the Minister of Industry, Trade and Commerce and suggest that in future he should make no such statements unless it is on behalf of the government?

Mr. Trudeau: Mr. Speaker, if the hon. member wants to do that, he is quite free to do it; but I am satisfied, on the basis of this correction, that the minister has not indicated anything would happen. He said something might happen. If this is what he said, that is fine. If he said that the interest rate would go up for sure—

An hon. Member: He did.

Mr. Trudeau: —which he did not, according to this correction—

An hon. Member: It's here.

Mr. Trudeau: If he said that, he did not state government policy which has been stated by the Minister of Finance.

Oral Questions

CABINET SOLIDARITY RESPECTING STATEMENTS MADE AFTER CABINET MEETINGS

Mr. James Gillies (Don Valley): I wish to put a question to the right hon. Prime Minister. Given the fact that there is so much concern about respect for parliament and the responsibility of cabinet, does he think it is appropriate for a minister to speculate on a question of this sort right outside a cabinet meeting since he just came out of cabinet? Where does the principle of cabinet solidarity lie? Whom is one to believe when trying to understand what government policy is?

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, some ministers have been accused of not being sufficiently communicative and not speaking enough to the press. If the press would stay away from the cabinet door and not ask minister any questions, then, obviously, they will not get any answers. If they do get answers and then correct them, we should not blame the minister; we should just say he was misquoted.

Mr. Gillies: Again I ask the right hon. Prime Minister a question in all seriousness, because everyone in the country is concerned about parliament and its role in the country, the cabinet and its role in the country and the responsibility of all of us as parliamentarians.

I happened to listen to the tape, and there is no question that the Minister of Industry, Trade and Commerce said it is highly probable that interest rates in Canada will go up. He was speaking as a minister of the Crown. The problem with economic management in this country today is one of credibility, of uncertainty, of confused statements.

Surely the Prime Minister believes this is a serious matter which should be dealt with in some way. Can he give us some assurance that we can have a position stated by the government that the Minister of Finance will make statements on economic policy, and we will not have these ad hoc statements from irresponsible ministers which cause so much confusion around the country?

Mr. Trudeau: That is a reasonable request. I can give the undertaking that the Minister of Finance, or myself, will be making statements on this matter, and that the Minister of Industry, Trade and Commerce will not.

Some hon. Members: Hear, hear!

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of National Health and Welfare. However, since she has just stepped out of the chamber, may I pursue it when she returns?

[Mr. Trudeau.]

[*Translation*]

UNEMPLOYMENT INSURANCE

INQUIRY WHETHER GOVERNMENT IS CONSIDERING RESCINDING SECTION 57 OF THE LEGISLATION

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I should like to put a question to the Minister of Employment and Immigration concerning the question I put to him on October 31 about that notorious section 57 of the regulations under the Unemployment Insurance Act. I have to raise it again on account of the numerous letters of rejection from workers in my constituency. I have now almost 100 and the authorities of the office have much difficulty enforcing that section because when they would like to do justice to those workers they are prevented from doing so by that provision. I merely wish—besides the minister promised the other day to consider the case and try to correct that difficulty—to ask the minister whether he has made some progress in that connection?

• (1122)

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, there was progress to the extent that I checked out the representation made by the hon. member. Prior to 1967 there was a provision whereby agricultural workers could be exempted by doing it on a voluntary basis. As a result of that, there was more confusion and more difficulty administering the plan from the standpoint of the employee, the employer and the government. So that particular change was made in 1971 at the request of many organizations, including the Canadian Federation of Agriculture.

[*Translation*]

Mr. Gauthier (Roberval): Mr. Speaker, I should like to put a supplementary question.

I wonder why in all other industries a worker who has completed a week is entitled to a week of unemployment insurance while an agricultural worker is not. As a supplementary, I would also like to ask him the following: I am told that under the section he cannot earn over $280 or $285, I do not have the section in hand, but he has to earn less than a certain amount to be exempted from unemployment insurance. Could the minister tell us if for example a worker earns $300 he is entitled to unemployment insurance whatever may be the number of weeks or days even if he has not completed 25 days?

[*English*]

Mr. Cullen: Mr. Speaker, the legislation regarding payment of benefit to agricultural workers is the same as that for other workers. I do not think that in the time allotted to me in the question period I can answer all the questions put by the hon. member; but I will undertake to write to him and give him a full précis of what the law is and how it is applied.

[*Translation*]

Mr. Gauthier (Roberval): Mr. Speaker, I should like to challenge a point which worries me considerably. The minister has just said that the same act applies to all industries. I do not believe it is so. I should like to ask the minister to kindly check the matter.

* * *

[*English*]

HEALTH AND WELFARE

ALLEGED HEALTH HAZARDS IN IMPORTS OF PEANUTS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. One of the assistant deputy ministers in her department, namely, Dr. A. B. Morrison, head of the health protection branch, said on a Canadian Broadcasting Corporation television program last night that six shipments of peanuts and peanut products have been seized because of aflatoxin mould, a by-product which he called one of the most potent cancer-causing agents known to man.

In view of that statement, can the minister confirm the fact that these seizures were made? How significant are these procedures? Are they just spot checks, or is there something here which we should be really concerned about?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am not in a position to confirm the seizure: that fact was just brought to my attention by the hon. member. As the House knows, we monitor regularly shipments of peanuts to Canada and stop those which do not conform to the rules. He referred to a problem where mould which causes cancer of the liver can develop on some peanuts. I am certain there is no reason to warn Canadians of any particular problem at this point. I want to conclude by indicating that peanuts are still a provider of vitamin E, which is a sexual energy vitamin.

Some hon. Members: Hear, hear!

Mr. Nystrom: Mr. Speaker, I have a supplementary question for the very virile Minister of National Health and Welfare. Apparently, a CBC television reporter went out and bought six or seven package of peanuts at random.

Some hon. Members: Hear, hear!

Mr. Nystrom: Apparently, the television reporter bought six or seven packages of peanuts at random and showed them to Dr. Morrison on the television program. On examining these peanuts visually, he said publicly he would only eat one or two of the samples.

• (1127)

Some hon. Members: Oh, oh!

Mr. Nystrom: If this is the case, I should like to ask the minister why this screening mechanism does not work, as one would suspect if the head of the health protection branch who is making these decisions for Canada, on examining six or seven samples, came to the conclusion that he, personally, would not dare eat more than one or two of them because of the possibility that aflatoxin, which is a carcinogen, might be in them.

Miss Bégin: We do not as yet have one inspector for peanuts, Mr. Speaker. I just want to confirm, and I am now in a position to do so, that there is no reason to warn Canadians of any particular danger in relation to the purchase of peanuts. I have just received confirmation of that.

It may well be possible that some packages in shipments have not been identified properly. I do not know what the problem is with respect to Dr. Morrison not eating peanuts, but there is no reason to warn Canadians of a danger.

Mr. Nystrom: Mr. Speaker, Dr. Morrison is quoted by the Canadian Press, in the Toronto *Globe and Mail* this morning, as saying when speaking in Guelph on Wednesday:

—he will not eat peanuts or any other nuts that taste stale, are misshappen or are discoloured because a micro-organism linked with cancer could be present. The organism, aflatoxin, will cause cancer in about 15 species of animals—

In light of the concern of the deputy minister of the Department of National Health and Welfare, I would like to ask the minister whether, because of the assistant deputy minister's concern about the possibility of a carcinogen, the department is considering a warning in order that the ordinary people might be aware of the possibility of this deadly carcinogen, particularly as we have just finished the Halloween season during which many people may have purchased peanuts and other nuts.

Miss Bégin: Mr. Speaker, I want to reaffirm that we have no reason to warn Canadians of a danger at this time. We have had regulatory mechanism in place for 15 years. We work in close relationship with our U.S. counterparts. If they find any signs that shipments do not conform to norms, we are informed immediately, and vice versa. We are confident that the system in place is really sufficient to assure safety to Canadians.

NUMBER OF INSPECTORS TO GUARANTEE SAFETY OF PEANUT IMPORTS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have a supplementary question for the Minister of National Health and Welfare. In view of the grave danger that aflatoxin poses to human health, will the minister give us her unequivocal assurance that her department has a sufficient number of inspectors to guarantee to Canadians that all peanuts or peanut products, such as peanut butter, are indeed safe at all times? If not, could the minister tell us what action she is planning immediately to ensure that the deficiency is corrected?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I can assure the hon. member that the

system in place satisfies me that the health of Canadians is well looked after. We are, indeed, concerned about mould that can develop in some peanut shipments and that this may lead to the development of cancer of the liver, but there is no reason at this point to create panic in the Canadian population.

Mr. Yewchuk: Mr. Speaker, I should like to pose this final supplementary question to the Prime Minister, as the Minister of National Health and Welfare seems to be misinformed. The fact is that the food inspection service works in relation to about nine different food inspection acts. There may be a sufficient number of inspectors in total, but each one is responsible for only one segment of inspection. This creates a situation in which there may not be enough inspectors to do a proper job in order to ensure Canadians of proper inspection services.

Would the Prime Minister inform the House why he is not taking steps to incorporate these nine food inspection acts into one, thus enabling the inspectors to have a broader area of responsibility and to do their job more efficiently without the necessity of increasing their number?

● (1132)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the matter is under consideration. However, it is not without difficulty, because all these inspectors carry out different functions under the different acts. We want to make sure that if there is a smaller number of inspectors, they will be able to carry out different types of functions. This is under consideration.

* * *

FINANCE

LEVEL OF INTEREST RATES—EFFECT ON INVESTMENTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I should be asking for the lowering of tariff barriers on peanuts. I have a question for the Prime Minister. On October 13, Canada raised its bank rate three-quarters of a point, and on October 16 I asked the Prime Minister what the government's position was on that. He said, as reported at page 104 of *Hansard:*

—it was not an action based on the performance of the Canadian dollar on that day or days, but it was based on what happened in the United States—

In other words, Canada had no choice. In view of the action taken by the United States Federal Reserve Bank on Wednesday of raising the central bank rate by one point, could the Prime Minister tell us whether this automatically compels the federal government to raise interest rates or else take the risk of an outflow of investment dollars to more attractive foreign opportunities? Is this an automatic thing now, in view of his earlier reply?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the earlier replies stand for themselves. They do not stand for what the hon. member said when he attempted, wrongly, to sum them up by saying we had no choice. I answered exactly to the contrary yesterday to a question put by the hon. member for Waterloo, if the hon. member would refer to *Hansard.*

[Miss Bégin.]

Mr. Crosbie: Mr. Speaker, the record of *Hansard* is there for anyone to read. Mr. Barry Bosworth, of the White House council on wage and price stability, has warned the United States that the actions taken Wednesday in that country could lead to recession. The growth forecast for next year was only 3 per cent to 3½ per cent, a factor which would have a very bad effect on our foreign trade.

In view of these warnings from Mr. Bosworth and the current situation of our own economy, that any further increase in the central bank rate could lead to the possibility of recession and a downturn in what is already a weak business situation, could the Prime Minister tell the House what policy options he will exercise in this situation?

Mr. Trudeau: Mr. Speaker, that is exactly the question asked yesterday by the hon. member for Waterloo. I am glad that the opposition is coming around to the realization that some of the economic effects of what occurs in the rest of the world have a bearing on the Canadian economy. The Minister of Finance has been saying that for the past year, and always there is scoffing from the other side saying, "You are always blaming it on some other country, or on the weather or something else."

I am glad that the opposition economic spokesmen are slowly beginning to understand that when another economy like the United States behaves poorly, it can have effects in Canada without the federal government being responsible.

Mr. Crosbie: Mr. Speaker, the Prime Minister's reply indicates that the government has a choice. The Canadian people are waiting to hear what that choice will be. The economic and business activities of this country depends on the government making a choice. When is the governmnent going to make the choice? In view of this action in the United States on Wednesday, will the Prime Minister tell the House how long he will continue dithering?

Mr. Trudeau: Mr. Speaker, yesterday I answered a very concrete suggestion by the hon. member for Waterloo and I indicated the choice we had made. If the hon. member would follow the dialogue and read *Hansard* of yesterday, he will understand a little better.

* * *

PUBLIC WORKS

GOVERNMENT USE OF LEASED OFFICE SPACE

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Minister of Public Works. Since the deputy auditor general indicated last week that the government has again this year shown its inability to monitor its use of office space, and since the deputy minister also told the Senate national finance committee last year that a committee of ten

deputy ministers had been instructed to do that very monitoring and make reports on the departmental use of office space, will the Minister of Public Works assure this House that the committee of deputy ministers has been reporting all excesses in use of office space according to its mandate under the guidelines issued in May, 1977?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I cannot give that assurance off the top of my head: I will have to verify it. I would like to indicate to the hon. member that in the Senate national finance committee report they recommended that the Department of Public Works, as the agent of the Treasury Board, have this monitoring role. In my testimony before that Senate committee, I said that while we are not eagerly seeking the role of policeman as far as the utilization of office space is concerned, I feel that with our operations right across Canada we are the logical people to fulfil that role and we would be happy to do so.

OFFICE ACCOMMODATION OWNED OR LEASED BY GOVERNMENT

Mr. Robert de Cotret (Ottawa Centre): Mr. Speaker, my question is to the Minister of Public Works. As the minister knows, total accommodation inventory has increased from 6.2 million square metres to over eight million square metres, a dramatic increase of 23 per cent over last fiscal year.

Would the minister explain, in light of past statements made by himself and by his colleague, the President of the Treasury Board, that public service growth would be held to less than 1 per cent, where all the additional space is going? What is this space being used for?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I am of the older generation and have not yet quite mastered the metric system. I will have to sit down and multiply by 11 all the figures the hon. member gave, to verify them. I do know that we have not been increasing our total space.

Mr. Munro (Esquimalt-Saanich): Ho, ho!

Mr. Buchanan: I hear "ho, ho!" Perhaps the hon. member is talking about space that is owned, as opposed to space that is being leased or some other areas where there have been significant changes. We have been changing the ratios.

I dealt with the question of usage of leased space in response to a question put last week by the hon. member for Huron. I think we are doing a very effective job in this period of transition and in making certain that the space is effectively and properly used. We are right on the transition point—transition in the sense of moving from leased space into our own space—where, if anything, we would be at our maximum right now. As I indicated, within the last six weeks over half the space that was supposed to be vacant has gone off our inventory.

Mr. de Cotret: Mr. Speaker, in recognizing that there is fairly clear evidence of inadequate control and weakness in management of the over-all federal realty resources, as the Minister of Public Works himself admitted during the proceedings of the Standing Committee on National Finance in the other place, is the minister still satisfied that his department could accept the responsibility for ensuring effective use of accommodation resources so that Canadian taxpayers receive adequate value for the half billion dollars spent annually on the accommodation program in the Department of Public Works?

Mr. Buchanan: Mr. Speaker, I think this is a repetition of the question put by the hon. member for Ottawa-Carleton. I indicated in my testimony before that committee that, while we were not eagerly seeking the role of policeman vis-à-vis space utilization, I felt very strongly that our department is the logical agency on behalf of Treasury Board to make certain that the space is being properly and adequately used.

* * *

HEALTH AND WELFARE

FUNDING OF PLANNED PARENTHOOD ASSOCIATION

Mrs. Ursula Appolloni (York South): Mr. Speaker, my question is to the Minister of National Health and Welfare. Can the minister assure the House that no funds from her department support the publication of the fall, 1978, edition of the Planned Parenthood Federation newsletter which, by despicable and insidious innuendo, vilifies the entire Catholic Church?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I can assure the hon. member that the funds granted to the Planned Parenthood Federation of Canada do not support the preparation and publication of the newsletters. Our funds are used strictly for the operation of their national office.

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PUBLIC WORKS

CONSTRUCTION OF TAXATION CENTRE AT SUDBURY, ONT.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is to the President of the Treasury Board. In view of the fact that about two years ago the government announced, as part of its decentralization program, the building of a taxation data centre in Sudbury, in view of the fact that the government has obtained the land from the city of Sudbury and has proposed to start construction this fall, in view of the fact that we are sitting with one of the most massive rates of unemployment, second only to Newfoundland, particularly in the construction trade, and in view of the fact that the Minister of National Revenue informed me by letter on October 25 that because of cutbacks announced they cannot start construction

this fall but would start construction in 1980, can the President of the Treasury Board or the Minister of Public Works give us the assurance, now, that they will review the situation in light of the very serious economic situation presently in that area vis-à-vis unemployment?

● (1142)

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, that particular program has to be examined in light of the funds available. The hon. member has had some indication of the possibility of delay. In co-operation with my colleagues, the Minister of Public Works and the Minister of National Revenue, I will take a look at it; but I am not too hopeful that we will accelerate it. I will look at it in full knowledge of the circumstances outlined by the hon. member and prevailing in the area which he and another hon. member very prominent in this House represent.

Mr. Rodriguez: A supplementary question, Mr. Speaker. I thank the minister for that semi-positive answer. Coming from northwestern Ontario, the minister well knows the difficulty in the construction trade in northern Ontario. Can he assure us that, in reviewing the situation, he will consult the regional office of the Department of Manpower and Immigration in order to learn the facts about this serious unemployment situation in the Sudbury basin and make a decision on what is essential now, rather than show a carefree attitude toward a very serious unemployment problem in that part of northern Ontario?

Mr. Andras: Mr. Speaker, no Minister in the government takes a carefree attitude toward unemployment anywhere, in that part of the country or anywhere else. By adding that to the end of his question, I think the hon. member somewhat destroys the validity of his comment. Nevertheless, we will take those matters into serious consideration when we make our decision.

* * *

PUBLIC SERVICE

INDEXING OF PENSIONS

Mr. Paul McCrossan (York-Scarborough): Mr. Speaker, my question is for the President of the Treasury Board. On October 19, in answer to a question put by the hon. member for Ottawa-Vanier, the minister stated that he hoped to be in a position to make an announcement in October on the amount of indexing which would be possible for public service pensions for the next three-year period.

Since it is now November, and Bill C-12 is before the House, will the minister tell us when he will make a statement on this important matter, in order to aid consideration of the bill and to reassure worried public servants that their pensions will reasonably reflect changes in the consumer price index in the future as a result of the bill?

[Mr. Rodriguez.]

Will the minister also undertake to provide actuarial estimates by the chief actuary of the amount of indexing available for subsequent three-year periods if the actuarial assumptions used by the Tomenson-Alexander firm in their report to him are realized in the future?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I had hoped to be able to make this information public by the end of October. The process by which we arrive at the amount of supplementation, quite properly, involves reference from the chief actuary to me, and from me to the advisory committee on superannuation matters which consists of representatives of the bargaining groups as well as officials of the government. That process is almost complete.

The only indication I can give to the hon. member is that I am optimistic about the degree of supplementation that will be possible for the next three years. I intend to place the detailed information before the House when we bring Bill C-12 in for second reading. I anticipate this will happen very shortly.

Mr. McCrossan: Mr. Speaker, the President of the Treasury Board did not answer the second part of my question about the providing of estimates by the chief actuary as to what will happen in subsequent three-year periods. I know it is inconceivable that he would introduce the legislation without some idea of what will happen.

In view of the fact that the bill is now before the House, that it provides significant changes to public service pensions, and in view of the fact that the Tomenson-Alexander report to the President of the Treasury Board recommended that the valuation of the combined pension programs be made whenever significant changes were made to the program, will the minister assure the House that the valuation of the Public Service Superannuation Act prepared in accordance with generally accepted actuarial principles as of the end of last year and which is now due, will be tabled in time for consideration of the bill?

Will the minister also assure the House that an actuarial valuation of the supplementary retirement benefit program reflecting the proposed changes will also be made available for the consideration of this bill?

Mr. Andras: Mr. Speaker, I did not spell out all the voluminous detail: I wrapped it up by saying those details would be provided to the House when I made my statement on second reading.

I think the hon. member's second comment indicated a different kind of actuarial review. The every five-year actuarial review required by law of the basic plan is a question of a different order. That detail will also be made available, but not necessarily related to second reading of Bill C-12.

EXTERNAL AFFAIRS

VISAS FOR PARLIAMENTARY VISITORS TO CANADA

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I have a question for the Minister of Employment and Immigration, or for the Secretary of State for External Affairs, if there is a division of responsibility.

I should like the minister to tell us what the policy is, or if there is a change in the policy regarding visitors' visas for members of parliament and other citizens from NATO countries who are visiting Canada. I ask this question because at the time of a NATO subcommittee meeting in Canada recently, the Greek delegate had difficulty coming into the country. Much to the embarrassment of members of parliament here, he pointed out that one of his colleagues was refused an entry visa for Canada and that Canada is the only NATO country where a visa is required for Greek citizens.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, this is the first I have heard of this matter. So that I may give a precise answer, I will take the question as notice.

* * *

STATUS OF WOMEN

LEGISLATION RESPECTING MARRIED, WORKING WOMEN

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Minister of Justice. In view of the concern expressed by many women in the labour force, and particularly the reservations expressed by the commissioner of the human rights commission about the legislation before the House and the discriminatory implications of the "family income" provisions in the bill for married, working women, could the minister say whether he sought the advice of the law officers of the Crown prior to the introduction of this piece of legislation to see whether there were any aspects of the bill which were in contravention of the Canadian Human Rights Act?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the tradition in the House and, indeed, the rule is that law officers must look at legislation from the point of view of the Canadian Bill of Rights, and I have no doubt that this procedure was followed.

I am not sure that there is a specific procedure to test it against other legislation, but I will be glad to inform myself about that and to look at the pith and substance of the question being raised. I know, from listening to the debate yesterday, that the matter was discussed here in more appropriate form.

Miss MacDonald: A supplementary question, Mr. Speaker. When the minister looks into this very important question—important because it is of such basic interest, such a fundamental concept to working women in our society today—will he undertake to table the opinion of the law officers of the Crown in this regard, so that we will not be left solely with the opinion of individual cabinet ministers but will have a legal opinion before the House as well?

Mr. Lang: Mr. Speaker, not only is it not a practice to table opinions, but it should be obvious to hon. members that when a piece of legislation is before the House it is a matter for debate and consideration of members of parliament as to what is to be in the law: that should be clear, and that is the forum in which it is to be discussed. I am somewhat surprised that these questions are put at this time, when there will be an opportunity to put them a little later.

* * *

SOCIAL INSURANCE

EXTENDED USE OF SOCIAL INSURANCE NUMBERS

Mr. Jake Epp (Provencher): Mr. Speaker, may I put a question to the Minister of Manpower and Immigration concerning the fear that people have about the use, or misuse, of the social insurance number?

In view of the assurance the minister has given to the standing committee, that the issuance of the social insurance number would be tightened up and the use of the number would be tightened up, may I ask if it is common practice, as has been described by some people in the Unemployment Insurance Commission or in the department, to give confidential information to welfare agencies, provincial governments and, for that matter, private agencies, especially in view of the fact that the new Immigration Act requires some very detailed financial information on Canadian citizens who become sponsors of immigrant applications?

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker, that is not a general policy.

Mr. Epp: A supplementary question, Mr. Speaker. Mr. Charlebois, the executive secretary of the Unemployment Insurance Commission, is reported to have said:

> The system works because officials recognize each others' voices. His officials won't give out information unless they are sure whom them are talking to.

In view of this, may I ask what procedure there is in the department to make sure the information is given to the legitimate organizations such as those within government? Is this the only security and the only check, namely, because the voice might sound familiar over the telephone, the department is now using, especially since the minister knows that even now that policy is under discussion within his department?

● (1152)

Mr. Cullen: Mr. Speaker, as I indicated in answer to a question yesterday, we are working to establish guidelines so that the invasion of or involvement in a person's individual rights will not be affected. We tightened up the legislation in so far as the issuance of unemployment insurance numbers is

concerned, and also gave the minister discretion as to who, or who should not, get information that is available, switching that responsibility from the commission—which is always within the parameters of the legislation—to the minister.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my supplementary question is to the Minister of Justice. It is supplementary to that put by my colleague, the hon. member for Kingston and the Islands. The Commissioner of Human Rights stated in September, in testimony to a committee of this House, and I quote him, "I think it . . ."—speaking of the proposal that is incorporated in the bill introduced by the Minister of National Health and Welfare—" . . . is contrary to the Canadian Human Rights Act." In other words, there was notice two months ago from the commissioner of his considered view that the legislation being introduced was in violation of the Human Rights Act.

Can the minister tell us—I notice he has had a conversation in the interim with the Minister of National Health and Welfare—if his memory has been refreshed as to whether an investigation has made been by the commissioner? If there was not, can he explain to the House why, when alerted by the commissioner, neither the Minister of National Health and Welfare nor the Minister of Justice ordered that such an investigation be made?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, incidentally, my memory is not refreshed because we were not speaking about an investigation into the matter. I should say to the hon. Leader of the Opposition, since he now makes it a matter for debate when the bill is before the House, that it seems obvious the proposal in the bill has the same kind of effect as the operation of family allowances generally. In that sense it is an improvement, only in the sense of helping the poor people more and not in any other way—a change in the fundamental principle or application of the law.

Since, therefore, it is a question for parliament to address itself to, to try to fill this issue at some point in time but not necessarily at this point in time, I make the very important point to the Leader of the Opposition that this same problem—if it is a problem—or to the extent that it is a problem, applies to the existing family allowance law. As a result, we would have to address the problem in a larger way. But in objecting to the particular change, all that he is objecting to is a transfer of more of the funds from family allowances in that broad area to families with many children and very low incomes.

Mr. Clark: Mr. Speaker, I have no intention of abusing the question period to debate, except to say the minister is wrong. But let me ask a question of the Minister of National Health and Welfare, who is responsible for the passage of this legislation through the House of Commons. We now have an invitation from the Minister of Justice that there will be an inquiry made as to whether or not the minister's proposed legislation violates the Human Rights Act. Could the minister tell us if she is advised that it will in fact, violate the Canadian Human Rights Act if she introduces an amendment?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I have been advised, and I told the House last night—I regret the hon. Leader of the Opposition was not there at that very crucial moment—

An hon. Member: Shame!

Miss Bégin: —that the point made by the Commissioner of the Human Rights Commission seems invalid. I am repeating that. I would like to repeat that all welfare programs in Canada, be they federal, provincial or municipal, operate on the basis of the parental income of the family unit, not the tax system. The tax system is based on individual taxation where both partners are treated equally. Discrimination there may be when a spouse can claim his other spouse as a dependant, therefore benefiting the material status in terms of additional tax privileges. That is not for me to judge: that is the nature of the Income Tax Act of Canada.

There may be another discrimination in that the bill creating the new child tax credit will have the cheques sent to mothers: that is the feature of the bill of which I am most proud, Mr. Speaker.

Some hon. Members: Hear, hear!

Miss Bégin: That means besides redistribution, about $120 million additional cash will be in the hands of women in Canada.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, I must assure the minister that I had the great privilege of watching her on television last night.

Some hon. Members: Hear, hear!

Mr. Clark: —and I appreciate that she missed my absence in the House.

Some hon. Members: Hear, hear!

Mr. Clark: I presume that her leader, who was absent from the debate, was also watching her on television.

Some hon. Members: Hear, hear!

Mr. Clark: But my question is, and it is quite important: is it the view—

An hon. Member: Simmer down.

Mr. Clark: I will refer the hon. member to the CRTC.

Some hon. Members: Oh, oh!

Mr. Clark: Is it the view of the Minister of National Health and Welfare and, therefore, of the government, that this bill as it stands, in the event of conflict with the Canadian Human

Rights Act—as the minister is now introducing it—will prevail over the Canadian Human Rights Act? Is that the view?

Miss Bégin: Mr. Speaker, the Leader of the Opposition is again trying to develop a theory based on hypothetical points. I would like to repeat that in Bill C-10 we are not interested in the marital status as a basis of the bill. We are concerned with motherhood, or the legal custody of the child, for the only reason that this is needed to determine who would be the beneficiary of the new child tax credit. This is not at all discriminatory. If the income comes from one source or two, if it comes from the father or the mother, if the mother is married, divorced, separated or unmarried, this does not affect the benefits to the children of Canada.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

THE CANADIAN CONSTITUTION

INQUIRY WHETHER GOVERNMENT WOULD WELCOME DEBATE ON CONSTITUTIONAL REFORM

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, my question is also directed to the right hon. Prime Minister. First of all, I should like to assure him that, contrary to what Quebec Premier Lévesque claims, the vast majority of Quebeckers would be very happy to see the constitution patriated: they feel that matter should be dealt with as soon as possible.

In addition, Mr. Speaker, I should like to know if, after having discussed the constitutional reform with the provincial premiers, the right hon. Prime Minister would be willing to hold a debate in the House on the subject, to give federal MPs, who also represent the electors of those provinces, a chance to express their views on this important matter.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the suggestion of the hon. member is excellent. I shall therefore suggest that the government House leader discuss this possibility not only with our caucus but also perhaps with the House leaders of the other parties. As for me, I should be happy not only to hear the views of the government members, but also to know exactly what the specific views are of the Leader of the Opposition about his negotiations with the premier concerning sovereignty association.

* * *

[*English*]

AGRICULTURE

STATUS OF CHICKEN MARKETING AGENCY

Mr. Perrin Beatty (Wellington-Gray-Dufferin-Waterloo): Mr. Speaker, I have a question for the Minister of Agriculture. Whatever happened to the national chicken marketing agency? Whatever happened to the Minister of Agriculture?

Some hon. Members: Oh, oh!

Mr. Beatty: Can the Minister of Agriculture tell us whatever happened to the national chicken marketing agency?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, there never was a national chicken marketing agency, so nothing has happened to it.

Some hon. Members: Oh, oh!

Mr. Beatty: Mr. Speaker, the Minister of Agriculture has promised Canadian producers, on numerous occasions, that this government would act on short order to create a national chicken marketing agency. Can he tell the House why he has not delivered on his promise, and also whether he has been able to secure the support of his colleague, the Minister of Consumer and Corporate Affairs? If so, what preconditions were put on that support by the minister?

Mr. Whelan: Mr. Speaker, there has been a lot of discussion about farming and a national chicken marketing agency. I do believe we have the support of the hon. member, speaking for the glorious old Tory party on the other side—the unanimous support of the Tory party even including all the new members recently elected in the by-elections, etc.

Mr. Baker (Grenville-Carleton): Hang in there, baby!

Mr. Whelan: Maybe we should go ahead with it at this time. But I think the hon. member should realize that because of the devalued dollar, the poultry producers in Canada are enjoying a very good income at the present time: they are not suffering at all.

* * *

SOCIAL INSURANCE

EXTENDED USE OF SIN

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question was going to be addressed to the Solicitor General, but because of the time it took for me to get the floor, I will put it to the Minister of Employment and Immigration.

In view of the answer to the question on social insurance numbers yesterday, I gather it is government policy not to encourage any spread of the use of the SIN number beyond the three fields to which parliament has given legislative authority.

My question is this: would the minister approach his colleague, the Solicitor General, and point out to him that in a pamphlet put out in 1978 in connection with gun laws, in the application for a fire arms acquisition certificate it reads as follows:

Applications for firearms acquisition certificates will include the following—

S.O. 43

Then it lists (d), social insurance number. Since this matter deals with the Criminal Code of Canada and is under all the penalties of that act, using a social insurace number, would the minister—following his policy indication of yesterday—approach his colleague and have him take that out of the application which becomes effective January 1, 1979?

Hon. Bud Cullen (Minister of Employment and Immigration): Because it does, in fact, involve the Criminal Code, there very well may be some positive elements for the protection of the innocent. As a result of using the social insurance number in this way, the individual who is charged is the individual they mean to charge, and not somebody else.

● (1202)

Mr. Hamilton (Qu'Appelle-Moose Mountain): My supplementary is very simple. I take it that the policy statement made yesterday by the minister, that they are not going to encourage the extension of the use of the social insurance number beyond the areas parliament has approved, is not going to be supported by the government when it comes to the Minister of Justice and the Solicitor General putting Canadians on the computer in the event of any infringement of the Criminal Code; because that is what happens in the case of failure under this act to make a proper application—you become convicted under the Criminal Code, it goes on to the computer, that goes on to the American computer, and we cannot cross the border of another country.

I take it, then, that the minister is repudiating the policy statement he made yesterday in so far as the Criminal Code and the gun laws are concerned.

Mr. Cullen: Mr. Speaker, I would commend to the hon. member a careful reading of the question which was put to me yesterday. We do not encourage the use of the social insurance number beyond the government aspect. Some people have said we are encouraging banks to use it, or encouraging private enterprise to do so, and we are saying we are not. We say there is nothing in the legislation which would permit us to prohibit the use of the social insurance number.

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REPRESENTATIONS THAT DANYLO SHUMUK BE ALLOWED TO EMIGRATE TO CANADA FROM U.S.S.R.

Mr. Speaker: Order, please. There remain outstanding a number of procedural matters, and I think we should understand the proper order in which we ought to deal with them now. The hon. member for Grenville-Carleton (Mr. Baker) is seeking the floor on a point of order, probably relating to the proceedings pursuant to Standing Order 43 earlier today. I received yesterday a notice from the hon. member for Northumberland-Durham (Mr. Lawrence) of a question of privilege; he indicated he wanted to proceed with that today. In addition I have just received notice of a question of privilege from the Parliamentary Secretary to the Minister of Finance (Mr. Martin). I think the matter arising today pursuant to Standing Order 43 should probably be dealt with and set aside first. Then I will hear the hon. member for Northumberland-Durham.

Before entering into discussion on the matter pursuant to Standing Order 43, I don't know, but the impression may have been created that I set aside that motion simply because the hon. member for Northumberland-Durham was rising in his place on some point of order with respect to it. If that is the impression, it ought to be set aside, because that was not the case.

What happened was that the hon. member for Windsor-Walkerville (Mr. MacGuigan) rose and indicated in his preamble that the motion he was about to put was similar to, or basically the same as, the one put by the hon. member for Burnaby-Richmond-Delta (Mr. Siddon) a few days ago. At that time there were a number of negative voices. However, as the matter proceeded the number of negative voices gradually diminished. Notwithstanding this, when I did get to the point of putting the motion there was still a "No". I cannot attribute it to a specific member, but there was a very clear negative voice when I said "The House has heard the question—". At the same time the hon. member for Northumberland-Durham was on his feet on a point of order. That was not the reason for the setting aside of the motion.

This would be two tries at the same motion with respect to the same subject. I do not know whether the House wishes to try one more time to determine whether there is unanimous consent to deal with and pass that motion. If that is the disposition of the House, I am prepared to try, but it is an extraordinary thing to do.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am not disputing that you heard a negative voice. I want you to understand that. I can say, as a member of the House like yourself, that I did not hear a negative voice, and others were in exactly the same position on both sides of the House of Commons. I think the best way to handle the matter would be to recognize that the hon. member for Windsor-Walkerville (Mr. MacGuigan) had consulted appropriately with our party—there were also consultations with the Secretary of State for External Affairs (Mr. Jamieson); I am grateful to him today for the consultations he had with me. I think it would be appropriate, now, if we were to revert to motions for the purpose of putting that motion and having it dealt with because it is important that the House express itself.

Mr. Speaker: Order. I must say I had some impression that the resistance to the motion was not on the basis of substance but rather at the stage where the hon. member appeared to be moving a motion which was rejected at an earlier date—a similar motion from the other side of the House. It did diminish greatly, but it seemed to be still there at the end. I

think it may be the disposition of the House to go ahead. If the House wishes to do so, by unanimous consent it could revert to the calling of motions pursuant to Standing Order 43 just for that purpose. Is that agreed?

Some hon. Members: Agreed.

The House having reverted to the order for motions:

Mr. Speaker: The motion which was put at that time was in the name of the hon. member for Windsor-Walkerville (Mr. MacGuigan), seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House strongly urge the Soviet government, taking into account Danylo Shumuk's ill health, to release him from imprisonment.

The House has heard the terms of the motion. It can be put only with unanimous consent. Is there unanimous consent for the moving of that motion at this time?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion moved by the hon. member for Windsor-Walkerville (Mr. MacGuigan). Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. LAWRENCE—MINISTERIAL CORRESPONDENCE

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I rise, having given you notice, to indicate to you that I do feel very strongly I have a valid question of privilege in relation to some matters going back a few years and, as well, to certain information which was made public just recently.

Basically, my question of privilege has to do with a letter received by me from a minister of the Crown in response to a very important and legitimate inquiry to me from a constituent. That letter from a minister of the Crown misled me. It not only misled me but it led me in turn to mislead my constituent. I further allege, and I claim now in this House, that the wording of the letter to me was drafted in such a way as to mislead me and my constituent intentionally and deliberately. Further, I claim that that letter, coming to me from a minister of the Crown, on ministerial letterhead, over the personal signature of the minister, involved me in relation to a very deep responsibility and duty I feel I have to my constituents, a feeling I am sure is shared by all members.

I further understand that there are technical, legal and, in some cases, outdated prerequisites, in this House and traditionally in the British parliament, before one can establish what has been called privilege. Basically, as I understand some

these prerequisites with regard to privilege, privilege has to relate to a matter which either takes place in the House, or affects in the House the performance of the House or the House's attitude, or the attitude of a member in a particular way within the House. Second, there has to be a deliberate intention to deceive. My submission is that the facts to which I will now refer meet the prerequisites for a finding of a breach of privilege.

• (1212)

We have been told many times by ministers of the Crown in relation to inquiries from constituents, especially those which relate to law and order and law enforcement agencies, that it is unfair to spring the subject matter in the House on a minister in an oral question with no warning whatsoever. That suggestion has been made many times, and I have usually agreed with it. An inquiry of that nature should first be presented to a minister through correspondence so that some research can be done. Then, if the minister's reply by correspondence is not satisfactory, presumably we can raise the matter as a question during the oral question period in the House. In that way the minister at least would have full notice of a matter which, in many respects, we could not possibly expect the minister otherwise to have.

In this particular case I received an inquiry from a constituent about a very important matter, and I wrote to the minister involved, in this case the then solicitor general. The reply I received through correspondence with the then solicitor general very deeply affected my conduct and further questions I asked in this House later. I received a reply from the solicitor general of the day, and because of that reply I asked no further questions of the then solicitor general on that subject. Instead, I directed my inquiries to the then postmaster general.

My claim is that the reply I received was misleading. If it had not been false, I would have continued to ask questions of the then solicitor general. I would have asked different questions of the then postmaster general. Indeed, this is and was such an important matter that I would have directed my questions perhaps even to the Prime Minister (Mr. Trudeau). There is no question in my mind—and I make this allegation seriously now, knowing the consequences and the implications of it—that if I had been given a truthful answer by the minister involved, the performance of my responsibilities and duties in this House would have been entirely different in relation to the subject matter about which I am talking.

I claim to Your Honour today that the written misleading and false reply directly affected my capabilities and my attitude in this House. The incorrect information given to me in this House in relation to this matter also—and this is a matter of deep regret to me—materially affected my responsibility and my relationship with my constituent. There would have been further questions to the then solicitor general, but there were none. I would have asked different questions of the then postmaster general than the ones I actually did ask, and there would have been questions to the Prime Minister, had the thrust of my inquiries not been deflected by the false and

misleading answer I received. There is no question in my mind that the answer I received was deliberately and intentionally misleading and that, whatever the source of information the minister had, which information he gave to me, that source knew that the information which was supplied to me was misleading.

Just to prove this I would like to quote a very short extract from a portion of the evidence before the commission of inquiry concerning certain activities of the Royal Canadian Mounted Police. I refer to the proceedings recorded at volume 88 for November 1, 1978, at page 14480. This relates to the interception of mails by a law enforcement agency in this country. I want to quote from the testimony of former commissioner of the RCMP, William Higgitt, as follows:

Well, no secret in—it wasn't cast to the four winds—

By that he meant information relating to tampering with the mails by the RCMP.

—but there was no secret that this was one of the investigative aids that was, from time to time, resorted to on a very restricted basis.

In volume 84 of the proceedings before the royal commission for October 24, at page 13781 there is further testimony of former commissioner Higgitt as follows:

Certainly there was no secret of the fact that we were doing it and that secret was not held from the ministers. They were seeing the results in various forms.

What he means by "it" is the tampering with or the interception of the mails of this country by the law enforcement agency concerned.

From volume 88 at page 14555 of the proceedings before the McDonald commission on November 1, this week, I would like to quote these five lines from the testimony of former commissioner Higgitt:

That is not, that is not an assurance the RCMP is giving to the minister at all, and as a matter of fact, the practice was in matters of this kind—

Former commissioner Higgitt is referring here to the letter I received and the statement I received from the minister.

—the practice was very often ministers' letters were not exactly drafted on precise statements of fact.

There is simply no question in my mind that the testimony of Mr. Higgitt to the McDonald commission brought forward two facts which cannot be denied. One is that the essence of the letter to me was a falsehood, and the second is that it was a deliberate falsehood. It was known to be false at the time it was drafted and handed to the minister for his signature. Your Honour will note that I am not making the allegation—because it is no business of mine as far as it is relevant to the matter before this House today—that the minister knew it was a falsehood, but the fact is, as far as I and my attitude and my capabilities in this House and my relationship with my constituent are concerned, it was a falsehood. There is no question about that. I think this therefore breaches my privileges as far as this House is concerned.

I would like to give the House a short description of what this is all about. On November 15, 1973, I received a letter from a constituent. That letter made three very serious allegations. I must explain that this letter came from a young constituent who is a poet. He writes his poetry in what he calls the computer language of the day, and he has as his pseudonym his social insurance number. He claims that he is well known for his poetry under his social insurance number as a pseudonym. He also claims that he has received mail many times addressed to him under his pseudonym, namely, his social insurance number.

He said in his letter to me of November 15, 1973, that a letter was mailed to him by a friend. The letter was addressed simply to him by virtue of his social insurance number and his postal code. The next thing he knew about this letter addressed to him was when his friend telephoned him and informed him that two RCMP agents had arrived on the friend's doorstep, the doorstep of the sender of the letter, to interview him, with a photocopy of the piece of mail in their hands. The further allegation was that the sender was told by the two RCMP agents that not only had the sender been traced but also the identity of my constituent had been traced solely and exclusively through their SINs which were in that piece of mail. In other words, the only identification of the sender of the letter was his SIN. That is also a pertinent point.

● (1222)

As a result of receiving the letter of November 15 I sent a letter on November 21 to the then solicitor general. I sent the letter rather than asking an oral question in the House, as a common courtesy, a point which I think has been well taken many times by several ministers of the Crown. In that letter I referred very specifically to the point that this is a very important matter because, first, there was an allegation of an invasion of the privacy of my constituent; second, there was an allegation of the disruption of the mail; third, there was an allegation of a photostat being made of private correspondence; and fourth, there was an allegation that a piece of mail had been prevented from reaching my constituent. I suggest to you, sir, that these are four very important matters, which were important then as they are today.

At the same time I sent a similar letter to the then postmaster general under the same date. I received a reply on December 10, 1973, from the then postmaster general saying to me, generally speaking, that it was simply not possible to account for how the mail eventually got into the hands of the RCMP. It was simple, blunt, but at least frank and honest on the part of the postmaster general.

I received a reply from the then solicitor general on December 4, 1973, the last paragraph of which I should like to quote. It is very well known now because it has appeared in the press lately. The letter was written on ministerial letterhead, addressed to me as an MP dealing with a legitimate and proper inquiry from a constituent, and it was signed by the then solicitor general, the present Minister of Consumer and Corporate Affairs (Mr. Allmand). The last paragraph reads as follows:

I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust that the above explanation will set your constituent's mind at ease.

In relation to the actual quotations that I have given to you already with regard to certain witnesses appearing before a royal commission, obviously that is patently untrue. Obviously as well, it was perhaps cleverly and subtly designed to mislead me. Of that I do not think there can be any question or doubt whatsoever.

I merely say to you, sir, that in this context it does not matter whether the former solicitor general was misled by his officials. What is important to me—and, I hope, is important to all members of the House—is that I should be able, as an MP, both in and out of the House, to trust the word of a minister of the Crown on a critically and crucially important matter. We should be able to trust the word of a minister of the Crown. My argument is not with the RCMP; my argument is with the minister's word to me. His argument might be with his officials or with the RCMP, but that is his argument, his problem, not mine today in my submission to you. Mine is with him, and as an MP that is the only recourse I have. I cannot complain to him in this context that he might have incompetent, lying or negligent officials. That is not my argument today. My argument today is that if I, as an MP, cannot trust the word of a minister of the Crown in respect of a legitimate inquiry from a constituent of mine, where do I go? What are we here for or, more important, what is the minister here for?

This matter affects my responsibilities and actions in the House, and my submission to you, sir, is that in actual fact it did affect my subsequent actions in the House. This is not a matter exclusively for the inquiry sitting two blocks south of here day by day—there can be 47 royal commissions—but this is a particular matter relating to a deliberate and intentional act to mislead me, and subsequently my constituents, and therefore I submit to you that it is a matter which should be examined by the House since it affects us. It might or might not be a matter that is under the jurisdiction of a royal commission—that is irrelevant. The fact is that it affects my capabilities and responsibilities to my constituents. In fact, it might be no business whatsoever of a royal commission.

I just want to finish up my rather lengthy argument to you, sir. I appreciate your patience and tolerance in allowing me to go on this long.

The essence of my argument is that I was deliberately misled by a letter from a minister, possibly with his knowledge or possibly without it, I do not know, but from my point of view I was misled.

I note that on page 67 of the nineteenth edition of May's, privilege is defined as follows:

> The distinctive mark of a privilege is its ancillary character. The privileges of parliament are rights which are "absolutely necessary for the due execution of its powers".

That is, parliament's powers.

> They are enjoyed by individual members, because the House cannot perform its functions without unimpeded use of the services of its members; and by each House for the protection of its members and the vindication of its own authority and dignity.

Surely if anything inhibits the ability of a member of parliament to serve his constituents, it is the unwillingness or the inability of a minister of the Crown to provide him with truthful information when he writes to him or asks a question in the House. Surely it is the duty of the House to hold the executive accountable for its policies and actions. This right is also circumscribed by the executive's refusal to release large amounts of information necessary to any concept of accountability. We have had that problem before. What is left to the House if the executive is allowed to extend its prerogatives not only to the privilege of withholding information but also to the point of deliberately uttering falsehoods?

To support my contention that this letter offended my privileges as a member acting within the scope of his duties and protected by privilege, I would draw the attention of the Chair to page 88 of May, which states the following from a 1939 report of a Westminster committee on the Official Secrets Acts. By the way, sir, this is reproduced in our Beauchesne. The quotation reads:

> Cases may easily be imagined of communications between one member and another or between a member and a minister, so closely related to some matter pending in, or expected to be brought before the House, that, although they do not take place in the chamber or a committee room, they form part of the business of the house, as, for example, where a member sends to a minister the draft of a question he is thinking of putting down, or shows it to another member with a view to obtaining advice as to the propriety of putting it down or as to the manner in which it should be framed.

● (1232)

I suggest to you, sir, the circumstances in the case I am proposing to you fall squarely within that type of case referred to in May, and with some favour, in our own Beauchesne. That particular opinion was supported by a report of the committee on privileges of the United Kingdom. In its fifth report of 1956-57 at paragraph 12, it reads as follows:

> We adopt and follow the arguments and reasoning of the select committee of November 1939, and we are of the opinion that Mr. Strauss in writing to the Paymaster General on 8th February, 1957, directing his attention to matters of administration in the London area of the Nationalized Industry of Electricity and criticising the London Electricity Board was conducting or engaged in a "proceeding in parliament" and that in so doing he is protected by the privilege declared to belong to parliament by the Bill of Rights, 1688.

In other words, the committee said that even though that took place outside of the House, it affected the responsibilities, capabilities, and privileges of the House in such a manner that it was an actual breach of the privileges of the House.

Finally, sir, I draw your attention to page 141 of May, which reads as follows:

> It is a breach of privilege to present or cause to be presented to either House or to committees of either House forged, falsified or fabricated documents with intent to deceive such House or committees—

And the following page which reads as follows:

> The House may treat the making of a deliberately misleading statement as a contempt.

My proposition is that that obviously is extended. If there are forged, falsified or fabricated documents with intent to deceive the House or committees, obviously it means with intent to deceive a member of the House.

I realize many aspects of this matter are currently before the McDonald commission, but I feel obliged to raise it in the

House at this time because only this House can focus on the narrow question of whether a breach of parliamentary privilege is involved, and further, under the rules, as Mr. Speaker has reminded us many times, I must raise a question of privilege as soon as it arises. I believe this prevents me, and I suggest the House, from waiting until the final report is in from the commission. We have to deal with it now.

Following Mr. Speaker's ruling of last year on questions of privilege involving "deliberately misleading", in which I was involved, I am prepared to move now, or at any subsequent time, a substantive motion which I hope will be accepted as involving a matter of privilege. If Mr. Speaker finds that there is a prima facie case, I would be prepared to move the following:

That in the opinion of this House the letter sent to the hon. member for Northumberland-Durham on December 4, 1973, was a calculated attempt to deceive the hon. member by responding to his inquiries with a falsehood, and, that the said letter be referred to the Standing Committee on Privileges and Elections for a report on the source and circumstances of the deception.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I should like to begin by stating most emphatically that members on this side and members of the government consider it of first importance to give as truthful and complete information as possible to members in the House, and indeed in their dealings with members outside the House.

All members will remember the date of November 9, 1977, when the then solicitor general indicated the discovery on his part of the fact of certain mail openings on the part of the Royal Canadian Mounted Police. Prior to that time, as has been made clear by solicitors general past and the then solicitor general, they did not have knowledge of that fact.

I do not want to get into a particular debate on the facts, but in view of some of the things said by the hon. member for Northumberland-Durham (Mr. Lawrence), I must comment on one or two of them. He described the 1973 letter in question as misleading. Indeed, I would go further and say that it was erroneous, and not engage in subtleties about the use of the word "practice". The hon. member for Northumberland-Durham should not have used consistently the words "deliberate falsehood", "deliberately misleading", and on one occasion he said that it was something deliberately misleading by a minister, since the implication of that was to suggest that the minister himself was deliberate in the misleading. I see the hon. member is shaking his head. I am glad he does that now. In fairness to the minister in question, he should have separated that fact clearly when he was proceeding through his remarks.

Clearly it was a surprise and an important matter to all of us on November 9, 1977, when the House was informed of this matter. In the case of this particular letter, the solicitor general of the day who signed it, the present Minister of Consumer and Corporate Affairs (Mr. Allmand), testified before the Keable commission on February 15 of this year that he had been assured on each occasion on direct questions to them that they did not open mail. I say no more about that

fact and the question of any deliberateness on the part of the minister.

The hon. member has sought to extend proceedings in the House to the letter which was written outside the House. Perhaps Your Honour's ruling of yesterday, about proceedings outside the House and their relationship, may have some bearing on this question and indicate that it is not so. But, at the very best, he could try to bring himself within the position of a letter being equivalent to an answer or a response in the House. The important thing is that in the period prior to November 9, 1977, the solicitors general indicated that they had no knowledge of mail openings, indeed had assurances that there were no mail openings, and might well have answered questions along the lines of the letter received by the hon. member within that period of time. Clearly they would not have been happy about that fact, but indeed there were exchanges in the House which would show that replies substantially of that nature were given.

Apart from the question of it not being a proceeding of the House, even if it had been a proceeding of the House the important point is that the question of privilege matured on November 9, 1977, when it became apparent by the statement of the then solicitor general, after his investigations were renewed because of further reports about mail openings, that in fact there had been such mail openings. His investigation led him to disclose that fact to the House. That was almost a year ago. Since then the facts have been known in terms of the erroneous nature of the letter received by the hon. member some four years earlier. It is not a matter to be considered as a question of privilege at this time, even if it could be treated as a question of privilege before the House as a proceeding in the House.

Regarding such answers in the House based upon information given to ministers—and ministers have stated their positions in terms of their lack of knowledge of the contrary being true—the nature of the illegalities is before the McDonald commission at this very time. In this case, as in so many others, it really behooves us to let the McDonald commission continue its work and to explore the matters which are involved here. I am sure the commission will do that and, as a result, will in due course, throw further light on the background facts behind the position of the ministers. The ministers have made their position clear, and I think that is clear.

● (1242)

I am glad that, by the nod of his head, the hon. member for Northumberland-Durham agreed that his use of words like "deliberate" and "misleading" were not meant by him to be attributed to the minister, and that, indeed, what we do not know is the source of the particular phrases in the letter. I take it to its highest when I say that answers in this House prior to November 9, 1977, when the then solicitor general revealed that his investigations that morning had discovered that mail openings had been taking place, and I refer to *Hansard* at page 742 for Wednesday, November 9, 1977, would also have been based on that lack of knowledge on the part of solicitors

general, and clearly any question in relation to them was pertinent and relevant at that date, and nothing new has been added to our knowledge at this point in time.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have just one or two things to say following upon the remarks of the Minister of Transport and Minister of Justice (Mr. Lang). It is really quite easy to say that we ought to let the McDonald commission continue its work. Of course, the McDonald commission will continue its work regardless of what this House says about it. That is not the point.

The point made by the hon. member for Northumberland-Durham (Mr. Lawrence) in his very excellent presentation is one of importance that we ought not forget. It is not the McDonald commission that focuses on the privileges of this House. It is the McDonald commission which focuses upon the truth as a case is presented before that commission. It is only this House that can decide on questions of privilege as between members, and that is why the matter is raised here now.

Let me say, with respect, that I think if the House were to turn the matter aside on that ground, then the House would not be doing itself justice in respect of its own privileges which are important to the carrying out of its duties. Surely the McDonald commission cannot deal with questions of privilege. Merely because it deals with the case from which a question of privilege might arise is no reason to forestall the House from dealing with the matter. I think that point is extremely important.

I am not going to repeat the quotations referred to by the hon. member for Northumberland-Durham, but I commend them to you, sir, in respect of what is not an extension of privilege to a communication. It is not an extension of privilege at all. It has been established in parliamentary practice to be part of privilege that a member can expect the truth from a minister. I share the position taken by the hon. member for Northumberland-Durham in respect of the minister's role in this, which has been reiterated by the Minister of Transport and Minister of Justice. The precedents are, and the practice is, that it is within the matter of privilege and not an extension of it.

It is part of the law of privilege that a member of this House in the performance of his duty can expect the truth from a minister of the Crown, even if that truth should be that the minister cannot or will not answer the question raised. Those are the facts, and the member can expect the truth.

The first point dealt with, or alluded to by the Minister of Transport and Minister of Justice, really is that this was not an act of the minister in the sense it was brought up in his mind, worked over, following which there was a deliberate misleading of the hon. member. The hon. member for Northumberland-Durham has indicated that this too is his position, and I share it.

The fact remains that the letter referred to is a letter from a minister of the Crown which we should be able to rely on as the truth. It was not a letter signed by the RCMP or anyone else. If I assume that it is the rule of the Government of Canada, as it is the rule of any other responsible government, that a letter signed by a minister is accepted as that minister's letter, and if that letter, even through no fault of the minister's misleads a member of parliament, then the member of parliament has a grievance with which only parliament can deal. Those are the simple parameters of this case.

A case seems to have been made out here in the prima facie way it has to be made out in respect of the matter of privilege. Sir, I put that to you respectfully. The precedents which have been quoted, and which you will no doubt want to review, indicate that this kind of case, and this case specifically, fall within what has been established for some period of time as a matter of privilege, and not an extension of the law of privilege. There is no extension involved.

Imagine the sorry state we, as members of parliament, all of us, would be in if we could not count on or know that ministers are responsible for what they write. It would clearly be a very difficult thing for any member of this House to operate in those circumstances. Ministers write letters and say, "I hope this will assure your constituent", or they will add at the end of their letters, "I trust this information will permit you to explain this matter to your constituent." Members of parliament rely on these statements when making explanations, and part of our job certainly is representative.

In conclusion, if a matter can be brought up in the House of Commons by way of question and an answer is given which is inadvertently misleading, then surely the hon. member would have a question of privilege. If the same appropriate matter is brought up by way of a letter and a misleading answer is given, I submit to you, sir, the same thing applies and there is a privilege.

If, as the hon. member for Northumberland-Durham said happened in his case, the member tempers his questions or does not ask any further questions of the solicitor general because of the misleading reply, there is no doubt that the member's rights and ability to perform his duty are affected. We accept the word of all hon. members of this House. Therefore, sir, I submit respectfully that a prima facie case has been made, and I commend it to you.

Mr. Speaker: Order, please. I see two other hon. members seeking to participate, and I am anxious to hear them. I would like to hear some discussion on one point raised by the Minister of Transport and Minister of Justice (Mr. Lang) in respect of which I have not heard any other comment. I refer to the fact that because of the procedural requirement that questions of privilege be raised at the first available opportunity, the first available opportunity in this case was in fact the day the House was notified some several months ago, almost a year ago, by the solicitor general at that time that in fact what had been previous information, that mail had not been intercepted, was erroneous information, and on that day he had learned of this and was, therefore, advising the House that there had in fact been opening of the mail. At that time and certainly in subsequent answers in the House there had to be the indication that answers made in the House by previous solicitors general on the basis of that information were wrong

answers and that the matter occurred not only once but several times.

● (1252)

It had to be brought to the attention of the House on several occasions in clear terms that answers which previously indicated that there had not been mail openings were wrong answers based on misleading information from officials responsible to the solicitor general of the day. That being the case, there would have been several occasions on which members either were or ought to have been alerted to the fact that the answers they had received prior to that time about mail openings, such as the answer received—which after all is the core of this question of privilege—were wrong answers. Despite the fact that it occurred almost a year ago, I still have to deal not only with the question of whether this is of such a nature as to be included in privilege, but also with a couple of procedural matters of that sort.

At least I am relieved of the obligation of having to decide whether the paragraph or sentence in the letter was misleading. The Minister of Justice has brushed this point aside for me. Even if I were to find all the necessary ingredients for privilege, how do I get around the fact that this was first brought to the attention of the House almost a year ago in such a way as to give rise to this question of privilege? Therefore, we are not only slightly but a great deal too late to deal with it on that basis at this time.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in my view the request for this matter to be referred to the Standing Committee on Privileges and Elections is one that ought to be granted. It is clear from what has been said on both sides that a misleading statement was made by letter, by a minister, to the hon. member for Northumberland-Durham (Mr. Lawrence). The Minister of Justice (Mr. Lang) used the term "erroneous", but at least there is no denying the statement that the hon. member for Northumberland-Durham was misled.

It is also part of the record now that the hon. member for Northumberland-Durham has in a sense charged that he has received a letter which was misleading. That is something which ought to be cleared up by the House.

During the course of his remarks the Minister of Justice made the suggestion that is made almost every time any matter in this area is discussed, namely, that we should leave it to the McDonald commission. On that point, I agree with the remarks made by the hon. member for Grenville-Carleton (Mr. Baker), that the issue of the privileges of members of this House is not before the McDonald commission. Whether the commission ever completes its proceedings or not, we have a situation here where a member of this House has had his privileges affected. I think that it is this House that ought to settle this matter.

The point which you made after listening to the Minister of Justice is one that is almost as interesting and difficult as the question we have in another debate involving a letter written by the Commissioner of Human Rights to the Minister of Finance (Mr. Chrétien). There are various angles to be considered. To put it hypothetically, if the hon. member for Northumberland-Durham had risen on November 10, 1977, on the basis of the statement made by the then solicitor general on November 9 to the effect that there had been mail openings, and had alleged that the letter he received three or four years earlier was therefore a violation of privilege, there would have been some difficulty about it. The member would have been asked, "How do you know that what was said three or four years ago was a misrepresentation?"

It seems to me that we have to put into the picture the fact that only a few days ago former commissioner Higgitt identified this particular letter and brought it out in the open—and now not only does the hon. member for Northumberland-Durham know about it, but the whole country—and that that particular letter was identified by the former commissioner as a misleading letter, or to use the word of the Minister of Justice, an erroneous letter.

I appreciate, sir, that you have to consider this very fine point, but what would you have done in my hypothetical situation had the hon. member for Northumberland-Durham raised this matter immediately after November 9, 1977? He would have been told that he did not yet have the evidence that that particular letter was included in the framework of misleading letters. Because this situation is really separate from the inquiry of the McDonald commission, and because a member of this House has had his capacity to do his job interfered with by a letter from a minister which, it turns out, did not tell what was true, I think that it ought to be considered as a prima facie case of privilege. The result, if the question of privilege is allowed and the motion is put and passed, is that what has happened between a minister and a member of this House would go to a committee of this House to determine how it all came about. It is totally different from what is going on in the McDonald commission hearings, and I believe that the question of privilege should be granted.

Mr. Speaker: The hon. member for Winnipeg North Centre (Mr. Knowles) raises a point about the letter which I think comes to the aid of the hon. member for Northumberland-Durham. I confess that, while he made reference to it, I did not quite catch the significance of the fact that the testimony before the McDonald inquiry made specific reference to this letter. I was operating on the impression that the testimony, while it related to arguments, did not make specific reference to this piece of correspondence.

Mr. Knowles (Winnipeg North Centre): It did.

Mr. Speaker: Thankfully, that lays that point aside, because if I do find that the other ingredients of privilege are present, I would not be very comfortable setting aside a matter of this importance on the basis of a technicality. I would only do it in the event that I was faced absolutely and categorically with a procedural requirement which I simply could not get around. I do not like to set aside important questions of this nature on a catch, but with the specific reference by the ex-commissioner

to this particular piece of correspondence, I would think that that probably answers that one argument. Again, it is something I would have to look at very carefully.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, before starting my argumentation with respect to your remark and that of the hon. member for Winnipeg North Centre (Mr. Knowles) who said, and I quote:

[*English*]

—Higgitt brought the letter into the open in the last days. This letter was brought in the open by Mr. Higgitt, not in the last days, but on February 1, 1978, publicly at the Keable inquiry. I would like to refer this House to the report of the Keable inquiry, volume 102 at page 62, where Mr. Michel Decary asks Mr. Higgitt in reference to exhibit P-142:

Now on page two (2) Mr. Allmand writes, or maybe someone for him but it does bear Mr. Allmand's signature:

"I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust that the above explanation will set your constituent's mind at ease".

Mr. Decary asks the question again:

Do you recall having discussed with Mr. Allmand in the month of November or December, but anyway before December of 1973, such a practice of interception of private mail of citizens of Canada?

A. No, I do not recall any such conversation.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question?

Mr. Pinard: With pleasure, at the end of my intervention. What I want to say at this point, because I realize that it is very close to one o'clock, is that it is not exact to state that the letter on which the hon. member has based his question of privilege came out only in the last days. It was made public, and the hon. member should have known at least that it was public, at the Keable inquiry February 1, 1978. If the House is interested I can table part of this testimony so that hon. members will have knowledge of it.

● (1302)

Mr. Speaker: The hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wanted to ask the hon. member if, in that testimony before the Keable commission, specific reference was made to the fact that that was a letter addressed to the hon. member for Northumberland-Durham (Mr. Lawrence).

Mr. Pinard: The answer to that question is very simple, Mr. Speaker; it is yes. May I quote the question put by Mr. Decary to Mr. Higgitt as follows:

Q. Now we have produced yesterday, under objection from your attorneys, a document P-142, exhibit P-142. Now this is a letter addressed by the Honourable Warren Allmand to Mr. Allan Lawrence, MP but I forget for what riding?

A. I believe it's an Ontario member.

Q. Yes, an Ontario member for the Conservative Party of Canada I believe. I refer specifically, and you may take time and a moment or two to look at the document, but I refer you to the last paragraph of page two (2) of Mr. Allmand's letter?

A. Yes.

Then a question by Mr. Pierre Lamontagne:

Q. If you take the position that we're dealing with foreign powers—

A. I have read this document.

I think this answers the hon. member's question.

Mr. Speaker: Order, please. In any case, the discussion will obviously be interrupted by the luncheon adjournment. We are going to return to this at two o'clock.

It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1.04 p.m. the House took recess.

[*Translation*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Pinard: Mr. Speaker, when I was speaking at one o'clock I saw fit at the very beginning of my intervention to rectify a fact which undoubtedly the hon. member for Winnipeg North Centre (Mr. Knowles) inadvertently brought to our attention. Though that has been clearly settled, I would like to make brief and clearer statements on that issue.

If we accepted the arguments given by the two members of the Progressive Conservative party and the member of the New Democratic Party who spoke before me, we would have to conclude that it is not because there is a royal commission of inquiry considering the practices of the RCMP that a committee of the House cannot study matters which are already the subject of the inquiry of the commission when privileges of members of the House are concerned. If we were to accept that assertion—which I do not—we would have to come to the necessary conclusion, in light of obvious facts, that the question of privilege as raised by the hon. member for Northumberland-Durham (Mr. Lawrence) was belated. It is belated because it is based first of all on a letter dated December 1973, one excerpt of which was quoted by the hon. member this morning. This excerpt has also been quoted by me when I read the wording of a question put to the Keable inquiry and which establishes clearly that the then solicitor general did inform the hon. member that the RCMP had advised him it was not current practice to open mail. Now, in 1973 the hon. member got that information which turned out to be erroneous. But last November, in 1977, in the House and more specifically during almost all the oral question period on November 9, it was clearly established, following a TV coverage from the night before, that there had been allegedly illegal mail opening.

It then became obvious to the hon. member who now raises this question of privilege that the information contained in the letter of December 1973 could be challenged because the facts contradicted the contents of that letter. I therefore believe that it is at that moment that the hon. member should have put the question of privilege, or at the latest the following day. The hon. member was indeed in the House that day and he had, along with other members, the opportunity to direct questions in that regard to the then solicitor general, the present member for Argenteuil-Deux-Montagnes (Mr. Fox).

Mr. Speaker, I would like to draw your attention to *Hansard* for November 9, 1977, page 742, where the hon. member for Northumberland-Durham (Mr. Lawrence) directed specific questions regarding the illegal opening of mail to the then solicitor general, who answered unequivocally leaving the hon. member no choice but to conclude that the information contained in the December 1973 letter was false.

Therefore, the hon. member did not have to wait for the recent testimony of Mr. Higgitt who, as it was termed this morning, allegedly told the McDonald commission: "It was not cast to the four winds but no secret". I am sure that the hon. member is sufficiently clear-headed and intelligent that he did not have to hear Mr. Higgitt's testimony yesterday or the day before before the McDonald commission to understand, on November 9, 1977, in the House, that there was indeed a discrepancy between the information that he got from the solicitor general in 1973 and the many answers given in the House on November 9 by the Solicitor General and the Postmaster General to the effect that, unfortunately, there had in fact been mail openings. That is when he should have raised his question of privilege.

But allowing him a little more delay to understand, he could have had until February 1, 1978, at the latest—several months ago now, Mr. Speaker—to raise a question of privilege which could be receivable, in order or valid.

This morning I referred to that commission of inquiry which held public hearings and heard Mr. Higgitt. The latter, in answer to questions put by lawyers, and I will not quote again what I mentioned this morning, did indeed refer particularly to that letter of December, 1973, sent to the hon. member by the then solicitor general, even quoting textually the last paragraph of that letter which was also read this morning by the hon. member on his question of privilege. Moreover, an attorney even asked the Solicitor General who wrote that letter in December, 1973, whether, in the months of November and December prior to that letter, whether—

● (1412)

[*English*]

Such practice of interception of private mail delivered in Canada has been discussed with Mr. Allmand.

[*Translation*]

That question had been put to Mr. Higgitt. Mr. Speaker, this was public knowledge and the hon. member who brought up the question of privilege must have been aware of it. He therefore missed the boat twice. First, on November 9 in the House when the Solicitor General himself told him mail was opened, contrary to what the letter said which was sent to him in December, 1973. He also missed the boat when, on February 1, before the public inquiry commission mention was made of that same letter. His name was mentioned at the inquiry, the letter in question was also mentioned and tabled as documentary evidence; mention is even made of the Solicitor General who wrote it and who denies having discussed its contents with anyone.

Mr. Speaker, once again, if we accept the position of hon. members, excepting that of the Minister of Justice who spoke about the matter before me, one must of necessity conclude that the question of privilege, at least from the procedural point of view, comes at a late date.

In closing the discussion on this first point, I would be remiss if I did not quote ever so briefly for the record the principle generally recognized by Beauchesne, in his fourth edition, page 95, paragraph 104, and I quote:

(3) A matter of privilege which claims precedence over other public business should be a subject which has recently arisen and which calls for the immediate interposition of the House. The matter should be raised at the earliest opportunity.

A few lines further he adds, and I quote again:

(5) As a motion taken at the time for matters of privilege is thereby given precedence over the prearranged program of public business, the Speaker requires to be satisfied, both that there is a prima facie case that a breach of privilege has been committed, and also that the matter is being raised at the earliest opportunity. If he is not so satisfied he may allow the member to make a statement with a view to ascertaining whether or not a prima facie case can be made out.

Mr. Speaker, it seems obvious to me, even if it displeases some people, that the rules of this House should be followed at all times. It seems obvious to me that in this case the hon. member who raises today a question of privilege is several months late. In fact what is the object of his complaint this morning? He received false information from a minister and he has become aware of this fact only recently, following the testimony given by Mr. Higgitt before the McDonald commission. It is not true, Mr. Speaker. If he received false information, which might be possible, he should have known that this information was erroneous last November 9 in this House or at the latest on February 1 or the following days when his name, the letter and the whole matter were discussed publicly before an inquiry commission, the Keable commission. To conclude on this first point, it seems obvious to me that this question of privilege is not receivable because of this considerable delay.

The second point I wish to raise has been mentioned by all hon. members who spoke before me and concerns the role of the McDonald commission compared with the role of a House committee regarding a question of privilege on a matter studied by the commission. Here again the facts are quite simple. We know that the commission was established by an order in

council on July 7, 1977. A brief passage of this order in council says about the authority of commissioners appointed pursuant to part 1 of the Inquiries Act, and I quote:

[*English*]

—to conduct such investigations as in the opinion of the commissioners are necessary to determine the extent and prevalence of investigative practices or other activities involving members of the RCMP which are not authorized or provided for and in this regard to inquire into the relevant policies and procedures that govern the RCMP in the discharge of its responsibility to protect the security of Canada.

[*Translation*]

Of course, the order in council is much more elaborate concerning the commissioners' terms of reference. But the last quote is specific, however, and indicates the essence of the work or terms of reference of the inquiry.

Moreover, Mr. Speaker, that commission was established under a federal statute called the Inquiries Act and has the power to hear any witnesses. Let me simply refer to that act, part 1, section 4, which provides, and I quote:

The commissioners have the power of summoning before them any witnesses, and of requiring them to give evidence on oath, or on solemn affirmation if they are persons entitled to affirm in civil matters, and orally or in writing, and to produce such documents and things as the commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.

In view of the mandate given by an order in council under a federal act of parliament to a royal commission of inquiry investigating RCMP activities, it seems quite improper to me, because an hon. member alleged his privileges have been infringed upon, that the same subject matter be referred to a parliamentary committee to examine that same matter exactly. This would be creating duplication. The motion put by the hon. member must be placed in context. In my view, he is aiming at the solicitor general who wrote the letter—and I see clear evidence of that in the very words he used in his motion, those of "calculated attempt to mislead". He is imputing motives to the solicitor general who wrote the letter in December of 1973. In his motion he asks that the Solicitor General be censored for deliberately misleading the hon. member, or if he is not attacking the Solicitor General, he has to blame someone else for the inconvenience resulting from the letter sent to him, and that someone else can only be the RCMP. So by complaining that he was misinformed in a letter signed by a minister, he wants to have the subject matter referred to a committee, not to determine whether that caused him inconveniences—it appears obvious to me that having been misinformed in 1973 could have prevented him from putting questions to the Prime Minister, as he mentioned, or the Solicitor General; those are inconveniences, I am not denying that—but what remedy is he seeking today, Mr. Speaker? Is it simply to have us say that he was unable to ask questions at that time or is he trying to blame the Solicitor General or the RCMP? In either case, that is exactly the terms of reference of the McDonald commission, to determine whether or not there were wrongdoings and whether people in the public eye are involved. That is going to be determined, and referring the subject matter now before us to a committee of this House could result in our arriving at different conclusions on the same matter. We could have a committee of the House blaming for one reason or another the Solicitor General for his integrity or knowledge or lack of knowledge of the facts in question and at the same time a judgment or a report by the McDonald commission exonerating the Solicitor General. And that is the nonsense situation in which we could find ourselves if we allow this kind of abuse, under the pretence that the privileges of a member of this House have been breached, of referring the subject matter that is already before a special commission, a royal commission, to a committee of public men, politicians, parliamentarians, particularly when there is, in my opinion, no remedy for the inconvenience which the hon. member is complaining about and which he could have complained about a lot earlier, Mr. Speaker.

In the circumstances, I think it is important to avoid, under the pretence that a privilege was breached, referring to two parliamentary bodies, a parliamentary committee and a commission set up by an act of parliament, the same inquiry into the same individuals. And that appears to me to be a nonsense that was certainly not on the minds of those who made the law and those who wrote the rules of this House.

One last point, Mr. Speaker, that seems fundamental to me is the intention of the Solicitor General who wrote the letter which was sent to the hon. member raising the question of privilege in December, 1973. At some point in his remarks this morning, the hon. member said:

● (1422)

[*English*]

"It does not matter if he knew or did not know about if he was wrong or not".

[*Translation*]

I cannot accept such assertion, Mr. Speaker. There is a world of difference between guilty intention and good faith. And if the hon. member suggests that the fact that the Solicitor General acted in good faith has nothing to do with the discussion, I believe he is completely mistaken, not to use an anti-parliamentary expression.

In matters of parliamentary privilege, just as in any matter of criminal or of any otherwise penal charge in society, it is important to respect two principles: first, the presumption of good faith. Good faith is always presumed, and whoever makes the allegations of bad faith has to prove them. That principle is generally accepted. But the second principle is that we can never condemn anyone for an act which may have bad consequences, which may cause prejudice or damage, if the act was done in good faith and without bad intention. And it seems to me obvious in this instance, Mr. Speaker, that through his question of privilege the hon. member gives only one version of the facts, one side of the coin.

There lies the danger when raising questions of privilege and calling the attention of committees of the House on matters which are now being investigated. To be fair to the Solicitor General who sent him that letter, Mr. Speaker, the Minister of Justice (Mr. Lang) referred this morning to the testimony made by the same Solicitor General on February 15, 1978 before the Keable commission. He quoted only one answer but he could have added the two following answers on pages 50 and 51 of the document he referred to. The then solicitor general, Mr. Allmand, said, and I quote:

[*English*]

"No, I was told on every occasion that they did not open mail."

[*Translation*]

And a little further during the same inquiry, the solicitor general said, and I quote:

[*English*]

"The first time I found out that they did open mail was when it became public after I left, you know, in recent months".

[*Translation*]

So I think that it is unfair, Mr. Speaker, to suggest that the solicitor general wrote the letter referred to by the hon. member in a calculated attempt to mislead. I think the hon. member is unfair when he says, I quote:

[*English*]

"The letter from the minister of the Crown deliberately misled me and my constituent".

[*Translation*]

I believe it is unfair to say such things in the House when the minister himself stated exactly the opposite under oath before a public commission. Mr. Speaker, the danger in all this would be if we, members of parliament, through a committee, were invited to question the same people and pass judgment on the same activities when a commission is now considering this same matter, and is now interrogating one witness, who gave his own version of the facts, and when the commission will then have the power to interrogate other witnesses.

It is obvious that all former solicitors general involved are impatient to testify before the McDonald commission. They have said so, they will do so and this is provided by the legislation, as I said earlier. Why then ask this institution to do the same work over again? I think we must be logical and respect the spirit of the law. There already is a commission established by an act of parliament which is now investigating the activities of politicians and the RCMP. Why then should we ask another agency of this House to do exactly the same work when the investigation is not yet completed and we have conflicting evidence? If, as each witness testifies before the commission, every member could rise in this House on a question of privilege and ask to refer the matter to a committee, there would be no end to the situation.

Mr. Speaker, I believe that it is only logical and sensible to avoid doing the same thing twice. I believe that we should have enough restraint not to attribute intentions to the solicitor general, and I therefore believe that this should not be considered a prima facie question of privilege, first because it is belated, and second, because it is legally irregular and out of order.

[*English*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, it is not my intention to go over the arguments which were very ably made by the hon. member for Northumberland-Durham (Mr. Lawrence) and by the hon. member for Grenville-Carleton (Mr. Baker), but I want to re-emphasize, for your consideration, the principle of ministerial responsibility. This has been touched upon but not emphasized.

It seems to me that the fact that a minister sent out on his ministerial stationery and over his own signature an assertion to a member of parliament, in reply to a question which could have been taken as a notice of questions to be raised in this House, has to bear a good deal of weight on your decision. The minister knew what he was writing. He signed it. If he did not know what he was writing, he should have made appropriate inquiries at the time the draft was presented to him.

Either we, as members of parliament, on all sides of the House are entitled to rest secure in the knowledge that we are going to receive the truth in ministerial replies, or we are not, and obviously it is the opinion of all hon. members of this House in this instance that the hon. member for Northumberland-Durham did not receive a truthful reply to this inquiry. Where does it leave us if we disregard the fundamental principle of ministerial responsibility?

There is no doubt in my mind, having regard to the circumstances surrounding the Keable inquiry, that the hon. member for Northumberland-Durham did not know the facts. The facts as stated by the Parliamentary Secretary to the President of Privy Council (Mr. Pinard), with respect, are incorrect. Even if the hon. member for Northumberland-Durham did know of those facts, the question of privilege is still well founded, but the fact is that the hon. member first knew of the erroneous nature of the content of the reply only this week.

The Keable commission inquiry—and in this sense I feel as if I am speaking for a minority— was conducted in French. The transcript was in French, and I do believe the hon. member for Northumberland-Durham is bilingual in the sense that he speaks French and English. This matter did not, I am assured by the hon. member himself, come to his attention until this week. It came to his attention because two blocks away a royal commission is inquiring into these matters. A specific question about this specific letter was raised, and the matter has received much English exposure. That is how the hon. member came to know of it.

Mr. Speaker: I wonder if I could interrupt the hon. member for Yukon (Mr. Nielsen) just to direct his attention to a point which troubles me nevertheless, and it is very much related to the point he is now arguing. I am not very concerned about

whether I should be looking for some procedural device with which to defeat the point of the hon. member for Northumberland-Durham (Mr. Lawrence), saying he should have raised this at the time it became known, turning back to the Keable inquiry and saying that if what the ex-commissioner said before the McDonald inquiry was in fact said before the Keable inquiry, that information is deemed to have been transmitted to the hon. member. It would seem that that kind of approach would be a little too technical. What troubles me is a little more substantial than that.

● (1432)

I have not looked at the remarks, but the day on which the former solicitor general stood in the House—I think it has been described in the argument as being on November 9, about a year ago—he said that he had then learned, and was informing the House, that the RCMP had in fact been opening mail. That was a revelation which was, of course, entirely contradictory to the information which had been given to him and to previous solicitors general. Upon hearing that, a number of letters were sent to the then solicitor general and questions asked in the House to which answers had been given.

Again I have not checked it in the record but I am sure there were numerous occasions in this parliament when members asked the solicitor general of the day in the House whether the RCMP was opening mail, to which the solicitor general of the day said no, that according to his information the police were not doing so. On the day almost a year ago when the then solicitor general said that his information was incorrect, every one of those questions and answers in parliament became a potential question of privilege. The then solicitor general said "We were misinformed, and I am telling the House we were misinformed", and therefore answers which he gave to questions in the House were incorrect on the basis of misinformation. Basically, as I recall, that is what the then solicitor general said about a year ago.

My point about timing is this: why then should we now at this stage concern ourselves, not with answers in the House—which are obviously a proceeding in the House and fundamentally related to the whole question of privilege—but go beyond them to a letter which might or might not be a proceeding in the House within the definition of privilege, and not only that but a letter which is not of this parliament but of the previous parliament? So the timing of the question of privilege that it be raised on the first occasion, is more than simply a procedural gimmick to put in the path of the question of privilege; it relates substantially to whether or not we can deal with a question of privilege on a different problem, on a new point, but I think it demonstrates the fact that it is more than simply a procedural matter. It is a substantial question, that if all these questions and answers put to the solicitors general become questions of privilege within this parliament, why do we now, some time later, go back to the letter which predated this parliament and try to stretch those two points? That is the point that concerns me.

Mr. Nielsen: Your remarks, sir, certainly indicate that you are taking the matter as a very serious question of privilege, which is only proper. With respect to the previous parliament, that is very novel. I had not thought of it before. But it is the same government and the solicitors general have been playing musical chairs with such frequency that this does not disturb the principle of ministerial responsibility, I think. May I point out with respect, sir, that if there had been a change of government, then the point might merit more investigation, but here we are confronted with a situation where we have the same government, notwithstanding the fact that we are in another parliament. So the validity of the first opportunity for raising a point of privilege, in my submission, still prevails.

With respect to the November 9 circumstances and the first time when this parliament was informed that there had in fact been the opening of mail—a fact about which I could say more, if we were not constrained by the Official Secrets Act, and about which those members who sat on the Standing Committee on Justice and Legal Affairs in camera know full well—I would draw the attention of the Chair to the fact that the then solicitor general, the present Minister of Consumer and Corporate Affairs (Mr. Allmand), had resigned, and the statement on November 9 was made by the new solicitor general, the hon. member for Argenteuil-Deux-Montagnes (Mr. Fox). That has a bearing on the situation as well because the core of the question of privilege lies in the conduct of the then solicitor general, the present Minister of Consumer and Corporate Affairs.

I wish also to draw the attention of the Chair to the matters raised by the Parliamentary Secretary to the President of Privy Council. I followed the Keable inquiry quite closely, as I am following this one, and I have two points to make. I have already made one point, that it is not unreasonable to conclude that the hon. member for Northumberland-Durham did not know of the testimony given by ex-commissioner Higgitt before that inquiry. I see the Parliamentary Secretary to the President of Privy Council shaking his head as though in disbelief, but that is the information I have from the hon. member for Northumberland-Durham and I take him at his word. However, there is a more important point to make with respect to that testimony.

As is apparent from the testimony before the present commission, ex-commissioner Higgitt believed, at the time he was testifying before the Keable inquiry, that what he was saying with respect to the letter under discussion was true. He has found out since that it was not as he stated it to be before the Keable inquiry because he had been informed since that inquiry that the letter was indeed drafted by the force. I abjure you, sir, to consider that very carefully. The ex-commissioner believed at the time that what he was stating was true, and not only did he believe it to be true, on the basis of the information he had at the time it was true. But he found out subsequently, and so testified before the McDonald commission, that his information was inaccurate.

Let us get back to the question of whether the hon. member for Northumberland-Durham knew at the time that the state-

ment made to him was false. He first knew that the statement was erroneous, to use the more gentle term, early this week, and this was the first opportunity he had to bring the matter to the attention of the House. It is not a question of when he knew that mail was being opened in a general way—I knew that years ago—but the question is when it came to the hon. member's knowledge, and it came to his knowledge only this week, not a year ago, not last November. One cannot impose the burden on all members of parliament of following all commissions of inquiry and reading line by line all the evidence adduced at these inquiries in order to retain the privilege of raising a question of privilege in the House if one might arise as a result of that testimony.

With respect to the role of the McDonald commission and the emphasis placed on that by the Minister of Justice (Mr. Lang) and by the Parliamentary Secretary to the President of Privy Council when they said "allow them to finish their task", permit me to be sceptical, sir. First, the matter affects the privileges of members of the House. That is not within the ambit of the mandate given to the McDonald commission. Second, as to my scepticism, having regard to the efforts that have been made by government counsel, as instructed by the Minister of Justice and God knows who else in PCO, I am not so sure that they will be able to see everything which would enable them to come to the proper conclusions. But putting that aside, the McDonald commission has no mandate to decide whether or not the privileges of a member or of members of the House have been breached.

The Parliamentary Secretary to the President of Privy Council spoke about privilege, and asked that it be left to the McDonald commission. I am really surprised, but then it explains itself to me in this fashion, that they have very little regard for the rights and privileges of this place and its members when they suggest, as he did, that this matter should be left to the McDonald commission to decide. I disagree most violently with that. I am sure the view is shared by the majority of members in this place, that we, and we only, have the right to decide whether or not the privileges of a member of this place are being abused.

● (1442)

He said many things imputing motives to the hon. member for Northumberland-Durham. I did not detect that in the member's remarks in raising this question. Indeed he, the Minister of Transport and Minister of Justice (Mr. Lang), and the opposition House leader were on all fours when they assured the House through you, sir, that there was no imputation of motives here, that they were zeroing in on the principle of ministerial responsibility. Surely that is the crux of the whole question of privilege. Has the minister, or any minister of the Crown, the right to mislead members of parliament with impunity? I suggest a letter written to a minister, under the circumstances described by the hon. member for Northumberland-Durham, is a notice to the minister that the question will be raised in the House. That connection was made by the hon. member for Grenville-Carleton (Mr. Baker), the hon. member for Northumberland-Durham, and the House leader for the New Democratic Party. In essence, an inquiry of the minister is a notice to the ministry that, unless a satisfactory answer is forthcoming, the matter will be raised. It was not raised because the hon. member for Northumberland-Durham was deceived by the answer.

I will confine my remarks to the emphasis on the question of ministerial responsibility and the question of the responsibility of the ministry. Whether it be in this parliament or the last, being the same government, or whether the last parliament is set aside, the fact is that when a minister signs his name to a letter, whether it is drafted by his executive assistant political, his executive assistant administrative, or any other of his officials, he is signing a letter which is tantamount to standing by all the statements put forth in that letter. If he did not do it in that sense, he cannot be heard to say, "Well, I signed the letter but I was misadvised".

I say to the Parliamentary Secretary to the President of Privy Council that when the then solicitor general saw that paragraph, he should have said to his adviser, "Is this true? Are we not opening mail, and if we are, I want to know?" In my submission that is what he should have said, and it is fundamental to the principle of ministerial responsibility. It is fundamental to the question of privilege raised by the hon. member for Northumberland-Durham. If the minister did not ask that question, it is the central question we should be allowed to determine before the standing committee to which this matter should be referred, as urged by the hon. member for Northumberland-Durham.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in joining on the question of privilege by the hon. member for Northumberland-Durham (Mr. Lawrence), I should like to make specific comments concerning the points raised by the hon. Parliamentary Secretary to the President of Privy Council (Mr. Pinard). As I understood his representations, he indicated my colleague had sufficient advance warning of the possible misrepresentation that he should have raised his question of privilege at an earlier date.

I have had an opportunity to review the testimony before the Keable commission, to which the parliamentary secretary referred. He very kindly provided me with photostats of what he read from, and if the testimony by Mr. Higgitt before the Keable commission says anything, it would confirm that the letter my colleague received was accurate. There is no suggestion in Mr. Higgitt's testimony before the Keable commission which would cause my colleague to say that he was misled, if he knew of the evidence or not.

I should like to refer to the specific testimony which was referred to earlier, but in the context of what I am saying. I assume there was an unintentional misleading of the House in the manner the parliamentary secretary presented this testimony. Certainly on first blush it sounded to me that he meant Mr. Higgitt, as long ago as February 1, 1978, before the Keable commission, basically said the same thing as he said before the McDonald commission. That is not true. What Mr.

Higgitt said before the Keable commission is quite different from what he said subsequently before the McDonald commission.

I draw the attention of the House to page 62 of the Keable report, which was previously referred to by the parliamentary secretary. It reads as follows:

Q. Now on page two (2) Mr. Allmand writes, or maybe someone for him but it does bear Mr. Allmand's signature:

"I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust that the above explanation will set your constituent's mind at ease."

We are all agreed on that quotation. It continues:

Do you recall having discussed with Mr. Allmand in the month of November or December, but anyway before December of nineteen seventy-three (1973), such a practice of interception of private mail of citizens of Canada?

A. No, I do not recall any such conversation.

If one follows the argument of the private secretary, why should my colleague have taken from that evidence that the letter was wrong? All the commissioner indicated was that he had no conversation. The report continues, with Mr. Pierre Lamontagne asking the following question:

While we are on that letter, Mr. Higgitt, there has been a suggestion made this morning by Mr. Cameron that very frequently the Department of the Solicitor General, whoever Mr. Cameron or somebody else, would ask the RCMP not only for an answer but also for a draft reply. Looking at that letter which has two (2) pages, exhibit P-142, could you tell us if according to your knowledge the practice in all this, the setup of letters etc. of the RCMP, if that draft was prepared by the RCMP?

Commissioner Higgitt's answer was as follows:

I would say with absolute . . . or with almost positive certainty that this was not prepared by the RCMP and I say that because of the phraseology. I say it also because of the setup of the letter itself. The RCMP did not set up letters in that nature and I would say from this superficial look that it is most unlikely that the RCMP had any part in actually writing that—

The next page was not given to me. In that part of the Keable evidence, Commissioner Higgitt again makes it clear that in his view—and he said that it was a superficial one—it was not drafted by the RCMP. My colleague had absolutely no reason to feel that the letter was in any way misleading, based on the evidence given before the Keable commission and referred to by the parliamentary secretary.

I should like to refer to the point raised by the parliamentary secretary initially concerning evidence in this House. In your remarks to the hon. member for Yukon (Mr. Nielsen), Your Honour made specific reference to this. I am referring to the November 9 testimony of the then solicitor general of Canada. The parliamentary secretary referred to an answer given to the hon. member for Northumberland-Durham, but he did not refer to an earlier answer given by the solicitor general in response to a question posed by the hon. member for Central Nova. At that time the then solicitor general said the following:

In some instances, after my examination of the files with senior officers of the Crown, it clearly happened that the mail has actually been opened by the RCMP security service. Because of that, I referred the whole matter to the Attorney General of Canada and also to the McDonald royal commission of inquiry.

● (1452)

I would make two comments in regard to that answer. First, if I had been in my colleague's shoes it would have registered with me that the solicitor general had said, "in some instances". He did not say "in all instances". I would suggest he did not make any more meaningful comment than to say, "Yes, I have found instances where letters have been opened".

The second thing he said, which I think was very reassuring, was, "I have referred it to the Attorney General of Canada and to the McDonald commission". Is it not a natural thing to expect a member of this House to presume that any matter he had raised, such as the letter before us, would be looked into and, if found to be one of the instances when in fact there was an interception of the mail, it would be corrected and that correction referred back to him?

I would strengthen that argument, Mr. Speaker, with the fact that my colleague then did get up and in his question asked the minister why he evaded the question, and why he could not be more specific. It was then that the solicitor general came back and said essentially the same thing. He said:

—it became very clear to me during the course of that meeting that there had been indeed a number of instances in which the security service of the RCMP in particular areas of counterespionage, terrorism and countersubversion opened a number of pieces of mail.

Again, I would suggest there was nothing other than a general comment there. There was nothing to cause my colleague to suddenly think, "Well, I must have been misled in the letter I received sometime ago from that solicitor general."

I would then suggest, Mr. Speaker, that if you review the testimony before the McDonald commission, and I believe my colleague has already put some of this before you, you will find at page 14555 Commissioner Higgitt for the first time refers specifically to this letter, and for the first time indicates there was wrong information in it. That is the point on which I believe this all turns. This is the first time the letter we have under consideration was specifically indentified as a letter that fell within a situation which in fact had involved mail tampering, and in turn my colleague learned for the first time that the letter he had received was presumably misleading.

I hope I have made that clear, because I think what the parliamentary secretary said has clouded the issue somewhat. The hard truth is there has been absolutely no reason why my colleague or anybody else in this House who has made any specific request concerning the possibility of the interception of mail should have had his fears aroused in the sense that he had been misled, other than in the case of my colleague, the hon. member for Northumberland-Durham, as a result of Commissioner Higgitt's testimony before the McDonald commission, to which I have referred.

In this context, Mr. Speaker, let me ask you, if I may, to think of the almost impossible situation in which it would put all members of this House if it were otherwise. Surely there can be no suggestion that if general comments are made by ministers that would lead one to believe they may have made misstatements in the past, without any specific indication of

when or where those misstatements had been made, hon. members would be aware of specific cases. Think of the position in which it would put all members of this House. They would have to act almost like computer machines, checking all previous correspondence and everything they had ever been told by a minister, and if they did not do that and immediately raised a question of privilege they would lose that right.

Surely the important question is, when in fact did a member learn specifically that a representation which had been made to him on a certain subject was misleading? I would suggest in this case it is very clear that it was made with Commissioner Higgitt's testimony before the McDonald commission and, therefore, there is reason for a proper reference to the appropriate standing committee of this House to consider this question of privilege.

Mr. Speaker: Order, please. I must say that the difficulty I have with that argument put forward by the hon. member for York-Simcoe (Mr. Stevens) is the fact, which he has just brought to the attention of the House, that on the day the solicitor general of that moment, November 9, revealed to the House that information in respect of mail openings was in fact incorrect information, one of those who questioned the solicitor general about this at the time was the hon. member for Northumberland-Durham (Mr. Lawrence). I would then have difficulty saying he was not on notice of that fact when in fact he participated in questions—not so much having to do with the Keable inquiry but in respect of proceedings in the House. I have to examine the record in that regard as it is a point to which I must direct myself. It is a very serious point, involving going back in time and determining that a member who put questions to the solicitor general on November 9, 1977, thereby eliciting information which is fundamental to this question of privilege, should or should not be deemed to have been on notice at that time. I cannot do that on the basis of a cursory examination. I will have to look at the actual language used at that time.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I will be very brief. I just want to point something out that is perhaps obvious, and something you touched upon a few moments ago. This is not a case in respect of which we have had any continuity in the office of solicitor general. The hon. member for Northumberland-Durham (Mr. Lawrence) has not had the opportunity for a long time to question the man from whom he got the letter. I think that is very important. One of the distinguished holders of that portfolio, the hon. Mr. McIlraith, held that post as solicitor general for many years. We have had a number of solicitors general in recent years, and it is very difficult for a member who feels he has been given an answer that is less than perfect to go back to it because of the rules that have developed.

As soon as that solicitor general who wrote the letter to the hon. member for Northumberland-Durham left his portfolio we were pretty well precluded under the rules of this House from questioning him, or double checking on the authenticity of what he did.

[Mr. Stevens.]

To make matters even more complicated, the present Solicitor General (Mr. Blais), and his predecessor, have said as a matter of policy, pretty well unequivocally in this House, as I understand it, that they are not prepared to answer, as a matter of government policy, anything that could be remotely connected to the McDonald commission. They have taken the attitude, sir, that anything they could possibly attribute as being within the mandate, in the widest possible interpretation, of the McDonald inquiry is something that we, as members of this House, really ought not to be talking about, ostensibly on the basis of national security and for other reasons as well, which defies logic, in my respectful submission.

On the occasion when another question of privilege arose involving another matter, that of the hon. member for Nickel Belt (Mr. Rodriguez), we were not allowed to pursue that either.

What I am saying to you, sir, is that if we are to get any useful mileage, as members of parliament, from the mechanisms that are in place, such as the Standing Committee on Privileges and Elections, we should not be as hesitant as we have been in the past to refer matters of substance which obviously affect our rights and privileges, in order that the committee can conduct appropriate investigations. Otherwise the committee is in existence but it certainly is not serving the purpose for which it was designed.

Those two reasons, namely, the practice which has developed, and I do not know since how long, of not allowing any meaningful probing of a minister when he leaves a portfolio, and the policy which has developed since the creation of the McDonald royal commission, which has certainly been to prevent us on this side of the House from pursuing matters which those on the other side can remotely claim are covered by the mandate of the McDonald commission, whether that is basically true in law or in fact, make it all the more important that you consider very carefully the appropriateness of allowing members of this House the opportunity to go into these things. We do have that mechanism available to us.

Mr. Pinard: Mr. Speaker, I rise on a technical point, and I think this would be useful to the House.

Mr. Speaker: Order, please. I am sure the hon. member for Northumberland-Durham (Mr. Lawrence) has a number of technical points he thinks would be useful to the House too.

Mr. Baker (Grenville-Carleton): I have a couple.

Mr. Speaker: I am sure that everyone who has participated so far would like to re-argue some of the points.

Hon. Marcel Lambert (Edmonton West): Briefly, Mr. Speaker, the question at issue here is whether the disclosure at the Keable commission last November and questioning in this House would bar the hon. member for Northumberland-Durham (Mr. Lawrence) from raising a question of privilege today, in that it has been alleged by the parliamentary secretary that at the time the hon. member was under notice, or

should have been, that a letter he had received in 1973 was at issue, was wrong and was misleading.

• (1502)

It is stretching the point, and the best way I can qualify it is to say that the argument put forth by the parliamentary secretary has been a carefully devised red herring for the fundamental reason that while commissioner Higgitt was questioned by the Keable commission in November, 1977, at no time did he say anything, nor was he questioned, about the authenticity or the truthfulness of the letter written by the then solicitor general in 1973. I could question the parliamentary secretary and ask him directly whether that gentleman found any reference in the testimony in the Keable commission by commissioner Higgitt of an admission that the letter was misleading, as has now been done before the McDonald commission.

This is precisely what my colleague is complaining about, the letter he received in 1973 from the solicitor general and the fact that just this Wednesday before the McDonald commission the commissioner admitted under cross-examination that the letter was misleading. That was the first time there was direct testimony that that letter prepared for the then solicitor general was misleading and was intended to mislead the hon. member for Northumberland-Durham.

One can build all sorts of inferences, but is it to be attributed to the hon. member for Northumberland-Durham that he should have been under notice that the letter he received in 1973 was misleading? The hon. member may have participated in the questioning in the House in November, 1977, which was his responsibility, but that does not include the authenticity of the letter because the commissioner had not said anything about the letter being misleading. The commissioner had admitted before the Keable commission that there had been some opening of letters, but he did not say anything about that particular letter.

I put it to you, sir, that it is the question of this particular letter, which the commissioner has now said was prepared in a misleading way for signature by the solicitor general of the day in order to mislead my colleague, which must be righted. With the greatest of respect, I would suggest that the arguments of the parliamentary secretary to counter this motion is a finely drawn red herring.

Mr. S. Victor Railton (Welland): Mr. Speaker, I have no legal knowledge at all, but I believe this has become a legal wrangle. I see no point in getting away from the statement that the minister had purposely misled the House. As far as I am concerned, it is the general responsibility of every member, whether it is a minister or a backbencher, to tell the truth, and we have all taken an oath to that effect. I do not see why we have to worry about a letter of this type when every day we have under Standing Order 43 and in preambles to oral questions statements and debates by the opposition calculated to mislead the House. It is about time we realized that the same red herring has issued from the other side.

Mr. Speaker: Order, please. There has been ample contribution to this question of privilege, and I know that all hon. members who have participated so far would like to reargue the points that are at issue. I hope that they will allow me to examine all these arguments and address myself to some of the considerations which I have tried to put on the record as the discussion progressed.

In response to the argument made by the hon. member for Edmonton West (Mr. Lambert), I think that it touches on a fundamental point about the role of the minister in this matter. The hon. member for Northumberland-Durham was, in fact, very careful, by the tone of his motion, not to mention the minister in the particular circumstances.

It has been argued that the testimony of commissioner Higgitt, which is so material to this matter, is that the draft of the letter, if his testimony at the McDonald inquiry is to be accepted, was calculated not only to deceive the hon. member for Northumberland-Durham, but the solicitor general of the day as well. That fact is rather central to the whole issue and is the point that concerns me. Did the solicitor general of the day on November 9 make that plain to the House? In other words, was the House on notice that questions which had been answered by solicitors general, obviously in good faith, on several occasions were in fact answered on the basis of misleading information from the RCMP?

My point is this: if that announcement and the questions of members at that time had the effect of putting the House and members of the House on notice to that effect, then surely questions of privilege about previous misleading answers, whether by letter or in the House, became operational at that time. These are arguments which I have to look at. I have to look at the content of the statement of the solicitor general on that day, and I will give careful consideration to all of the arguments.

I know that some of the members who participated in this discussion have to be away from the House for one or two days next week. It will probably be Wednesday before I would be able to assemble all these arguments, and I would hope to deliver my decision on the matter on Wednesday of next week.

Mr. Lawrence: Mr. Speaker, may I make one more point which has come up since my original submission on the matter?

Mr. Speaker: Order, please. I do not see how I can permit the hon. member for Northumberland-Durham to have that privilege and then deny it to all other members.

Mr. Nielsen: Mr. Speaker, I have a question of privilege.

Mr. Speaker: Order. So has the Parliamentary Secretary to President of Privy Council.

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a question of privilege. I do not want to reopen the debate in any way, I appreciate that you have reserved your decision and I am not at all referring to

this debate. I merely wish to rectify a fact mentioned by the hon. member for Yukon (Mr. Nielsen) who has suggested, if I understood him correctly—and I want to check the official record in *Hansard* and reserve my privilege—that I read in English some evidence given in French before the Keable commission. The Quebec judicial administration recognizes both official languages.

[*English*]

Mr. Speaker: Order. The arguments have been presented on both sides. In the course of debating and discussing a question of privilege, there are going to be several points on which there will be diametric disagreement. Disagreements have been put with different positions taken by others, and arguments made that not all of the testimony was put—the type of arguments which are fundamental to such discussions. I would hope that we are not now going to go over every contribution which has been made to this rather lengthy discussion today, take it piece by piece and determine whether something which is in disagreement or put into discussion is now going to found a separate question of privilege.

[*Translation*]

Mr. Pinard: Mr. Speaker, I have been accused of having distorted the meaning of the documents tabled. I have here the record of evidence given in English, I have read them in English and the hon. member is accusing me of saying that this has been done in French.

[*English*]

Mr. Speaker: Order. The parliamentary secretary is rearguing the point he made earlier in the day. I am not going to allow all of the participants to do that, and, therefore, I do not think I should allow any of the participants to do that.

Mr. Nielsen: Mr. Speaker, I have yet to be recognized on a question of order which melds into a question of privilege. It has always been the practice in this House with respect to what you have just said not to apply the rule applicable in general debates limiting speakers on questions of privilege to one intervention. In particular, that rule has been applied over the years I have been here to members who raise questions of privilege.

There is one point that Your Honour, in my respectful submission—I should not use the term which I said I do not use—should be hearing from the mouth of the hon. member for Northumberland-Durham and which you have not heard. It is central to the question of privilege and to the problem upon which the Chair has put its finger, namely, when did the knowledge first come to the hon. member for Northumberland-Durham? The hon. member has been attempting to rise to reassure the Chair that that knowledge first came to him this week, and you, sir, should hear that from him.

● (1512)

Mr. Speaker: With all due respect, I have heard that already from the hon. member for Yukon, who put on the record that he took the hon. member for Northumberland-Durham at his word. So do I. I have taken all hon. members who have contributed to this discussion at their word. I do not think I have to do it again; that is my point.

MR. DIEFENBAKER—BUREAUCRATIC USE OF SOCIAL INSURANCE NUMBERS

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, you indicated earlier today that my question of privilege would come forward. I am taking the opportunity to respond to the invitation you gave yesterday in regard to the question of privilege raised by the right hon. member for Prince Albert (Mr. Diefenbaker), when you indicated that the minister might care to make a few comments on the point that was raised.

The matter of the use of social insurance numbers has received a great deal of attention in the House recently in various debates. I think it is important to set out the facts relating to the question raised by the right hon. member for Prince Albert. He indicated that, in his view, the privileges of members of parliament were affected by the latest use of the social insurance number in connection with the cashing of Canada Savings Bonds coupons.

The point he raised is now part of the Income Tax Act and was part of the budget resolution of May, 1976, brought forward by the former minister of finance, the then hon. member for Rosedale, Mr. Macdonald. It became part of Bill C-22, passed in this House in February, 1977. Revenue Canada commenced administering the new regulations in July of that year so it is part of the law of Canada at this time.

This is not the only section of the Income Tax Act that relates to the use of social insurance numbers, as section 237 deals with the use of social insurance numbers on income tax returns and has been part of the law for several years.

The point raised by the right hon. member for Prince Albert suggests that perhaps Canadians are not aware of the increased use of this particular piece of administrative machinery without adequate warning. I want to bring to your attention, sir, and to the attention of the House that when the legislation was passed a press release was issued by the then minister of finance dated June 2, 1977, which referred to the pending issue of Canada Savings Bonds. I should like to put one paragraph of that press release on the record. It reads as follows:

> When applying for purchase of new Canada Savings Bonds this fall, investors will be asked to provide their social insurance number if they have one. This information will be used exclusively as an account identifier and will form part of the base for a newly-designed computerized registration and retrieval system. The system will enable the government to provide better and faster service to investors when handling inquiries on their holdings of new Canada Savings Bonds. For the investor who holds bonds of several issues and counts on the annual interest income from them, the new system will ensure a single, prompt, accurately addressed payment by cheque or direct deposit.

In addition to that communication which received wide distribution, a press release was issued by the then minister of national revenue. It was labelled "For Immediate Release" and began as follows:

Residents of Canada who cash certain bond interest coupons will be required to provide a correct social insurance number or pay a 25 per cent withholding tax on their interest payment under an amendment to the Income Tax Act.

This new procedure has become necessary because some taxpayers have not been reporting the full amount of bond interest payments.

In addition, a wide advertising campaign was conducted in the same year by the Department of National Revenue which included an advertisement in all major newspapers in the country which was entitled "Notice to Bond Holders." It repeated much of the information contained in the other two communiqués. Teller cards were also placed in financial institutions across the country at the same time.

Just to summarize the background to this matter, Mr. Speaker, it arises from an administrative problem faced by Revenue Canada. Of course, it is important to ensure that investors correctly report their investment income. That point was brought out in a private member's bill just last week by the hon. member for Edmonton West (Mr. Lambert) who acknowledged that this is part of the law and that he was not really questioning it. Some of the points made in the course of the debate that followed are worth mentioning, however. If a question of privilege is found on this issue, I would suggest that reference be made to that debate.

It should be made clear that no penalty or tax reduction whatsoever is involved. It is simply a mechanism for withholding tax. This is something which Canadians are used to in terms of salary payments or commissions or other forms of payments. Indeed, the withholding system has been with us for a long time.

I think it is important to know that there is no compulsion whatsoever for any bond holder to indicate his social insurance number if he does not wish to. If the number is not indicated, however, there will be a withholding tax which will be returned when an income tax return is filed. If no tax is otherwise payable, it will come back as a refund; but if tax is otherwise payable, it will be deducted.

There is another misconception which was put before the House on two or three occasions, although I am not sure if the right hon. gentleman specifically referred to it. I think it is important to mention that we are dealing only with interest, not with face value of the bonds. The procedure is intended purely and simply to assist in ensuring proper compliance with the income tax laws so that there will be no misrepresentation of income.

With these remarks, Mr. Speaker, I hope we can put this matter to rest. The facts are now clearly before the House should we ever get into further debate on the point.

Mr. Speaker: Order, please. We can certainly put the procedural aspect of the matter to rest. I do not know if the matter itself will be put to rest but it is not anywhere near a matter of procedure or privilege. It may be a matter of substantial interest to members of the House, but it is not necessarily a matter with which the Chair should occupy itself. It is not a question of privilege.

Order Paper Questions

SAFE CONTAINERS CONVENTION ACT

MEASURE TO IMPLEMENT INTERNATIONAL CONVENTION

Hon. Robert K. Andras (President of the Treasury Board) (for Mr. Lang) moved for leave to introduce Bill S-3 (from the Senate), to implement the International Convention for Safe Containers.

Motion agreed to and bill read the first time.

* * *

QUESTION ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, question No. 43 will be answered today in both official languages, as in the courts of Quebec.

I ask that the remaining questions be allowed to stand.

[*Text*]

PROFESSIONAL SERVICES—LABOUR

Question No. 43—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Labour?

2. How much was committed on each contract and to whom?

Hon. André Ouellet (Acting Minister of Labour): 1. (a) Bossen, Marianne & Associates—study to determine the existence and availability of statistical and other information of the characteristics of the non-unionized Canadian workforce—$3,022. Campbell, Ian—provide advisory, consultative and coordinating services—$5,187. Cotterill, Murray—study of special mechanisms and processes for grievance arbitration now operating in Canada and to evaluate their usefulness within the federal sector bargaining relationships—$3,065. Craig, Alton—study of literature pertaining to labour-management negotiations and problem-solving in North America—$6,000. Crow, Ben & Associates of Canada Ltd.—study to examine opinions concerning the right to strike, effect of collective bargaining on inflation, role of unions, business and governments in the area of industrial relations—$17,000. Finkelman, Jacob—provide advice to the Department of Labour on special labour legislation in Canada related to the construction industry—$850. Funnel, Dudley—advisory services related to pension and retirement issues—$604. Markle, Gower—consulting with Department of Labour and management officials on the subject of labour education—$1,136. MacDonald, Ian—feasibility study involving the evaluation and production of audio visual instructional materials dealing with occupational health problems—$5,400. Martin, W. A.—study of material for the preparation of legislation that will be necessary to implement the federal Department of Labour's new policy on joint safety and health committees in industry—$2,500. McCaffrey, Gordon—evaluate the present and possible channels and substance of communication between unions, manage-

ment and government and the related policies of the Department of Labour—$21,024. Plettenberg, Elizabeth—examine and appraise the industrial relations system of West Germany and the role of trade unions and the views of the participants and leaders at the union-government-sponsored labour studies centres—$3,000. Quantetics Corp.—study to provide Department of Labour with cost estimates for setting up various systems for information exchange in a collective bargaining information centre—$4,219. Pothschild, Robert—analyses existing adult educational facilities available in the community colleges and similar institutions—$878. Scott and Hart Associates Inc.—consulting on labour productivity in the automative industry—$975. Simmons, Prof. Gordon—advisory services related to protection of employees against wrongful dismissal and the arbitration of dismissal grievances—$1,104. Smith, A. & Associates Ltd.—provide advisory and consultative services to the Department of Labour with respect to the development of a framework for the implementation of expanded advisory services as part of the department's post-control program—$34,951. Willard, Joseph—provide advice in connection with policy related to the development of controls and post-controls related to inflation—$7,241. Willard Consultant & Research Services Ltd.—provide advice with policy related to the development of controls and post-controls related to inflation—$1,200. (b) Supply and Services Canada (Audit services bureau)—provide audit services relating to provincial safety inspection agreements and services provided by Workmen's Compensation Boards—$36,667. Capelle, Ronald G. Dr.—provision of advisory services related to organization development of the department—$937. Clarke, Richard—assist the Department of Labour in the preparation of labour standards documentation—$3,560. Weiler, Richard & Associates Ltd.—provide advisory and consultative services to the Department of Labour in the development of works councils (safety and health committees) and assessment of the progress of the department's reorganization and program implementation—$7,437.

2. see 1 (a) and (b) above.

Mr. Speaker: Question No. 43 has been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed from Thursday, November 2, consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Laniel in the chair.

[Mr. Ouellet.]

The Chairman: Clause 1 is under consideration.

● (1522)

On clause 1—

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, the point I want to make comes under clause 1 because the bill does not especially deal with the particular subject. Some members of the House may remember that over the last four years I have pointed out that the family allowances bill of 1973, which the minister made very clear was a universal bill, was not in practice universal. I think the regulations will show that any person within the age set down in the act gets the family allowance, with one exception. That exception is if that person or child is an orphan.

Since 1974 I have been asking the minister's predecessor about this, and he was shocked that this provision would be in existence. The promise was made to bring in amendments to make sure that orphans would be protected by the universality clause of this bill. What the regulations actually say is that if any child has parents with any income whatsoever—and every child has parents—regardless of the income of the parents that child gets the family allowance. To put it into simple terms, a person could be a millionaire and have children within the age limit who would still be entitled to the family allowance.

However, when they brought down the regulations, with no approval of parliament whatsoever, the regulations said this does not apply to an orphan if that orphan has an estate which yields more than $1,660 a year. My point is that when these people drafted these regulations, approved by a committee of the cabinet, and which have been in effect for the past five years, they discriminated against a person who is a child, whether that child was two years of age or 16 years of age, merely because he is an orphan.

In my file I have a whole series of questions that I have asked every three or four months about this matter. I have a copy of a report on the Family Allowances Act which states flatly that the allowance is not paid for a child who has a taxable income. I am simply asking whether, after this bill is passed, the same discrimination will apply. The answer, as I read the bill, is that it will, because the eligibility sections of this bill are the same eligibility sections as those which are found in the Family Allowances Act.

My question to the minister is very simple. Would she consider an amendment to this bill to make it absolutely clear that no power is given to anyone to bring in regulations that destroy the principle of universality? I contend that if a child is an orphan and has lost both parents, whether he is under the care of uncles, aunts, grandparents or social agencies, that child by law of parliament has a right to family allowances. Under this bill, if it is passed, such a child should also have the right to the refund. I think that is a very clear question. It is a moral and a political question. If the minister wants, I can give the answer the minister gave as to why it is not being done.

Miss Bégin: Mr. Chairman, the member asks an important and appropriate question as to the situation of orphans regarding access to family allowances and the new child tax credit.

The new child tax credit will be given to individuals who have legal custody of an orphan, in a similar way as that person receives the family allowance right now. So I can assure hon. members that orphans who are in the legal custody of an adult will receive, through that adult, the new child tax credit.

With respect to those orphans under the care of an institution, we intend to send an amount of money equal to the family allowance, before reductions were made. This amount of money will be higher than the $20 that all other children in Canada will receive. The institution will receive, in the name of the child, an amount fully indexed to the cost of living, as would normally be the case in the month of January of each year. Right now they receive $25.68 per child. They will receive the fully indexed amount, which will probably be around $28 as of the month of January. Therefore, we keep the universality of the system.

We could not find any other mechanism by which a tax credit, based on parental income, could be transmitted to institutions. If we consider the institution as a parent, this would create easy tax loopholes. If the institution sent a list of children in their care at a particular date in the year, they would be reimbursed as parents, and then a month later they could discharge these children. There would be no way to control the number and identity of children kept by institutions. We are therefore proposing arrangements by which a fully indexed family allowance, higher than that for other children in Canada, would be paid as of January to all children in institutions, including orphans.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I would like to thank the minister for the courtesy and accuracy of her answer, but I would like to make just one point. The regulations have not yet been altered under the Family Allowances Act. They still remain the same. Therefore, as I read the terms of this bill, on page four the proposed section 122.2 provides:

(2) In this section

(a) "eligible child" of an individual for a taxation year means a child who had not attained the age of 18 years before the end of the year and in respect of whom the individual was entitled to receive a family allowance under the Family Allowances Act, 1973—

My question is this. I am referring not to a hypothetical case, but an actual case where two orphans are living with their grandparents. Will they now be able to get the family allowances which they are not presently getting? And, secondly, will they get the refund if their income is under $18,000?

Miss Bégin: Mr. Chairman, in the case of any child orphan in Canada today who is in the legal custody of a grandparent, that grandparent does receive the family allowance right now. There is no doubt on that point.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I can assume, therefore, that this report, which is dated for the year ended March 31, 1975, is in error and that the changes have come about, and that the provision that the allowance is not paid for the child who has a taxable income is out. Has that regulation been changed?

Miss Bégin: Mr. Chairman, I am advised that if the child has a taxable income, which seems to be the case referred to by the hon. member, the child does not qualify for family allowance. Could I ask if we could have a look at the official documents and clarify the exact point made by the hon. member in a few minutes?

Mr. Hamilton (Qu'Appelle-Moose Mountain): I think that is the proper procedure, Mr. Chairman. I would like to show the minister the actual file on this case when she is not too busy. I can show her the replies we have had from her predecessor. The question that now comes to mind, one which is proper at this time, concerns that phrase "taxable income." Supposing the taxable income is over $1,660 a year, the figure they were using two or three years ago, but still less than $18,000. As a result of the taxable income clause, that child at the present time cannot get the family allowance because the taxable income is over $1,660. Now, with this new legislation providing for a refund—negative income tax, if you like—after $18,000, will this refund apply to an orphan who does receive family allowances now because of the clause under taxable income?

● (1532)

Miss Bégin: I would like to deal with that point at the same time as I rise to answer the previous point, Mr. Chairman.

Mrs. Appolloni: Mr. Chairman, I had hoped very much to be recognized by the Chair last evening when the debate at that time seemed, unfortunately, to be less even-tempered than it is this afternoon and several ideas were expressed in the speeches which disturbed me considerably. At the same time, I was anxious to accept the invitation of our Minister of National Health and Welfare for mothers to make their voices heard in this debate. As a mother, Mr. Chairman, I am more than willing to take advantage of that invitation and I hope I will do justice to the aspirations of the various mothers and their children who will benefit from this legislation.

Some hon. Members: Hear, hear!

Mrs. Appolloni: I would also hope that by putting forward the point of view of mothers I might assist in getting rid of the empty time-wasting rhethoric which we have heard up to now.

Before we go into the merits of the legislation I think it is important to discuss the philosophy behind the provision of family allowances. To this end I did a little research and found that on July 17, 1944 the philosophy concerning family allowances was expressed by the then finance minister, who said:

In order to ensure a greater measure of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity—

That, Mr. Chairman, was the philosophy that led to the adoption of the family allowance program in 1944. Compare the philosophy of that time with that enunciated yesterday

evening by our Minister of National Health and Welfare, who said:

> The purpose of this bill is to see that the children of the nation are provided for.

Hon. members will see from a comparison of those two statements that there has been no shift in philosophy on the Liberal side of this House. I can also state that this philosophy has been accepted and applauded all these years by the people of Canada and I hope this support will continue.

From there, Mr. Chairman, I move to the first troublesome statement in last night's debate. The member who made the statement is unfortunately not in the House at the moment. I refer to the hon. member for Surrey-White Rock, who said:

> When has it become the government's responsibility to look after children?

I hope the hon. member will read my remarks on his return to the House, because I would like him to hear my answer. I quote Mr. Gordon Graydon, leader of the opposition in 1944 who, if my history is correct, was leader of the Tory party. He said:

> The Progressive Conservative party takes a determined and vigorous stand in favour of meeting immediately the health and welfare needs of the people of this country, especially of our mothers and their children. Let that be clearly understood right at the beginning. We take second place to no party in this parliament in the advocacy, promotion and execution of the necessary measures to ensure decent, wholesome lives, social justice and equality of opportunity to all of Canada's citizens.

Those are noble words, Mr. Chairman. I continue the quotation:

> That, we contend, calls for governmental programs which will not only make possible equality of opportunity and decent levels of self-support for those capable of providing for themselves and their dependents in a civilized Christian state, but means also a fair and just bearing of the burden of meeting adequately the needs of those who by age, condition or circumstances would otherwise falter and fall in this race of life.

I think there lies the answer to the hon. member for Surrey-White Rock, who asked when had it become the government's responsibility to look after children. I think he will find that the answer was given in 1944 and, probably, long before that as well. So I say this kind of spurious question has to be abandoned and put out of the way as time wasting and contemptuous.

Mr. Knowles (Winnipeg North Centre): Tell us what the vote was in 1944.

Mrs. Appolloni: I am sorry, I do not have those records at my fingertips.

Mr. Knowles (Winnipeg North Centre): It was a recorded vote and it was unanimous.

An hon. Member: Were you here then?

Mr. Knowles (Winnipeg North Centre): Of course. Perhaps the hon. member might like to know that there was one Conservative member who was not in favour of the bill, but he was not here for the vote. So it was carried unanimously.

Mrs. Appolloni: The hon. member's good heart is exceeded only by his fantastic memory. To continue, the hon. member for Surrey-White Rock has a command of English which is certainly to be admired—it is a matter of common knowledge in this House that his English is extremely good. As a matter of fact, I think he even taught English at one stage in his career. But "redistribution"? What does redistribution mean? I hesitate to impute motives to the hon. member, but if I am to understand the meaning of his question I suggest that instead of using the word "redistribution" one could more sincerely use the word "sharing". If the hon. member for Surrey-White Rock, or any other member of the House, refuses the concept of sharing their wealth with the people of Canada who need it most, then maybe we are not quite so Christian or as civilized as we pretend to be.

Also in the debate yesterday we got into legalities. I do not profess to be a lawyer. As a person who is not a member of the legal profession, I may even admit to my own sense of frustration with the legal profession when they get so hung up on legalities and on so-called rights that in their efforts to discuss these things they totally ignore the passage of time wherein the victims of their procrastinations are left wondering and suffering.

This is what I wish to address myself to at the moment. I am not speaking as a lawyer. I speak as an extremely concerned parent who, incidentally, will by this legislation lose the money we have been getting. I would say God bless us, we are going to lose it, but we are losing it to aid children less fortunate. That is the whole philosophy behind this legislation. I will leave it to the lawyers to dispute whether or not we are infringing on human rights, whether women's rights are going to be subordinate to men's, or something like that. We are talking about sexual rights. I would in all humanity ask these legal brains to consider whose right is being overlooked in this terrible controversy. It is that of the child who needs this money.

● (1542)

If we are to be honest, sincere and responsible in our approach to the question of human rights and freedoms, surely the first thing we should want to do is ensure that the majority does not represent a tyranny which would overlook any hope for the poorest and weakest members of society. That is my concern at the moment. I am very much afraid that in this tangle of bureaucratese or legalese children's rights and needs are being overlooked, and we must avoid that at all costs.

What we are doing at the moment is clouding the issue. I shall refer again to the speech of the hon. member for Surrey-White Rock. He wonders if the government is not showing arrogance in proposing that the payments be made once a year and therefore telling mothers what to do. Here again I speak as a concerned parent. The government is not showing arrogance. It is displaying sound common sense, and I will explain why. This measure is very basic housekeeping. Some hon. members who have joined in this debate may be very good at debating some issues, but I must tell them that when they are talking about housekeeping and common sense methods, they are out of their trees.

The reason I think this proposal of a once-a-year lump sum, at least for a beginning, is based on sound common sense and good housekeeping practices is that that sum of money is going to arrive in the spring.

Mr. Epp: Just before the election.

Mrs. Appolloni: Unfortunately, children do not have the vote.

Mr. Benjamin: Theirs mothers do.

Mrs. Appolloni: If children did have the vote, I would be a shoo-in. As I was saying, this lump sum will come in the spring, election or not. Hopefully we will not have an election every year. Hopefully spring will come once a year. Spring is the time of the year to do the best shopping. It is that simple. People who have young children take advantage of spring sales to refurbish children's wardrobes for the following winter. People buy one or two sizes larger than what is required. That is common sense. It is not poetic; it is somewhat mundane, but we talking about things which are more mundane: the safety, health and improvement of conditions for children in this country. On that ground alone the government has acted not out of arrogance but with common sense.

If at a later stage some mothers decide that they would like to have their benefits prorated, that is fine. The government is not saying that cannot be done. The minister has said there will be flexibility, as there should be. I mention this just to point out that we are in grave danger of losing sight of the real issue behind this legislation. For the first time in many years we are offering to the poor of this country a beacon of hope which is really needed. Let us not blacken out that beacon with spurious charges of misuse of words and with legalities. Let us not charge that women will be offended because they will have to ask for their husband's signatures on a form.

We have been talking about the family unit. Marvellous words have been used to describe the family unit and its importance to Canadian society. As a member of a family unit, I must point out—and I think I speak for every mother in this country—that when it comes to necessities for my children and when it comes to benefits for them, I am not ashamed to ask for my husband's signature, and I do not think he thinks less of me if I do.

Some feminists are up in arms. They went to the commissioner of human rights. They stormed to his door asking what we are doing to the women of this country. I wonder who those women are.

The hon. member for Kingston and The Islands is very incensed by this measure. If she is so incensed, why does she not call a convention in Ottawa for all mothers in this country who object to this measure? I suggest that that convention would not cost her a red penny because it could be held in any telephone booth in this city.

Some hon. Members: Hear, hear!

Mr. Epp: Mr. Chairman, I have a few questions to ask of the minister. I do not intend to comment on the remarks made by the member who just preceded me. In reply to the hon. member for Kingston and The Islands the minister indicated that she had been in contact with a number of women's group and that they endorse the legislation in the form it is now before us. As recorded at page 758 of *Hansard* for yesterday, the minister said in reply to the hon. member for Kingston and The Islands, and I quote:

> There are just a few more points in order to clarify this matter. The federal Advisory Council on the Status of Women approved wholeheartedly of this reform, and made that approval known by a resolution of the complete council, as well as through numerous speeches and meetings. I have met with many women's groups all of which approve of this reform. Some of them regretted, as I do and as I have said often, the reduction in universal family allowances.

I wonder if the minister can tell us whether there was also correspondence from these groups endorsing this measure. The minister said that there was support from these groups. Was there any correspondence, and would the minister be willing to table it?

I wonder if the minister or the parliamentary secretary can indicate the amount of time which must elapse before a person can get a social insurance number; that is, the time lapse between the point at which a valid application is received and the point at which a social insurance number is received. This legislation will require persons to apply for social insurance numbers. A number of mothers will not have filed income tax returns before, and in order to file income tax returns they will need social insurance numbers. In her presentation the minister repeatedly said that there is no great difficulty in getting social insurance numbers. We have discussed this question for some time in the Standing Committee on Labour, Manpower and Immigration. There is a long time lapse between the time a person applies and the time a person gets a social insurance number. The Minister of Employment and Immigration has often repeated that one reason for that is that there is now closer scrutiny of applications.

I want to debate that with the Minister of Employment and Immigration at some other time in order to follow that argument to its logical conclusion, but for now I will ask the parliamentary secretary how much time elapses before a person can get a social insurance number. Because it is my understanding that this takes a considerable amount of time. I think that should be clarified.

Yesterday in reply to a question the Minister of National Health and Welfare indicated that the lump sum payment of $200 maximum per child per year would be non-taxable. I believe I understood her correctly. I do not think that is the case, however, I would like to have clarification as to whether that lump sum payment is taxable, for example, if a mother who has a taxable income is filing an income tax return.

● (1552)

For example, if, for argument's sake, a mother is getting $5,000 and the total family income is below $18,000, and therefore she gets $200 per child, does the mother pay tax on

the $200 per child, being in a taxable bracket although she is a low income earner?

The other question I would like to ask has to do with consultation with the provinces. The minister has indicated that there has been consultation with the provinces, and yet at the conference in September in Antigonish, where the various provincial welfare ministers met, a communiqué was issued complaining that they had not been sufficiently consulted on changes in family allowances. Not only did they mention family allowances but they also mentioned unemployment insurance. However, we will take that up when we have Bill C-14 before us. They requested at the time that the Minister of National Health and Welfare meet with them at the earliest possible opportunity. I should like to ask her if she has done so and, very specifically, whether she has consulted Alberta, Newfoundland and Ontario in view of the fact that all three ministers from these provinces have indicated clearly that there was no prior consultation.

I should also like to ask the minister whether she has had any clear indication from the provinces whether provincial welfare will be reduced owing to the fact that there will be additional income coming to families benefiting from provincial social assistance. I do not want a general response to that question. I want a specific response as to what the various provinces have indicated. Also, perhaps I could prevail on the minister to tell us whether she has correspondence or memoranda in that regard indicating a firm agreement or understanding between the provinces and her department. It would be beneficial to the House if we could have that information.

Ancillary to that question is the question of day care fees and whether there will be adjustments made to day care fees in view of the increased income which will be coming from this measure.

I have some other questions, Mr. Chairman, but in view of the advancing time I should like to give the minister some time to respond to my questions.

Miss Bégin: Mr. Chairman, I will try to answer the three questions put to me, but before doing so I should like to assure the hon. member for York South that I listened to her remarks very carefully. I also want to say to the hon. member for Surrey-White Rock who spoke with some indignation last night of the intervention of the government in the sanctity of the family unit, as he put it, that my answer to him is that that sanctity was surely lost the day public schools were created in our country. That should clarify that particular point once and for all.

The hon. member for Provencher asked several questions regarding consultation with women's groups or advisory councils. I suggest he could write to the president of the federal Advisory Council on the Status of Women, Mrs. Yvette Rousseau, to ask her for the three resolutions passed by the council with regard to this reform. I do not know whether or not I have received letters on this subject. The work I did was not for the royal commission of inquiry. I spoke and met with mothers and with women's groups because it is women's groups that have defended the interests of women in their role as mothers. I intend to continue these discussions, even if it is not within the scope of my portfolio, each time I attend public meetings in this country on the subject of this reform. My next meeting with women is to take place next week in Quebec city where several women's groups will gather to discuss this bill with me. Let me reiterate that all the women's groups I have met have backed the reform. Some have indicated disagreement—which I understand very well, of course—with the reduction in universal family allowances.

Mr. Knowles (Winnipeg North Centre): You agreed with them on that.

Miss Bégin: I myself regret very much the fact that, due to the economic situation of the country, these reductions in family allowances have had to be made.

With regard to consultation with the provinces, I have never said that there have been consultations with the provinces on the reform before it had been announced officially in August. However, when a guaranteed annual income as an objective of the Canadian government's social policies was rejected in June of 1976, the provinces instructed my predecessor to explore all possible tax related programs and mechanisms to ensure on a selective basis that whatever social programs are necessary are put into effect.

I have often publicly questioned tax exemptions and explained the advantages of tax credits, but obviously the official opposition is not aware of my public statements on the subject in the last six months. I have also identified the three most vulnerable groups in Canada, of which families with children are one.

There was no formal consultation in August but the general avenues we were exploring were well known. I have kept my provincial colleagues informed and I wrote to them formally in August—I do not know the exact date right now—asking them to pass on the full and complete benefits for children through every one of their assistance programs. As I said more than once yesterday, I have not yet received one formal commitment. I have met some of my provincial colleagues informally whenever circumstances allowed me to do so. They understand my viewpoint very well and I am confident that they will pass it on. I am meeting all my provincial colleagues later this month, I believe on November 20 and 21.

Mr. Martin: Mr. Chairman, may I just complete the answers to the points raised by the hon. member for Provencher before we move on to private members' hour.

With regard to application for a social insurance number, I have had the opportunity to have brief discussions with the Minister of Employment and Immigration under whose auspices social insurance cards are processed and he indicated clearly that the turnaround time in the employment and immigration offices in Ottawa is about five days. Sometimes there is the problem of getting data in and out by mail, but we hope there will be no such problem in the future. Assuming all

things work well, he estimates that a period of two to three weeks should cover it adequately.

Let me answer briefly the other point raised by the hon. member for Provencher as to whether the $200 will be taxable. I say no, it will not. In fact, it is a tax credit, and if the individual is not otherwise subject to income tax—as is the case of many others who receive these credits—that person will receive a cheque in the amount of the credit and it will not be taxable. In the case of those who are taxed, the amount will be deducted from their income tax which would otherwise be payable.

Mr. Stevens: Mr. Chairman, I spoke to the parliamentary secretary about having a more detailed breakdown of certain of the savings and expenditures initially referred to by the Minister of Finance under this bill, and I thought it would be helpful if that schedule could be appended to today's *Hansard*.

Secondly, I wonder whether the parliamentary secretary could indicate whether the Minister of Finance will be with us when we resume on Monday.

● (1602)

Mr. Martin: Mr. Chairman, I wonder if we could go over this table between now and Monday, and if it is in order, consider tabling it at that time?

Progress reported.

The Acting Speaker (Mr. Ethier): It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): Notice of motion No. 1, in the name of the hon. member for Villeneuve (Mr. Caouette).

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): The motion stands at the request of the government.

Motion No. 2 in the name of the hon. member for Don Valley (Mr. Gillies).

Some hon. Members: Stand.

The Acting Speaker (Mr. Ethier): The motion stands at the request of the government.

Office of Education

EDUCATION

SUGGESTED ESTABLISHMENT OF OFFICE OF EDUCATION

Mr. Hal Herbert (Vaudreuil) moved:

That, in the opinion of this House, the government should consider the advisability of establishing an office of education, to conduct research in the provinces with the co-operation of the provincial governments and also in other countries, to consider the provisions of federal financial assistance for second language training in elementary and high schools and to disseminate information with a view to improving the education of Canadian youth.

He said: Mr. Speaker, this is about the time of the year that this motion comes up for debate. It has been debated in the House before. It was debated in October, 1977. It is just as well to use up some time going over the arguments which were presented for and against the motion at that time. In order to put things in perspective, perhaps I should quote from some of my remarks last year:

—such an office would be responsible for the collection, organization and dissemination of information on a Canada-wide basis, as well as for the promotion and support of an adequate program of research in education . . . Regional disparities in educational opportunity are a severe and persistent problem—

Federal-provincial fiscal arrangements have a decisive influence on the ability of the provinces to meet the cost of maintaining and improving the services provided by schools in their jurisdictions . . . The essence of learning is access to information. Agencies of the federal government have the capacity for the provision of information relevant to educational planning . . . The federal government has s specific financial obligation to education, and to establish a system of equalization grants which will enable each province to provide an adequate and comparable standard of education for every child in this country.

—the minister of education of the province of Ontario . . . was in general agreement with the need for national action.

It is interesting to note at the present time that the federal government is very involved in the field of education. One argument against the motion last year was that we were proposing action in a provincial area of responsibility.

I should like to make two comments on that. On Monday of this week at the first ministers' conference, the Prime Minister (Mr. Trudeau) corrected one of the provincial premiers who referred to education as being an exclusive provincial responsibility. He said that it was not so, that the federal government also had responsibilities in the field of education. That statement of the Prime Minister was not rebutted by any of the provincial premiers.

If the motion is read carefully, one will see, even in the narrow confines of what is generally accepted as a provincial area of responsibility, that there is no intention to intervene. Basically the motion calls for an office where information would be collated, not just right across the country in all provinces and the territories, but also from foreign countries. At the present time the federal government certainly is very much involved. A year ago I referred to the various departments which are involved: the Department of Indian Affairs and Northern Development, the Department of the Secretary of State, the Department of Regional Economic Expansion, the Department of External Affairs, the Department of National Defence, and the Department of National Health and Welfare.

Depending upon how one compiles the figures, at the present time between $2 billion and $3 billion goes out of the federal treasury into the field of education.

I should like to refer to some of the remarks made by the hon. member for York East (Mr. Collenette) last year. A couple of his points are well worth repeating. He said:

—100 years ago we did not have to worry too much about the mobility of Canadians. At that time, if you grew up in one province, by and large you spent the rest of your life in that province.

—in 1977, with a very mobile population . . . Canadians are hampered severely because of the disparity of education standards in this country.

It is worth underlining that point. If we want to keep this country together, we should start to recognize some of the problems created by the present system. He went on to say the following:

We need a national perspective on education—

There is no national education policy which can direct the energies and aspirations of Canadians . . . Education systems should still be run by the provincial governments, but the federal government could establish broad national policies—

I am not suggesting that we intervene to establish any policy. I am suggesting that the federal government should set up an office which would be an office of information. It would put together information which is sometimes not even available within the provinces at the present time. For example, on the island of Montreal it is quite difficult to put together the two approaches to education provided by the two school systems, the Catholic and Protestant ones. This difficulty is compounded in that area by the fact that the sytems are also divided on the basis of language. Nevertheless, there is a recurring difficulty, aside from the restriction presently imposed by the provincial government, to easily transfer between the systems because of their different approaches to education. This is not necessarily intentional, but there is certainly a lack of information transmitted between those bodies. An independent office in the Montreal area would be an excellent idea.

We can consider a federal office as being independent. It could look at the different standards which exist across the country, and possibly the systems in other countries. The office could collate that wealth of information for the benefit of everyone in each province.

Certainly in the maritime provinces there has been a move toward the establishment of a maritime union study to bring together the maritime provinces so as to provide a higher and improved level of education there.

● (1612)

The subject of jurisdictional responsibility, which was raised last year, I find somewhat amusing. First of all, as I have tried to explain today, there is no intention in this motion to intervene in what was generally accepted as a provincial responsibility. Whether it is or is not is not the point. What I found difficult to understand was this attitude on the part of the hon. member of the official opposition who spoke last year that the motion I was proposing was in fact intervening. I found it the more amusing because the week before last I came up with a rather simplistic motion for eliminating the huge deficit, and that was to stop all our transfer payments to the provinces—transfer payments in the order of about $12 billion at the present time, approximately the amount of our deficit. No one disputes that these transfer payments are made in areas that are exclusively areas of provincial responsibility.

I was quite pleased, having made that motion, to read in a newspaper account, which I have not heard denied so assume to be correct, that the Minister of Finance (Mr. Chrétien) during the course of a federal-provincial meeting of finance ministers announced yesterday that the federal government will not be proceeding with an expensive program for the block financing of community social services run by the provinces.

The reason I was pleased was not because I do not like to see federal moneys going to the provinces, but because I feel that any time federal moneys are being spent in an area which is generally acknowledged to be within provincial responsibility it should be for good reason. If we are maintaining minimum standards, if we are trying to ensure that the population can be mobile for such things as hospital and health care, then there is good reason why the federal government should use its fiscal powers to ensure either minimum standards or equality of treatment. But in the case of social services, the provinces have insisted that there be no strings. Furthermore, we were not even using this block funding for social services as a form of equalization payment.

Once again there is good reason for federal intervention in provincial fields through equalization payments to help provinces which are not as wealthy as some of our rich provinces. Under those circumstances we are making, or we were proposing to make, a per capita grant from coast to coast. I cannot see any point to providing funds for provincial governments, many of which are proportionately better off financially than the federal government. In principle, the persons who spend the money should have to raise the money.

What I found somewhat strange was that, having proposed the motion to discontinue transfer payments, by a simplistic motion, but one making a point, the following day the spokesman for Her Majesty's official opposition rose in anger proposing her own motion under Standing Order 43, suggesting that the very act of transferring moneys from the federal treasury to provincial treasuries was the linch-pin of confederation. The lady then went on to defend strongly the practice presently followed of transferring moneys from Ottawa to the provincial governments. On the same day the subject was raised by the Leader of the Opposition (Mr. Clark), who also was apparently shocked. I will accept their point of view that we should continue these transfer payments. As I said earlier, I am not opposed to transfer payments as such; I am only suggesting that transfer payments should be for good reason.

In the case of an office to collect information on education, I am not suggesting any direct intervention in the provincial field, but I am suggesting it is an area where the federal government could have an impact on education in this country, if only to point out the differing standards, and if only to point out that because some provinces can spend two or three times

as much per capita—per child—there is not equal opportunity in the educational field. Possibly this is one area, if the information was properly put together, where the provinces might agree that the federal government could intervene to ensure equal opportunity. The first thing to do is put the information together.

I hope with these few remarks I have pointed out why, in my opinion, the motion as such is certainly not intended to be an intervention in the provincial area of authority, and why at relatively small expense the approval of this motion could result in the dissemination of a lot of valuable information and ultimately mean better education for many children in those provinces where the educational system is below the average for Canada as a whole.

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I congratulate the hon. member who has presented this motion. He is known in this chamber for his independence of thought and for always being ready to introduce ideas that are new or that go against the stream of things as it has been in this country.

It is not my purpose this afternoon in rising to speak on the motion to oppose it in the normal sense of opposition, nor to enter very greatly into the jurisdictional question. I know that the virginity of the provinces in respect of controlling education was long ago seduced by offers of money in various fields, be they second language training or the development of facilities for education in areas like auto mechanics. That was one of the moves made some 20 or so years ago with a fair provision of federal funding. While all of these interventions, and there are others, are extra jurisdictional, they are so welcome that one finds increasingly almost every offer of money being accepted. Whether the money actually gets used for the purpose for which it is offered is one of the problems.

I realize too that the hon. member was not really speaking of large sums of money to be disseminated. That is not the role of the office, I gather, as he presents it. Whether the federal office of education could function today in Canada's somewhat shattered system of education, I do not know. At one time in British Columbia we had a system of education which was unique in that it was the most secular of all educational systems in the country. This was due to the fact that the people setting up the original system of education in the united colony decided prior to British Columbia's entry into confederation that they would establish a secular system of education.

● (1622)

Because that system was in place when British Columbia joined confederation and in the British North America Act, it had to remain, and remain it did until very recently. I suppose it still remains that way, although the provincial government is prepared to recognize independent schools and to provide public funding to them, I gather, in the next three years or so, under certain circumstances. So even in British Columbia there will be a breaching of the system and the setting up of additional systems, because I notice in the province a rush to establish independent schools. I am sure that some of these schools are being established, even though it is expensive to establish a school today, in the hope of assistance through public funds in the future. Of course, the hon. member was correct when he said there will be systems within systems.

The other thing which makes it increasingly difficult for the federal office to function is that even within the public system there are great differences. The "in" thing in education in the last years has been to individualize the instruction student by student, to introduce novel courses school by school and to have the school responsible for its curriculum in a way is not really the equivalent of the system in the United Kingdom, because we do not have anything comparable to Her Majesty's inspectors. In fact, that might be something to consider, that the federal office have a corps of educational inspectors to fan out across the country and to report, with no jurisdictional powers at all but armed simply with powers of persuasion and example.

I am a little concerned about the motion's emphasis on second language training because that is one of the areas where a good deal of money has been spent and, where even the Auditor General has expressed concern at the inability to obtain any clear indication whether that money was spent for its intended purpose. In realizing the problems that have arisen through the whole bilingual and bicultural program in this country and the way it has been administered, one would hardly recommend additional spending unless there was at the same time some great rethinking as to what have been the results of that effort and money.

I am sorry that the member for York South (Mrs. Appolloni) has left, because after listening to her emotional and interesting speech a half hour ago and her defence of the lump sum payment of family allowances, one can foresee in the future where the result of a national education office would quite likely be payment of lump sums to every student of voting age quite close to the election date. One grows cynical at the way federal interventions are used and the way changes are brought about, apparently for the highest of motives. For we who are in the profession of politics, it is difficult not to grow a little cynical and impossible for us to totally disregard the timing of some of these federal initiatives.

A federal office of education will not improve the situation across the country. I agree with the hon. member's comment that there are great discrepancies in the quality of education. But I would argue that these have virtually nothing to do with money being available to the provinces, but have everything to do with the loss of nerve in the teaching profession. There has also been a loss of nerve by parents who have entrusted their children to the school system, and a willingness on their part to put up enormous sums of money for what are not necessarily the most beneficial aspects of an educational system.

It is a truth of modern education that every advance in the last 50 years has placed something between the teacher and the student, be it film strips, movies, television, overhead projectors, a semester system or a mini-course system. They are all devised to shorten the time that the teacher must spend with his or her students, in spite of the fact they have been

hailed as enormous advantages. I can remember the day when it was forecast that television would remove the teacher from the classroom and would take over the entire educational system, save for the few people necessary to make the films. It has not worked out that way.

The people who have suffered most educationally in this country are those whose education was entrusted to the television box flickering away in the darkened classroom. I taught in such a school for a while, a new experience for me. I can remember that shortly after I began my teaching there, one of the great federal-provincial conferences started and was televised, just as this recent one was.

At the time I was teaching Canadian history in a school which was set up with devices to aid the presentation of televised material. All I had to do was call the co-ordinator, tell him what I needed and when I needed it, and everything would be set up for me. We darkened the room and the prime minister of the day and the provincial premiers began to move across the screen. I looked around the classroom and noticed a strange thing: student after student was folding his or her arms, placing them on the desk and putting his or her head forward. I realized that this had become a pattern in the school and that the darkening of the windows meant an hour of sleep until the lights came on again. Just because this marvel in modern technology came into the classroom did not mean that the next 60 minutes were going to be particularly educational, except in the role of restoration through sleep that had been lost the previous evening watching the late, late show. There was a double irony in the educational advance there.

I wandered up and down the aisles tapping people on the shoulder, pointing to the screen and saying, "Look, I brought this in for you to watch". There were expressions of surprise mingled with indignation that I should be so rude as to interrupt the rest period which they had already taken for granted. The students took the signal of the television starting as a time to drop off. It is the loss of nerve which is so terribly important, and it will take more than an office of federal information to restore that. What is required is the expertise to enable teachers to approach the classroom and the students with something to offer and with confidence in their role.

● (1632)

I believe the only successful educational process these days is the infectious one where the student captures interest and zest from another person, usually a teacher of ability with knowledge and scholarship. Those are some of the factors that have been missing from our classrooms.

I am sure anyone who has taught school in recent years has had the experience of sitting in a staff room when another teacher rushes in and asks if anyone has a film. One then knows that that teacher cannot face the class at that moment and wants any film to fill in. If someone in the staff room has a film on splitting the molecule, on ancient Greece or modern art, it is grabbed and immediately placed between the teacher and the student.

[Mr. Johnston (Okanagan-Kootenay).]

Some years ago in the school where I was teaching I argued against the semester system, saying it was based on the philosophy of things that could not be borne. Certainly it saves money for the schoolboards. One of the purposes in reducing the school year from ten months to four and a half months was that the teacher only had to bear the class for four and half months and the class only had to bear the teacher for four and half months. It was assumed they could stand each other for that long but that ten months was too much. There has been an improvement with the introduction of the mini-course; the period that has to be borne has been reduced to about six weeks!

Therein lie some of the problems of education in today's world, Mr. Speaker, and money will not solve them. If the purpose of education is that it be a clearing house for information, more power to it.

Just the other day I was delighted to have a visit from a young lady from the Unity campaign. She brought along a kit containing beautiful material on Canada, presented in small doses, and told me that it would be available for schools—a hundred years too late.

I should like this office of education to be given the power-which I know it will never get—to demand that no student in the country be granted a secondary school leaving certificate of any kind unless he or she is able to answer two questions. First, he or she should be asked to give a simple explanation of the federal system. One of the greatest faults of our system is that people increasingly believe we live in a congressional system. They will argue that we should have elections every four years because the United States has elections every four years. They do not know that the United States have elections every two years because we do not see the mid-term elections here in Canada, only the four-year one.

I did not realize the profound confusion that exists about the federal system in the country until I campaigned in 1974. I knocked on doors and told people I was the Progressive Conservative candidate for the riding in the coming election. Many of them replied, "Good, we have to get those people out of Victoria." Of course, they did not use the word "people". That was in 1974. There was a time when I would have stood on the step and explained the difference between a federal and a provincial election. By 1974, however, I just said "Yes, I am just the fellow to do it," and went on to the next door.

The other question that should be put to students, and none should receive a secondary school certificate until they can answer it, is: What is meant in Canada by responsible government? I realize there are some dangers in that question because we have not had responsible government in this country since 1968. We lost it in that dark week when the government was defeated twice on the floor of the House and did not resign. We may have regained it in 1974 so perhaps one should say it was lost for those six years and restored in the defeat of the government in 1974, and the subsequent election. Perhaps if we could once more teach responsible government and what it means in this country, it would do wonders for unifying the country again.

One of the sad things about education in western Canada is the loss of appreciation of great names in Canadian history such as Champlain, Maisonneuve, Jacques Cartier, even La Vérendrye who broke through to the west—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I rise to speak against the motion moved by the hon. member for Vaudreuil (Mr. Herbert) that the government should consider the advisability of establishing an office of education. I believe at this time when we are all concerned about fostering national unity that such a move would probably be regarded with deep distrust as an intrusion by the Government of Canada into an area of provincial responsibility. It could only serve to widen the gulf between the different levels of government rather than pulling us closer together, as seems to be necessary today.

I realize, as the hon. member for Vaudreuil said in his careful and balanced address, that if his motion is read carefully it does not really impinge upon provincial rights in the field of education, and that it is not his intention to do so. I am afraid the symbolism is against him, however. The creation of such an office would symbolize a federal intention to intrude in this provincial area of jurisdiction. That is my concern and that is why I cannot go along with the motion.

Historically, at the time of confederation the Government of Canada played no role in education in Canadian society and the British North America Act placed the responsibility for education with provincial governments. The Government of Canada has been and is directly responsible for education in the Yukon and the Northwest Territories, in the armed forces, in the penitentiary service, and for the education of Canada's native peoples.

Throughout our nation's history there have been many occasions on which the Government of Canada has been called upon to play an active role in educational developments. For example, the Government of Canada became involved in education in response to the educational demands of industrialization in the early 1900s, to the demands of veterans returning from two world wars, and to the enormous expansion of post-secondary enrolments in the 1960s. In each case, participation by the Government of Canada was effected without usurping the authority of provincial governments and for the benefit of the country as a whole.

In 1966, Prime Minister Pearson clearly stated the position of the Government of Canada with respect to education. He said:

> Education is, under our constitution, a matter of provincial jurisdiction. The federal government does not dispute this or wish in any way to do so. At the same time, education is obviously a matter of profound importance to the economic and social growth of the country as a whole . . . the federal government accepts primary responsibility for employment and economic activity generally in the country. We recognize that provincial governments share our concern in these matters and pursue these common aims in the conduct of their own affairs.

● (1642)

That is the end of the quotation from Prime Minister Pearson. I believe that the federal government's objectives have not changed since that time. I believe that a review of the history of the involvement of the Government of Canada in education will demonstrate clearly that this involvement has occurred without usurping the constitutional rights of the provincial authorities.

Participation by the Government of Canada in education dates back at least to 1876 when, in an effort to train more Canadians to serve as army officers, the Royal Military College was established at Kingston. Another early step was a 150,000 acre land endowment to the University of Manitoba in 1885, as provision for capital expenditures and establishment of a permanent source of revenue for the university. Although these early steps were of considerable significance, federal involvement was still quite limited in the latter part of the nineteenth century. Indeed, at that time education was considered to be a family responsibility and participation was largely determined by social status and religious belief. Public responsibility extended only to elementary schooling, and secondary schools, which were usually supported by religious organizations, were reserved to train future elites.

There was additional pressure on the Government of Canada in the early 1900s. This was linked specifically to the flow of young people from farms to cities, which began to jeopardize agricultural production, and to the shortage of skilled manpower in manufacturing industries. Following requests for action from business and labour, the Government of Canada appointed the Royal Commission on Industrial Training and Vocational Education in 1910.

The work of the commission resulted in important legislation: the Agricultural Aid Act of 1912 and the Agricultural Instruction Act of 1913. The former supplied grants to provinces to develop agricultural education and techniques; the latter specifically gave assistance for training directly to the three existing veterinary colleges and indirectly, by channelling funds through the provinces, to agricultural colleges. This was the genesis of channelling federal aid for education through provincial governments.

In 1916, as a result of Canada's war involvement and a desire to improve research and development, the federal government formed the National Research Council. Initially, this was an effort to co-ordinate government research programs. During World War II, the National Research Council played a vital role in co-ordinating and conducting scientific research. The council now has an extensive program of grants and fellowships.

When the federal government established the Dominion Bureau of Statistics in 1918, provision was made for a division to be concerned with education statistics. The education division published its first statistical report in 1921, and it has expanded its services and publications considerably since then.

The economic depression of the 1930s served to identify a major problem within the secondary school system. On leaving

school many students found that they had few occupational skills with which to enter the labour market. In an attempt to alleviate this problem, the federal government introduced a new program for technical education in 1937 with the Unemployment and Agricultural Assistance Act. This act, directed towards maintaining the morale and increasing the employability of young people, was negotiated in agreement with the provinces, on a cost-sharing basis, through the establishment of various occupational training projects. Eligibility was limited to those between the ages of 18 and 30. Emphasizing vocational and technical skills, this act initially provided funds of about $2.5 million during its two years, but corrected only to a limited degree the inadequacies of technical and vocational education.

The Rowell-Sirois commission was appointed in 1937 to make an assessment of the economic and financial basis of confederation; the distribution of federal and provincial powers; and federal-provincial financial relations. While its mandate did not extend to education, the commission felt that equality of educational opportunity did come within its domain. According to the commission, the concept of "education" had changed and expanded to include new dimensions since the time of the British North America Act. In view of this, the commission recommended that "the federal government should have full power to provide employment aid for those recognized as employable . . . (which would) make the training of unemployed youth a matter of even greater federal concern than at present." The commission assumed that the provinces would provide a system of courses to those Canadians requiring further training.

While the commission stated that a free hand in education was vital to provincial autonomy, it identified certain problems arising in this context. Representations were made to the commission concerning "the existence in several provinces of a sense of grievance which may well contribute to national disunity as well as to lack of harmony within the province concerned." Although the commission lamented the disparity in educational opportunity throughout the country, it made no relevant recommendations. Solutions rested on financial proposals which would place the provinces in a position to meet their responsibilities for education, if they chose to do so.

The commission also suggested that a council, analogous to the National Research Council, could be established to support research work in the social sciences in Canadian universities and elsewhere. The commission suggested, furthermore, that it might be appropriate for the federal government to establish a national library.

Growing Canadian cultural awareness and concern for a Canadian identity prompted the federal government in 1949 to appoint the Royal Commission on National Development in the Arts, Letters and Sciences. This commission, generally known as the Massey commission, after its chairman, released its report in June 1951. In the field of higher learning, the commission saw three major problems: scarcity of financial aid to the arts and humanities; the financial condition of universities; and orientation toward a small educated elite. As the commission noted, the number of veterans enrolling as students was quickly diminishing and, as a result, the federal aid that came with them was eroding. The commission believed that action was urgently required in this sector and that it was the duty of the federal government to assist in some way.

In view of the fact that the Canadian constitution did not forbid financial assistance to a citizen in order to help him to carry on studies in his chosen field, the commission did not feel that it would be improper to recommend federal aid in the form of contributions to individuals. A further recommendation was the continuation of federal support for the program of the National Research Council. As for disciplines outside of the boundaries of natural science, the commission recommended the establishment of what is today the Canada Council and the Social Sciences and Humanities Research Council, with the stipulation that such councils receive an annual grant from the Government of Canada for the establishment and maintenance of an adequate number of scholarships, studentships and bursaries for post-graduate students of Canadian universities in the humanities, the social sciences and law. Further recommendations included a broadened and improved system of aid to undergraduates, and funds for exchange scholarships.

In 1963, in response to the increasing articulation of Canadian language and cultural problems, the Government of Canada appointed the Royal Commission on Bilingualism and Biculturalism. The commission, also known as the Laurendeau-Dunton commission, received a broad mandate to inquire into and report upon the existing state of bilingualism and biculturalism in Canada and to recommend what steps should be taken to develop the Canadian confederation on the basis of an equal partnership between the two founding races. The commission was also to consider the contribution of other ethnic groups to Canadian society.

As a result of this mandate, the commission devoted much of its time to an investigation of the field of education, which is closely linked with language and culture. The commission examined the education of the official language minorities in each province, the teaching of French and English as second languages, and the image of the other cultural group which students may derive from their studies.

The commission affirmed that while education was a provincial responsibility, it was reasonable to expect that the federal government should reimburse the provinces for the extra costs involved in providing facilities for students from both language groups. In view of this, it recommended that the federal government accept in principle the responsibility for the additional costs involved in providing education in the official minority language.

● (1652)

The historical developments I have described illustrate clearly the philosophy of federal financial involvement in education. The Government of Canada has responded to changing educational demands which relate to federal responsibilities, and it has become actively involved in financial support to education while completely respecting provincial

jurisdiction in this area. The Government of Canada has a responsibility for employment and social and economic development. Research has an important impact on productivity and growth, and the Government of Canada has recognized this through the creation of the various granting councils. A good central information system is critical for proper planning and policy, and the education division in Statistics Canada has responded well to the need for information.

In moving the motion, the hon. member for Vaudreuil noted that there are still inequalities in educational opportunity in Canada today. I can assure the hon. member that the Government of Canada shares his concerns. The Government of Canada as well as the ten provincial governments have repeatedly affirmed their commitment to the principle of equality of educational opportunity, and to ensuring that every individual has equal access to the public education system. The creation of an office of education as proposed by the hon. member for Vaudreuil would, at this time, Mr. Speaker, not necessarily improve the result and could adversely affect the spirit of co-operation that now exists in this area between the Government of Canada and the provinces.

I have spent a rather long time in describing some of the events which led to federal participation in education. There are many other developments that I would have liked to talk about—in particular the Federal-Provincial Fiscal Arrangements Act and the Canada student loans programs, but I should leave consideration of these matters to other members.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, there is very little time left. There are a number of things I would have liked to say, particularly following the speaker who has just preceded me, in order to carry on, perhaps, with the kind of historical analysis he put forward. But perhaps the time has come, notwithstanding the critical time in terms of unity, the critical time in terms of seeking understanding and co-operation between provinces, for members of this House, if nothing else, to ask other some questions.

Surely, all of us as members of this House, independent members, members of parties, are aware that the school trustees across Canada have said there is a need for a larger, overseeing body in education to look after the concerns of individuals who are travelling extensively across Canada, and promote, for example, interest in Canadian studies, if one could presume to create an orbit or sphere within which an organization such as the one contemplated by the hon. member for Vaudreuil (Mr. Herbert) would be able to operate. It seems it would not be unreasonable to hope there might be forthcoming from some body, be it the council of provincial ministers or a body created under the auspices of the federal government, the desire to create something called Canadian studies which would in effect be universal to all Canadians.

The difficulty we seem to face right now is that, if one goes from Newfoundland to British Columbia, frequently even the texts of the histories that are taught do not seem to relate to Canada. It may be that the reason is the absence of an all-encompassing, overseeing body that would be able to judge that there is a Canadian history, that there are Canadian studies that should be taught to students across Canada.

It is true that the federal government now spends in excess of $3 billion a year on education which is recognized by the federal government to be exclusively within the purview of the provinces. It is also true that the Auditor General has suggested that the accountability of those transfer payments leaves something to be desired. I am sure it is not fiscal accountability he is concerned about—certainly it is not fiscal responsibility which concerns me—but rather accountability in terms of whether or not the moneys being spent in the second language education programs are actually accomplishing their purpose. Are they actually accomplishing the objectives for which we, for all the right reasons, voted them to the provinces? I wonder whether the time has not come, notwithstanding the symbolism that might exist, notwithstanding the concern that might exist in the various provincial spheres with regard to an encroachment, real or anticipated, for hon. members to say there should be some type of universal scale, some method whereby we could ascertain at the federal level that the moneys we are transferring under the various programs are, in fact, accomplishing those ends which we all agree are necessary and correct.

Given the times we are experiencing right now, given the fact that we are holding constitutional conferences, the likes of which just closed this week, would it be inopportune for members in this House to suggest to the government of the day that perhaps this is something we should be asking to be placed on the federal short list, if you will, in terms of negotiating for increased federal powers? Would it be so wrong to suggest, not that the entirety of education be put into the federal sphere, but that if we are going to be asked to transfer funds, if we are going to be asked to participate in a financial way, we should be given the opportunity at the very least to set up a scale of accountability? Would that be unreasonable in terms of a question which members at the very least should be considering? This may be beyond the organization contemplated by the hon. member for Vaudreuil.

Mr. Deputy Speaker: Order. The hour provided for the consideration of private members' business has now expired.

It being five o'clock p.m. the House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, November 6, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

CANADIAN NATIONAL RAILWAYS

PROTESTED EROSION OF RAIL SERVICE IN NOVA SCOTIA—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that CN Express has arbitrarily proceeded with the construction of a $2 million terminal in Dartmouth, Nova Scotia, thereby effectively destroying the employment opportunities of 14 express employees presently residing in Bridgewater, Liverpool, Shelburne and Yarmouth, even though the record shows that these operations provide a profit to the CNR, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the House directs the Minister of Transport, who has already approved the shutting down of the passenger service and the car-loading centre at Bridgewater, Nova Scotia, to stop the erosion of transportation services along the south shore by retaining the express terminals at the locations mentioned.

Mr. Speaker: The Standing Order requires unanimous consent for the introduction of such a motion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

NEW FIGHTER PLANES FOR NATO FORCE—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I rise pursuant to Standing Order 43. The Canadian government has indicated its intention to proceed with the purchase of 125 to 150 fighter planes, at a cost of $2.3 billion, the bulk of which would be used for replacing Voodoo fighters in North America and the balance in conjunction with NATO ground forces in central Europe.

In view of the urgent necessity for cutting down and restraining unnecessary and wasteful government expenditures, and the wide-sweeping nature of proposed cuts in other government services, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House requires the Minister of National Defence and the cabinet to reconsider the proposed purchase of the fighter planes for use in North America and to postpone or cancel the orders, bearing in mind the fact that a threat against which the fighters might be employed, namely, an attack by manned bombers from the U.S.S.R., is so remote as to be virtually non-existent in the missile age, and that the proposed expenditure is therefore a colossal waste of public funds and taxpayers' money.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN ECONOMY

PROPOSED REDUCTION IN BANK RATE TO CURB INFLATION—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a question dealing with an important question of pressing necessity.

Considering that higher interest rates generally exert pressure on prices and raise the level of inflation; considering that for the sixth time since the beginning of the year the Bank of Canada has announced a one half of one per cent increase in its discount rate; considering finally that chartered banks will soon react likewise and that consumers will have to bear the burden, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House urge the Minister of Finance (Mr. Chrétien) to bring his authority to bear on the Bank of Canada so that it agrees to reduce its interest rate to stimulate economic growth and control inflation.

Mr. Speaker: The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1412)

[*English*]

CANADA GAME ACT

IMPORTATION OF CARIBOU MEAT FROM NORTHWEST TERRITORIES—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter or urgent and pressing necessity. In view of the fact that the export of certain wild game and meat from the Northwest Territories without a permit or licence contravenes the provisions of the Canada Game Act and the Northwest Territories Act, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the Prime Minister determine whether or not the Minister of Indian Affairs and Northern Development has breached the law by importing caribou meat from the territories and, if so, take the necessary steps to discipline the said minister.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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REDISTRIBUTION

NORTHERN ONTARIO—CALL FOR REINTRODUCTION OF BILL C-60—MOTION UNDER S.O. 43

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I should like to move a motion, under Standing Order 43, for which party agreement has been obtained. In the second session of this parliament a bill was introduced by the government to rectify an anomaly created by the redistribution of northern Ontario ridings. The government bill received support on all sides of the House but time did not permit it to be finalized.

With a postponement of the anticipated general election, it might be appropriate for the House to give its consent to correcting these anomalies at this time. The effect would be to maintain the present boundaries in northern Ontario without affecting the redistribution of the other constituencies until the next redistribution takes place. I therefore move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That government Bill C-60 of the second session of this parliament, 'an act to readjust the representation of Ontario in the House of Commons and to readjust the electoral districts in Ontario, be reintroduced this day at the appropriate time at introduction of bills and be proceeded with through all stages and disposed of without further debate.

Mr. Speaker: The presentation of such a motion for debate at this time, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

FLOODS

DEVASTATION IN PARTS OF NORTHERN B.C.—DESIGNATION AS DISASTER AREA—MOTION UNDER S.O. 43

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the unprecedented rainstorms which have dumped over 11 inches of rain in a few days and are ravishing parts of the constituency of Skeena, British Columbia, namely, the Terrace and Kitimat areas, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the federal government, in conjunction with the provincial government of British Columbia, declare this region a disaster area and take all reasonable and necessary steps to alleviate the suffering and damage being experienced by the people of the area.

Mr. Speaker: Such a motion can be presented for discussion in the House at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INCREASE IN BANK RATE—INTRODUCTION OF BUDGET

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. In view of yesterday's announced bank rate increase, the fourth such increase since the April 10 budget, and this afternoon's increase in the Canada Savings Bond interest rate to 9.5 per cent, would the minister indicate when we may expect his budget, bearing in mind the fact that he has put the country into utter confusion with respect to the interest rate structure and the general position of the government today in relation to the over-all unsatisfactory condition of our economy?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I hope I will be able to state to the House to morrow or the day after the date on which I will table the budget.

[*English*]

Mr. Stevens: Mr. Speaker, I am disappointed that the minister still is not able to give a definitive date. In the meantime, would the minister indicate to us why he felt it was warranted to raise our bank rate to the historically high 10.75 per cent, such as was done yesterday, bearing in mind that if the only excuse is the present rate in the United States, that country now has unemployment down to 5.8 per cent com-

pared to our unemployment level of 8.6 per cent, and in view of such totally unacceptable high unemployment?

Mr. Chrétien: Mr. Speaker, I received a recommendation from the governor of the Bank of Canada yesterday on this matter. We have discussed it, he made his recommendation and I did not disagree with it.

Mr. Stevens: Mr. Speaker, my question is directed again to the Minister of Finance. When the minister discussed this matter yesterday with the governor of the Bank of Canada, did the governor make it clear that the 10.75 per cent bank rate which we now have in this country means that we have the highest bank rate of any of the major industrialized western nations, certainly higher than Italy and Great Britain and higher than Germany, which is down to 3 per cent? If he made it clear, did he point out to the minister, also, that we have the highest unemployment of any of those nations?

• (1417)

If that was made clear, why did the minister not ask that the rate be kept to the historical ratio of one point above the American rate, instead of the current 1¼ points?

Mr. Chrétien: Mr. Speaker, we discussed it on Friday, Saturday and Sunday. We looked at all the implications of that. Of course, with the balance of payments deficit in Canada, we have no choice but to make sure that the bank prime rate in Canada is higher than that in the United States. It is the lowest spread in many years. Some years ago the prime rate in Canada was four points above that in the United States; now it is only three-quarters of a point.

REASON FOR INCREASE IN CANADA SAVINGS BONDS' INTEREST RATE

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is directed to the Minister of Finance. Is the new rate of 9.5 per cent assigned to Canada Savings Bonds today an attempt to spur the lagging sales which the government has been experiencing, caused by the public's lack of confidence in the financial policies of this government?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we had to revise the Canada Savings Bonds' interest rates to make these competitive with other instruments used on the Canadian market and that is why we decided to raise them by one quarter of one per cent this morning.

[*English*]

HIGH INTEREST COSTS—EFFECT ON EMPLOYMENT

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, could the minister tell the House what remedies the government envisages to overcome the effects of high interest costs on the construction industry in Canada, which is an enormous employer? Also, what will the effects of that be on the unemployment rate in Canada?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, of course we are aware that the increase in interest rates is causing some problems in the economy. We had to act because we had no choice, having a balance of payments in a deficit position in Canada.

I hope this situation will not last very long. If the Canadian and American dollar stabilizes, of course, eventually—perhaps in the short run—the interest rate could go down. We do not know as yet. We hope that showing responsibility will induce more confidence. There are various fluctuations upward and downward in interest rates and some day it will go down.

Some hon. Members: Some day.

Mr. Clarke: Mr. Speaker, since the effect of the interest rate increase is reflected by a shortage in the cash position of the government, can the minister say if the government will reconsider, now, the disposition of certain Crown corporations in order to give some relief to that situation?

Mr. Chrétien: Mr. Speaker, I think the comment of the hon. member, to the effect that it is difficult for the government to raise money, is not true at all. We have many ways to raise money.

Mr. Stevens: Which force up interest rates.

Mr. Chrétien: For example, our cash balances are very good and I am not worried on that score.

REQUEST HOUSE BE INFORMED OF REASONS FOR RAISING INTEREST RATES

Mr. Bob Rae (Broadview): Mr. Speaker, I also have some questions for the Minister of Finance arising out of the news on Sunday that the interest rate was increased to 10.75 per cent. In view of the fact that the result of this interest rate rise, inevitably, will be a restriction in growth, can the minister say when he decided to raise interest rates and if he had available to him any estimates of the effect that this rise would have on growth and industrial development? If he did, will he share those figures with the House?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I should like to make a slight correction: I did not raise the interest rate; the governor of the Bank of Canada has that responsibility.

Some hon. Members: Oh, oh!

Mr. Chrétien: That is the law of the land. I did not write this law.

Mr. Stevens: Did you object?

Mr. Chrétien: I have discussed that with him. I said just a minute ago that this will cause some problems. We hope this will not last forever. It is a problem we have to face because of

high interest rates in the United States and a balance of payments deficit in Canada. These are facts we have to live with. Since our main competitor is the Americans, it has kind of a neutral effect in terms of our trade.

Of course, the performance of the Canadian economy on the trade side at this time is very good. I hope some of these temporary problems will cure themselves. We will take that into account in writing the budget.

● (1422)

Mr. Rae: Mr. Speaker, since the Minister of Finance is here, presumably he is taking responsibility for the decision and not shifting it over to the Bank of Canada.

In view of the fact that it is the lower growth rate that will have an inevitable and devastating effect on unemployment, would the minister please tell us whether he is now going to come clean with the Canadian people by indicating precisely what effect this change in interest rates will have on the unemployment rate?

Mr. Chrétien: Mr. Speaker, the best advice I have received is to the effect that it will have a marginal effect on the performance of the Canadian economy at this time. I would like to repeat to the hon. member that the law of the land calls for responsible monetary policy to be handled by the governor of the Bank of Canada. Of course, he consulted with the federal Minister of Finance and, as I said earlier in the question period, I did not disagree.

Mr. Rae: Mr. Speaker, in view of the fact that it is our overreliance on foreign investment that has caused the problem in respect of interest rates and it is the relationship of our economy with that of the United States, so amply demonstrated by events over the past five days, that causes the interest rate to go up almost automatically, would the minister indicate whether in the months ahead he will be presenting policy to create an industrial strategy for Canada that will reduce our dependence on foreign investment?

Mr. Chrétien: Mr. Speaker, of course, anyone can argue that this perhaps is a problem; but there is the reality that 70 per cent of our trade is with the United States and if Canadians were to try to isolate themselves completely from the United States economy, the situation would be much worse than it is at this time.

[*Translation*]

INQUIRY WHETHER INCREASE IN BANK RATE WILL BENEFIT CONSTRUCTION INDUSTRY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is direced to the Minister of Finance.

I was surprised to hear him say a moment ago, as if to wash his hands of any blame, that it was the governor of the Bank of Canada who in fact decided to increase the bank rate. That is beyond me. I always thought that the Minister of Finance was accountable before the House of Commons for the acts of the Bank of Canada. My question is therefore: in view of this decision which, according to him, is aimed at improving the situation, can the minister tell the House whether he believes he was adequately informed by his advisers that this action will stimulate construction, which is one of the major sectors of our economy?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I obviously discussed this problem at length with my advisers. I recognize that in the short term there are disadvantages to increasing the bank rate. The whole thing is due to other factors, namely the present stability of the Canadian dollar which was very much affected last week by the United States' decision to increase its interest rate; because of the numerous economic relations between Canada and the United States, this affects us directly. But this is a short-term solution, and if we take the necessary action to stabilize our economy, if world currencies stabilize, then of course the interest rates will go down.

EFFECT OF INCREASE IN BANK RATE ON GROSS NATIONAL PRODUCT

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to ask a supplementary question.

Considering the explanation just given by the minister, would he say to the House that one of the means of stabilizing our economy and facing interest rates which could be established by our neighbours would consist in increasing by all possible means the gross national product so that we could be in better competitive position vis-à-vis other countries? If so, could he confirm before the House that the temporary action that has just been taken is likely to stimulate this increase in the gross national product?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is obvious that if we stabilize the economy, we would be more competitive on foreign markets and we would stimulate our internal trade and, in doing so, we would increase production within the country itself. That is why I suggest we should take all necessary means to make sure that both our currency and the economic position of Canada remain stable.

INQUIRY WHETHER INCREASE IN BANK RATE WILL IMPROVE CANADA'S BORROWING POSITION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have another supplementary question for the minister.

Given the fact that we are now considering Bill C-7 in clause 2 of which the minister asks parliament to grant him borrowing authority for a sum of $7 billion, could the minister tell the House whether the raise announced by the Bank of Canada is likely to cause an increase in the interest rate on the borrowing the government is planning to make by means of Bill C-7?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the interest rate of the Bank of Canada obviously has an effect on the interest rate prevailing in the market and this raise in the rate of the Bank of Canada is going to cause a corresponding increase in the rate charged to the government on its borrowing.

* * *

• (1427)

[*English*]

AIR TRANSPORT

INSTALLATION OF EMERGENCY LOCATOR TRANSMITTERS IN AIRCRAFT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Minister of Transport. On December 9, 1977, an aircraft crashed at Churchill Falls at about 6.50 o'clock in the evening, and eight people died.

There is now a magisterial inquiry under way in Newfoundland into that crash and the evidence shows that although the aircraft was only two miles from the runway, two people did not die from the impact of the plane with the ground but from exposure to the cold, some two hours later. The helicopter pilot on the scene has testified that if that aircraft had had an ELT, they could have been located and saved that evening.

Why did the minister permit his officials to change the findings of the Aviation Safety Bureau, as approved by the independent Accident Review Board on July 20, which say:

—the removal of the aircraft's emergency locator transmitters seriously delayed the search and rescue activity and may have caused unnecessary loss of life.

Why did the minister's officials interfere in a matter where some blame was being ascribed to his department?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, to put it more accurately, the various texts of the report to which the hon. member refers were going through final drafting before presentation to the public of the exact situation. I made it very clear to my officials that I was not very satisfied with the procedures which were adopted in this case.

We have taken steps to ensure that the version of the report approved by the Accident Review Board will be the version which the public has to deal with, and that will certainly be the case in the future. Of course, in this particular situation the various things that are being said before the inquest also emerged in the course of the earlier inquiry and are contained in the report.

Mr. Crosbie: Mr. Speaker, the minister's officials changed that finding to state:

—on the assumptions that there had been at least one serviceable ELT on board, that it had been activated as a result of the impact or by other means, and that there was the capability at Churchill Falls of homing to the point of origin of the ELT signal, the rescue activity may have been expedited.

That is bafflegab and gobbledygook. Has the minister suspended any officials for interfering with the conclusions of this independent inquiry and the board? Do we understand from the minister, now, that in the future that board will be treated independently and that the findings approved by the Accident Review Board will not be changed by the Department of Transport?

Mr. Lang: Mr. Speaker, when listening to my last answer the hon. gentleman was still reading his earlier prepared supplementary and did not notice that I had, in fact, confirmed that there would be no changes and that that procedure had been established. I would also like to tell the hon. member that I trust that his language will not lead him into dispute with his leader, and that the use of "gobbledygook" is not necessarily grounds for firing in this government.

Mr. Crosbie: Mr. Speaker, the minister, by his answer, has agreed that there is a real conflict of interest in the whole area of accident investigation. Will the minister now go further and say that legislation will be brought before this House of Commons to provide for a completely independent investigation procedure into accidents involving aircraft, with the minister and the DOT having no power or authority over it whatsoever?

Mr. Lang: Mr. Speaker, once again, I do not know where the hon. member has been, but that has been clearly stated and announced government policy which I announced in this House some time ago.

An hon. Member: When are we going to get it?

USE OF LITHIUM BATTERIES WITH ELT TRANSMITTERS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I have a supplementary for the Minister of Transport. The two ELTs on that aircraft were removed pursuant to an order which was issued in October, 1977, as a result of the danger caused when the lithium battery used in this device corrodes.

• (1432)

I wonder if the minister has undertaken to investigate why that instruction was issued for the complete removal of the ELTs with these kinds of batteries, rather than giving a warning to the owners and operators of aircraft that if any lithium battery did corrode, there was a danger of explosion. Could the minister also indicate what the present policy is with respect to ELTs, as I understand that half of the aircraft flying now do not have the functional ELT on board?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, as hon. members may know, our department took a lead role in identifying the ELT as being a very useful device, and required it to be present in aircraft because of its helpfulness in locating aircraft that may be lost in circumstances where it is not clearly known where they went down.

When it became apparent that the ELT and its lithium battery itself was a source of danger, the people anylysing safety concluded that it was wrong to maintain in aircraft a real source of danger. Several of these ELTs had exploded, in addition to those which had been found corroded. As a result, rather than allow them to be the cause of an aircraft accident simply because they are useful in locating an aircraft which has been in an accident, the officials judged that it was better to have them removed while the search went on for a battery which was satisfactory. That search has been going on, and in many cases an appropriate battery has been found.

Where that has happened, the ELT may be returned to the aircrat. We have not yet been able to require them to be carried in all aircraft until the complete identification of adequate batteries is made and when we are sure that the battery itself will not be a source of accident. I would hope hon. members would recognize that avoiding an accident was a very important ground for not continuing the use of ELTs in aircraft.

Mr. Mazankowski: A further supplementary question, Mr. Speaker, I am simply asking the minister why they did not issue the order in October, 1977, which they issued in February, 1978, and which allowed for that provision. I would also ask the minister why they did not actively consult with the aviation industry. If they had, they would have found out that there was another way around this and perhaps we could have prevented this unfortunate accident.

Mr. Lang: Mr. Speaker, that may be a matter of opinion, but I believe the right judgment was taken to see that the batteries which were a danger to aircraft in flight were removed. Since that was the battery which was in common use, in almost universal use, it was wise to get them out of aircraft as quickly as possible in order to avoid their causing an accident. I can imagine the uproar that would have occurred—including from the opposition—if there had been an accident as a result of such battery being in an aircraft, quite apart from the desirability of having a working ELT to identify where an aircraft is.

The fact of the matter is, at that time there was no satisfactory battery that was safe. Now, when such a satisfactory battery has been developed, obviously we have moved into the middle position where we encourage the use of the ELT with that safe battery; but we are not yet in a position to require it in every case.

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AIRPORTS

WINNIPEG INTERNATIONAL—FACILITIES TO ASSIST HANDICAPPED PERSONS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is also for the Minister of Transport. As the 1980 World Congress of Rehabilitation will be held in Winnipeg and many of the 4,000 to 6,000 delegates attending will be handicapped persons in wheelchairs and, as the organizers of the congress have stated, Winnipeg international airport will be an embarrassment to the city unless facilities are built to handle large numbers of handicapped people, I should like to ask the minister if his department is taking steps to provide facilities by 1980, or sooner, to handle handicapped persons.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the long-range planning for Winnipeg airport is going forward in terms of changes that are required. It may well be that those extra changes will not be complete or in place by 1980.

The hon. member knows that Transport Canada and this government have been very careful to provide facilities for handicapped people in all new facilities almost everywhere. Certainly, our airport facilities are built with that in mind. In the absence of the improved new facilities which will one day be present in Winnipeg, we will, of course, be looking at the question of what we need to do to accommodate the needs of passengers who arrive in numbers before that time.

Mr. McKenzie: A supplementary question. Mr. Speaker, the minister was not too clear about whether they had precise plans to provide facilities by 1980. I should like to ask if they are planning to improve the facilities. Actually, there are no facilities right now to handle the handicapped and the elderly at Canadian Customs. Is that area going to be looked at, and are there decisive plans to provide facilities by 1980?

Mr. Lang: Mr. Speaker, in my answer I gave the hon. member the assurance that we would be looking at exactly that kind of question.

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FORESTRY

RESEARCH—FUNDING OF FOREST MANAGEMENT INSTITUTE

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, my question is directed to the Minister of State (Environment): it concerns the Canadian Forestry Service. Can the minister confirm that the Canadian Forestry Service is currently negotiating a $750,000 agreement with the Forest Engineering Research Institute of Canada to undertake research in forest biomass for energy? Could not some or all of this money be diverted to the Forest Management Institute which is threatened with closure and has the expertise to undertake this type of research?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the answer to the first part of the question is that negotiations are going on with FERIC, the Forest Engineering Research Institute of Canada. I suppose some or all of the work could have been done by officials in the Forestry Management Institute, which has a very talented group of people, but the Government of Canada has a policy of contracting out where possible to the private sector. In this particular instance,

it was felt that this work could best be done through one of these contracts in the private sector.

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THE CANADIAN ECONOMY

GOVERNMENT'S PRIOR KNOWLEDGE OF MOST RECENT INCREASE IN BANK RATE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, listening to the Minister of Finance speak about the recent increase in interest rates resulting only in a temporary slow-up, I would remind him that we have heard the same story from successive ministers of finance for four long years.

My question is simply this: in view of the fact that apparently the government had nothing to do with the increase and it was purely a decision of the Bank of Canada, when did the Minister of Finance and other ministers of the government become aware that this last increase was going to be made? It can only have the effect of slowing development almost to a stop in production, particularly of new industries and the like. When did he find out?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I said it is a decision of the governor of the Bank of Canada and that he discussed it with me and I did not disagree. It is the law of the land that was passed some years ago, and I think the right hon. member was associated with the device, that he has to consult with the minister of finance.

I said he has consulted with me. We discussed it on Friday, we discussed it on Saturday, and the final decision was made yesterday, Sunday. I was well aware of it. I just said that he made a recommendation to me that I accepted, so I was quite aware. I did not want to wash my hands of it; I just wanted to explain that it is the governor of the bank who makes the recommendation and I can disagree if I want. I did not disagree.

Mr. Diefenbaker: Mr. Speaker, the minister became aware because the Minister of Industry, Trade and Commerce showed an unusual capacity for prophecy and prescience when he announced the increase in advance. I thought I ought to direct the minister's attention to that. Apparently nobody knew anything about it but the Minister of Industry, Trade and Commerce, and the Minister of Finance. I would also point out to the minister that following the revelation of the Minister of Industry, Trade and Commerce, it began to look as if the Prime Minister had him on waivers.

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FORESTRY

PETAWAWA STATION—REASON FOR TRANSFER OF STAFF

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of State (Environment) and concerns his decision not to close the Petawawa forestry centre, but to reduce its staff by 20, and to transfer half the staff of the Forest Fire Research Institute and the Forest Management Institute from Ottawa to Petawawa and lay off the other 50 employees at the Ottawa centres.

● (1442)

Can the minister explain the scientific rationale behind this decision, after repeated government studies have shown that their location is more effective in Ottawa because of their access to advanced technology here?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, that is not the advice I am getting. If the hon. member has some papers which support him in this rationale, I would like to see them. My advisers have indicated to me that this move of the Forest Management Institute and the Forest Fire Research Institute will be a very good one. It will be good for those two institutes and good for Petawawa. It will, in fact, make Petawawa one of the most important forestry research centres in the country.

Mr. Symes: The minister's answer confirms that he has not been receiving the studies from the Canadian Forestry Institute which have shown exactly the opposite of what he claims, that indeed these cutbacks are irrational and are destroying the forestry service.

My supplementary question is this: the minister has announced that the government will save $3.3 million by turning over its only two wood products' research laboratories to private industry. Given the fact that any financial support given by private companies will be tax deductible and, therefore, the net saving to the government will only be $800,000 and not $3.3 million, does the minister still maintain that this minimal saving is more important than preserving the impartiality, independence and national focus that only government laboratories can provide?

Mr. Marchand: Mr. Speaker, it just happens that I met at noon today with the Canadian Forestry Advisory Council, which is made up of representatives of the provincial governments, industry and universities. As they reminded me, privatization of these two particular labs was one of the recommendations made in 1973. Therefore, there is a large body of opinion which very much supports the privatization of these two particular forestry products laboratories. One of the things we will do is maintain the independence and objectivity of these labs. We will, in fact, strengthen these two labs by having participation of the private industry and, I hope, the provincial governments in them.

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IMMIGRATION

REQUEST FOR SPECIAL MEASURES TO ASSIST EUROPEANS WISHING TO IMMIGRATE TO CANADA

Mr. Yuri Shymko (Parkdale): Mr. Speaker, I would like to direct my question to the Minister of Employment and Immi-

gration. On October 17, 1978, the minister announced that special measures would be taken involving the admission of Lebanese to Canada. Specifically, he said:

Those who are in Canada as visitors will be allowed to apply for landed-immigrant status from within the country. If they are unable to gain landed-immigrant status, they will be permitted to stay as visitors.

Recognizing the political if not strategic difficulty posed to residents of eastern and central European countries in approaching Canadian embassies, as well as recognizing the obstacles threatening their civil and human liberties when they request permission to emigrate, will the minister allow the Lebanese precedent of special measures to visitors to Canada from countries in eastern and central Europe?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, on more than one occasion I have met with representatives to try to determine the best method to meet their requirements. At one point we talked about putting an office in those countries. That was discouraged. As a matter of fact, it was shot down.

Second, they talked to me about a quota system. They indicated that might not work so well either, because which quota would be used—the quota determined by the country from which they were leaving or the quota determined by Canada? On that basis, we indicated that we would bring about the sponsorship system where five individuals would have the opportunity to sponsor people who came from eastern European countries, that we would do that on a trial basis to see if it would work and accommodate the people we are hoping to accommodate in this area.

[*Translation*]

Mr. Shymko: Mr. Speaker, I would like to ask a supplementary since the minister did not answer my question.

I would like to know whether the minister is aware of the number of cases where people from central and eastern Europe came into Canada with a tourist visa, the only effective means available to them to go out of their country, and once in Canada made an application to our government for either political refugee or immigrant status, only to be forcibly deported from Canada to their country of origin. If indeed there are such cases, does the minister consider that a humanitarian action?

[*English*]

Mr. Cullen: Mr. Speaker, I guess it depends on one's approach. There was a time when tourists were not allowed to come into Canada; they were not allowed to leave their own country. We had to decide whether to interfere in a direct way with that particular movement, as a lot of people want to come to Canada as tourists or visit families and go back to their own countries. If we set up a regime that would give easier access and destroy that particular mechanism, we might do more harm than good to those who want legitimately to come here and visit. Therefore, we have to look at these on a case by case basis.

ADMINISTRATION OF JUSTICE

POSSIBLE APPEAL BY CROWN AGAINST SENTENCE IMPOSED ON KEITH RICHARDS—RESPONSIBILITY FOR PROSECUTING APPEAL

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Minister of Justice in his capacity as Attorney General: it relates to the conviction and sentence of Keith Richards of the rock group, Rolling Stones. Without making any representation about conviction or sentence, I wish to ask the minister about remarks attributed to him indicating that any appeal from conviction or sentence on behalf of the Crown would be in the hands of the provincial authorities. If I quote him correctly, I believe he said, "I think McMurtry can look after himself", presumably referring to the attorney general of Ontario.

Will the minister take this opportunity, to correct those reports, if they were inaccurate, and to acknowledge that any appeal on behalf of the Crown lies, as it has traditionally, solely with the Attorney General and his agents?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, in any criminal case, of course, the matter lies strictly with the provincial attorney general. In this particular case, the matter was prosecuted by federal Crown prosecutors. The question of appeal will come before me in due course. I do not yet have a report on the matter.

Mr. Jarvis: Mr. Speaker, I thank the minister for correcting earlier statements. I just wonder, in view of that answer, if it was a Freudian slip. The minister knows that prosecutions are carried on in large part by agents selected from a list of underprivileged lawyers supporting the Liberal party.

Provincial attorneys general have been asking for the power to prosecute for quite some time. Is there now some indication in the Department of Justice that a more favourable attitude is developing toward that request, so that provincial attorneys general may prosecute drug cases as they do all other criminal cases, as the minister quite accurately pointed out?

Mr. Lang: Mr. Speaker, the broad question of prosecution by federal or provincial attorneys or agents is a matter of discussion among us. There are times when the provinces may resist the prosecution of offences falling under federal statutes. That is a matter which causes me a good deal of concern. We will be attempting to resolve it in further discussions among us. It is not, therefore, a clearcut question of prosecution by federal or provincial prosecutors, but a resolving of the whole issue of jurisdiction.

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EXTERNAL AFFAIRS

TREATY WITH U.S. TO FIGHT TRANSBOUNDARY AIR POLLUTION

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Just recently, the Congress in the United States passed, and President Carter of that country signed into law, a bill which in

part calls on the American secretary of state to try and negotiate a treaty with Canada to attempt to fight transboundary air pollution. It has also been reported that the third annual report of the Michigan-Ontario Air Pollution Board indicates increases in certain kinds of transboundary air pollution in these areas.

Will the government immediately take the initiative to open negotiations for a treaty with the United States to enable both countries to fight transboundary air pollution more effectively, bearing in mind the relatively successful example of the treaty to fight Great Lakes' water pollution which has been in existence since 1971?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Yes, Mr. Speaker. We will, of course, be pursuing the initiative which President Carter referred to recently and which we have been discussing jointly through the International Joint Commission for some time.

This gives me an opportunity to announce to the House what I know will be welcome news. It is that Secretary of State Vance will be paying an official visit on the twenty-first and twenty-second of this month. This will be one of the matters we will be discussing.

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TRANSPORT

MOVEMENT OF RAPESEED

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question for the Minister of Transport: it has to do with his responsibility for the Wheat Board. I ask this not only because of complaints from people in the cities, but the rural areas, the fact that rapeseed is outside the jurisdiction and control of the Wheat Board which controls quotas and sales, and the fact that farmers are anxious to get some cash flow because there is no grain moving.

● (1452)

Would the minister approach the Wheat Board with reference to rapeseed, to see that it will move? I would remind him we are not affecting rail transportation because much of this rapeseed will be moved by trucks.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Well, Mr. Speaker, rapeseed moving by truck has not caused any difficulty at all for the Canadian Wheat Board. to supervise space generally the Wheat Board, indeed, does have to look at quotas including, in relation to rapeseed, the point of view of assuming that there is adequate space and equipment available for the movement of wheat and barley as well.

Over the years, the Wheat Board has been very careful to assure that the fullest possible space was given to rapeseed, and I do not think anyone can make a case that it was anything but lenient toward its movement, as distinct from the movement of wheat and barley which is the board's major responsibility.

Mr. Woolliams: That is very good rhetoric on the part of the minister, but if he inquires of the producers—and some of them live in the cities as well as the country—he will find out that they are not able to move the only cash crop on the prairies. I am asking the minister, now, whether he will contact the Canadian Wheat Board with reference to this matter, as there is no cash flow at all to enable those producers to meet their expenses.

Mr. Lang: Mr. Speaker, rapeseed, as with wheat and barley, had an opening initial quota and under those quotas farmers were able to deliver their grain. The rapeseed quota is every bit as large, if not larger than, for instance, that for barley. So the hon. member, although he says he has some constituents in his city growing rapeseed, should not overlook the fact that we have to be fair to wheat producers and barley producers as well, even if they do not all live in Calgary.

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FORESTRY

PRIVATIZATION OF RESEARCH FACILITIES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of the Environment. The answers he gave the previous questions concerning Petawawa and the other institutes were not very satisfactory. He did not provide the rationale, first of all, for the closure of Petawawa and then the reversal of that decision. I would hope he would take the opportunity at some convenient time to do so.

Meanwhile, he was talking about privatization, and I was wondering whether he would give some indication to both the House and the nation of what progress he is making with the privatization of such research facilities as were at Petawawa and are going to be there in a reduced size, and also at the other institutes. Perhaps he would, at the same time, mention—

Mr. Speaker: Order, please.

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I am not sure what else the hon. member was going to ask, but there has never been any talk about privatization in connection with Petawawa. We were talking about privatizing two labs, one in Vancouver and one here in Ottawa. These are forest products labs, and in answer to a question previously asked by the hon. member for Sault Ste. Marie I indicated I had met at noon today with the Forestry Advisory Council and they reminded me that the privatization of these two labs was one of the recommendations they had made back in 1973. So we are very much looking forward to the achievement of the privatization of these two labs.

As a matter of fact, we now have the wheels in motion as a result of the report of Dr. Solandt and we felt that with the involvement of industry and the universities and of the provincial governments we can strengthen these two labs.

Mr. Munro (Esquimalt-Saanich): That has to do with the recommendation in 1973 and the privatization in 1978. The

hon. gentleman has not given any indication whatsoever that there are private interests interested in privatizing these operations. Second, the question of monitoring. In the second place, the hon. gentleman was talking about making them more effective because they were going to be very strictly supervised: how do you supervise privatized industry, and make them more effective?

Mr. Marchand: Mr. Speaker, the answers to these questions will become a lot more clear as the recommendations of the committee I have set up come in to me. There are different options being considered. One is perhaps the establishment of a Crown corporation of some kind.

I would remind the hon. member that the total budget for those two labs was $7.3 million. We are cutting some $3.3 million off and privatizing that part of it. The federal government will still make a contribution of some $4 million to those labs, and as such we will have a monitoring role to make sure that as far as the objectives we have are concerned—the objectives of the forest industry and the country—they are achieved.

* * *

AIRPORTS

WINNIPEG INTERNATIONAL—FACILITIES TO ASSIST HANDICAPPED PERSONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Transport along the lines of the question put to him earlier by the hon. member for Winnipeg South Centre. My question is based on correspondence the minister and I have had about this matter over two or three months. I put it to him as urgently as I can.

In view of the fact that the government's long-term plans to provide for the needs of handicapped people at the Winnipeg airport do not seem to be in line for implementation until after 1980, when the World Rehabilitation Congress will take place, and in view of the fact that it has been suggested to the minister that temporary elevators be put in the Winnipeg airport from the second floor down to the first floor in the space near the baggage carousels, may I ask the minister if this suggestion is receiving active consideration?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): As I indicated in earlier answers, Mr. Speaker, we are most concerned to provide adequate facilities and we are looking at all possible solutions, which would include the one mentioned by the hon. member. As soon as I have any information on the question of how we will be able to solve the problem, I will let the House know.

Mr. Knowles (Winnipeg North Centre): Will the minister undertake, as a matter of priority, to have something done before the World Rehabilitation Congress meets in Winnipeg in 1980?

Mr. Lang: Mr. Speaker, that is certainly our objective.

[Mr. Munro (Esquimalt-Saanich).]

CANADIAN NATIONAL RAILWAYS

PROTESTED EROSION OF RAIL SERVICE IN NOVA SCOTIA

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Transport and Minister of Justice and Attorney General and Minister responsible for the Wheat Board, but my question is in relation to his responsibilities as Minister of Transport.

Since the CN Express terminals at Bridgewater and Shelburne, in Nova Scotia, have consistently shown a profit every month for the past eight months of 1978, which indicates the outstanding service provided by these facilities, as well as the dependence of the business community on CN Express, especially during the recent mail strike, would the minister indicate the reasons for phasing-out this profitable operation and, in light of their record, will he take whatever steps are necessary to retain these facilities along the south shore of Nova Scotia?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, as the hon. member knows, the day to day operations of Canadian National are not interfered with by me as minister. The interest we have, of course, in maintaining good service from our railways, whether it be from CN or another, privately-owned, railway, is clear. General management, however, is in the hands of management which also has objectives in lowering costs and assuring that through the use of the newest possible techniques, productivity is increased and freight rates and other charges are held as low as possible to the Canadian public.

Those are objectives which they attempt to put together in terms of management judgments, and I think that over all we have to agree that Canadian National has been doing an extremely good job of moving more and more freight over more and more distance at a cost which is very, very good as compared to rises in costs generally. That, I think, has to be the situation. Obviously, if there is any real deterioration in service which is affecting the community, we would all be concerned and representations can be made known to the management of CN.

* * *

BUSINESS OF THE HOUSE

Mr. Speaker: Order. I have two procedural matters to deal with today. The hon. member for Greenwood (Mr. Brewin) has given me notice of a question of privilege, and I will hear him in one minute. In addition there is an outstanding point of order with respect to the application of Standing Order 43. I understand that there has been a consensus that that matter will be discussed as well. It has been held in abeyance pending a convenient opportunity for argument to be delivered to me on Standing Order 43.

● (1502)

I wonder if the parties involved in both these procedural questions would agree that we might, for the benefit of the

House, attempt to clear away routine proceedings before the calling of these matters because I would not like to create the impression of keeping the entire House waiting for them. However, it depends on the nature of them. If I have the consent of the hon. member for Greenwood, I will deal with routine proceedings and then call his question of privilege immediately as the next item following routine proceedings.

Mr. Brewin: Mr. Speaker, that is agreeable.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

* * *

PRIVILEGE

MR. BREWIN—RAISING OF QUESTION OF PRIVILEGE POSTPONED

Mr. Andrew Brewin (Greenwood): Mr. Speaker, as Your Honour has said, I gave the Chair notice of a question of privilege which I wish to raise. It affects the Solicitor General (Mr. Blais), who is not in the House today. I happened to see him this morning, and he said he could not be in the House today. I therefore ask that the matter be stood over until tomorrow.

Mr. Speaker: That is perfectly proper, and the hon. member can raise his question of privilege, having given the Chair notice, at a time when he and the Solicitor General are in the House, tomorrow if possible.

* * *

POINT OF ORDER

MR. MACEACHEN—OPERATION OF STANDING ORDER 43

Mr. Speaker: As I indicated, there has been agreement to proceed now with the discussion of the outstanding point of order regarding Standing Order 43.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, you will undoubtedly recall that on October 20 I raised a point of order on a motion which was attempted to be put before the House by the hon. member for Prince Edward-Hastings (Mr. Hees). I rose

on that occasion because it seemed to me that that particular motion was an excellent example of the extent to which proceedings under Standing Order 43 had developed in the House of Commons. I use the word "developed" when I really mean the word "deteriorated." I believe it is very appropriate to draw attention to the concerns which we on this side of the House feel with respect to the operation of Standing Order 43.

The history of the Standing Order is straightforward. It was first introduced in 1867. It was revised in 1927 by the addition of the requirement of urgency for seeking unanimous consent to put motions without prior notice. It is interesting to recall that until 1969 the rule was used sparingly, but following that year, for some inexplicable reason—maybe not so inexplicable—there suddenly developed in Canada a flood of urgent and pressing matters.

In 1975 the procedure committee decide to revise Standing Order 43 by providing a 15-minute limit, and the proceeding was placed before the question period. That recommendation of the procedure committee was concurred in without debate or amendment. As Your Honour has indicated, the time limit introduced in 1975 introduced a self-policing feature. Requests for unanimous consent under Standing Order 43 cannot take more than 15 minutes, and presumably hon. members are encouraged by their colleagues to restrict their motions to genuinely urgent matters, and not to waste time with frivolous motions.

The theory that Standing Order 43 motions are restricted to genuinely urgent matters because of the limited time period has not proved valid. All the 15-minute period has policed is the period itself, and it has had little affect on what happens within that period. I believe that the content of the motions now proposed requires critical attention on the part of members of the House and, with due respect, of the Chair as well.

It is not my intention to limit the use of Standing Order 43. Fifteen minutes are set aside for private members to use this proceeding, and as far as I am concerned it can be used to the maximum. What I am concerned about is the misuse of Standing Order 43. When hon. members rise under Standing Order 43, they are asking the House to waive the normal requirement for 48 hours' notice to put motions before the House, on the ground that the matters involved are of pressing and urgent necessity.

The first requirement is that a matter must be so urgent and so pressing that the House will waive notice, and the motion can be put before the House with consent. I submit that the rule has not been used properly because hon. members have ignored the requirement of urgency. They have misused the rule by delivering speeches in the guise of lengthy preambles and lengthy motions. They have misused the rule by proposing frivolous motions. I can give examples.

Hon. members have misused the rule by making unsubstantiated allegations which cannot be replied to without debate, which is not normally possible and which, if it were possible, would waste valuable time of the House which could otherwise be used for public business.

Point of Order—Mr. MacEachen

The operation of the Standing Order has suffered greatly because its basic procedural purpose has been ignored regularly. Motions under this Standing Order must be of such urgency as to warrant asking the House to waive the normal notice requirement and to interrupt the normal order of business so that they can be considered. If a motion does not meet the criterion of urgency, it should be dealt with under the normal rules of the House by way of private members' motions, with 48 hours' notice. The result of the failure to observe the rule of urgency is that genuinely urgent matters which might deserve consideration are submerged or drowned in a flood of non-urgent, frivolous, and blatantly argumentative motions. This is a very troubling feature of these motions.

Let us consider, for example, the motion put by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) last Monday. He raised the question of social insurance numbers. That matter has been in the political atmosphere since 1965 at least, and it could hardly be described as an urgent and pressing matter. But within the preamble and within the motion itself there are a number of what I would regard as argumentative, unsubstantiated, and unfounded allegations.

● (1512)

The hon. member alleges that the Minister of National Health and Welfare (Miss Bégin) is actively encouraging the expanded use of social insurance numbers by all levels of government, contrary to longstanding commitments by the Government of Canada. These are points of view with which we disagree. I have no objection to the hon. member for Saskatoon-Biggar stating his views on this point—views with which I and other members of the House disagree—but when do we have an opportunity under this proceeding to say that we do not agree and that these are not the facts as we see them?

Within the motions and within the lengthy preambles all sorts of argumentation are contained, with no opportunity for hon. members on this side of the House to state the facts as they see them. I regard this as a very fundamental weakness of the present proceeding, that it is possible, under the guise of alleged urgency and pressing necessity, to put forward argument, debate and partisanship, all of which is quite acceptable provided there is an opportunity to deal with it by members of the House who disagree with the point of view that is stated.

Some hon. Members: Hear, hear!

Mr. MacEachen: I ask hon. members to tell me where the urgent and pressing necessity is to be found in the motions put forward by the hon. member for Saskatoon-Biggar, by the hon. member for Provencher (Mr. Epp) on October 27, and by the hon. member for Ottawa-Carleton (Mr. Baker) on the same day, concerning trends in mortgages. Are these motions of such pressing necessity that the normal 48-hour notice should be waived? Obviously that is not so.

Also, take the disguised speeches that we hear from hon. members. Many motions go beyond the clear statement of urgency and they develop into detailed speeches. I ask hon. members to look at two of the most recent blatant examples, one put forward by the hon. member for St. John's West (Mr. Crosbie), in which he uses almost half a page of *Hansard* to put forward a carefully constructed speech under the guise of stating the urgency and pressing necessity. Or take, on the same day, the artistry—I can call it that—of the hon. member for Champlain (Mr. Matte) who included, in the preamble of his motion, probably as much constitutional argumentation as, or more than, the hon. member for Kingston and the Islands (Miss MacDonald) could put together in a 20-minute speech.

Some hon. Members: Hear, hear!

Mr. MacEachen: All this is done in the name of urgency and pressing necessity. They are disguised speeches.

Then there are the frivolous motions, and they are very entertaining, mostly from the hon. member for Oshawa-Whitby (Mr. Broadbent) who provides us with regular entertainment, his latest attempt being on October 19. I am sure he will be willing to concede that if this proceeding is a good one and if private members should have the opportunity to present motions, they should not waste that opportunity by putting forward frivolous motions.

Take the motions and the arguments which contain unfair allegations. Really I have reached, on my part, the end of my patience, and I believe I have an almost inexhaustible source of patience—

Some hon. Members: Hear, hear!

Mr. MacEachen: —when it comes to suffering through the antics of members of the opposition. But my patience came to an end when the hon. member for Prince Edward-Hastings rose under Standing Order 43, as he said, asking:

That the government cease its present efforts to downgrade the role of the monarchy in Canada and, instead, give strong support to the Queen and the royal family as they carry out their duties with such dignity and effectiveness.

Some hon. Members: Hear, hear!

Mr. MacEachen: The hon. member for Prince Edward-Hastings asked for consent to put a motion instructing the government to cease its efforts to downgrade the monarchy. That was a patently false allegation—

Some hon. Members: Hear, hear!

Mr. MacEachen: —as the Prime Minister (Mr. Trudeau) has demonstrated on a number of occasions. I have no objections to the hon. member for Prince Edward-Hastings being unfair, as he was on that occasion. What I object to is the lack of opportunity we have on this side of the House to rise and say, "That is untrue." It is very important that that be said because, if it is not said, those who are reading *Hansard* and those who are watching the televised proceedings of the House might conclude from the silence on this side that we were really accepting the analysis of the hon. member for Prince Edward-Hastings.

There are numerous such examples, but I think that was the most blatant one when the hon. member for Prince Edward-Hastings, under the guise of a motion of urgent and pressing necessity, asked the House to give its consent to instructing the government to cease its efforts to downgrade the monarchy. Hon. members on the other side with any fairness would realize that this is really going too far.

There are numerous examples of this tactic; some are the result of the co-ordinated effort of hon. members opposite, under the co-ordinated authorship of many of these House tactics, but some of them are the handiwork of individual members. I do not want to go into all the cases—we have them all documented—but I would say that the examples I have mentioned of ignoring the requirement for urgency, of bootlegging speeches under the guise of motions under Standing Order 43, of frivolous motions, and of unfair allegations, are just too numerous to list.

I just want to say that if this type of abuse is not curtailed, either by self-restraint on the part of members or on the part of the Chair, then the government will have to start putting its objections to these motions immediately when they are raised before the House.

I believe, quite frankly, that we on this side of the House up to the present time have been negligent in not raising points of order when these motions have been put before the House.

Some hon. Members: Hear, hear!

Mr. MacEachen: We have been negligent in not assisting the Chair in ensuring that the rules be observed because it was a tradition—we have seen the reaction of the Speaker, when it was apparent that the matter was not of urgent and pressing necessity—to stop the member in his tracks. I think we will have to go back to that unless members begin to co-operate and restrain their use of this Standing Order in the way it has been used. I hope that we can extend the self-policing feature of the proceedings to the content of the motions as well as to the 15-minute period, but I want to make clear to hon. members that we do not intend to accept the constant repetition of allegations that are unfair, and charges that are unfounded, under the guise of these motions, when we believe that legitimate points of order could be raised when they are put forward.

I would argue that every example I have put forward of these motions could be grounded in a legitimate point of order, and we have not taken advantage of that opportunity. I should like to refer to Beauchesne's fourth edition, citation 70(2), which reads as follows:

● (1522)

Any member is entitled, even bound, to bring to the Speaker's immediate notice any instance of what he considers a breach of order.

Unfortunately my conclusion is that there has been a breach of order in many of these motions, and we on this side of the House have been negligent in not bringing that forward on a more systematic basis.

I realize other hon. members will want to contribute, but I should like to deal with one aspect of this rule. Undoubtedly we will hear from hon. members opposite that my objective is to curtail the rights of private members.

Some hon. Members: That is right.

Mr. MacEachen: We will hear elaborate and indignant statements from hon. members opposite indicating that my purpose is to restrict the opportunities of private members. Let us improve the operation of Standing Order 43 so that an increasing number of private members will be able to put forward motions under this rule.

Some hon. Members: Hear, hear!

Mr. MacEachen: If hon. members opposite are honest—and I admit they are—

Mr. Alexander: I am glad you added that.

Mr. MacEachen: —they will admit that the flowering of all these members at two o'clock every day, when a large number of members rise almost simultaneously to put forward motions under Standing Order 43, is not really the result of individual, spontaneous conclusions by each individual private member. It is part of a co-ordinated publicity effort.

Mr. Paproski: Prove that!

Mr. MacEachen: It is part of a co-ordinated publicity effort aimed at putting party positions on the record on a day to day basis. For this reason, the abuse or misuse of the rule is not as important to hon. members opposite as getting their message to the media, getting political points scored, and getting party positions on the record.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacEachen: I do not blame hon. members opposite for doing that. I blame hon. members on this side of the House for not stopping them earlier as they built their image through a systematic series of motions under Standing Order 43.

Occasionally the hon. Leader of the Opposition (Mr. Clark) presents a motion under Standing Order 43. He does so usually to pre-empt the hon. leader of the New Democratic Party when an issue suddenly comes to the fore. That is all right too, but I should like to refer to the record of the hon. member for Oshawa-Whitby. According to him, these are matters of urgent and pressing necessity, so important that the normal rules of notice have to be waived in order to get them before the House. During the last session, which was comprised of 151 sittings, he managed to dig up no less than 60 matters of urgent and pressing necessity.

Mr. Alexander: Was he right or wrong?

Mr. MacEachen: He presented one urgent and pressing matter for every three sittings of the House. That is really a

record, and it is the result of a very prolific caucus research bureau. Undoubtedly each day there is a great bustle of activity in order to put together matters for presentation to the House which might be regarded as urgent and pressing.

Let us continue to use Standing Order 43. Let us give hon. members on both sides of the House a wider opportunity to use this device to bring important matters before the House of Commons.

Some hon. Members: Hear, hear!

Mr. MacEachen: We are all in favour of that, but the use of lengthy preambles and motions containing arguments, false allegations, and unfounded charges, is a matter which has caused considerable trouble. In the future we intend to rise, when these abuses occur, in an attempt to enforce the rules of the House.

The rules of the House of Commons with regard to urgent and pressing necessity should be followed more carefully. If that is done it will not restrict the right of private members, but it will provide a greater number of private members with opportunities to take advantage of that critical period during the first 15 minutes of each sitting of the House.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I gathered we were to discuss the rule of the House of Commons. My feeling is that the overriding problem of the hon. government House leader (Mr. MacEachen) is not so much the manner in which the rule has been administered, but the subject matter of some rather embarrassing issues which have been raised concerning the government's policy in many matters.

It is interesting the issue which gave rise to the explosion the other day by the government House leader was the motion by the hon. member for Prince Edward-Hastings (Mr. Hees) requesting that the government cease its present efforts to downgrade the role of the monarchy in Canada. That day I was of the impression that either the motion of the hon. minister was synthetic, on the one hand, or legitimate on the other. As my friend is never synthetic, I believe the rage of the government House leader on that occasion was genuine. What has happened is that the government has been found out concerning its feelings about the monarchy in Canada.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): In fact the government is so sensitive about the matter that it included a note of faithfulness in the Speech from the Throne, unheard of heretofore. It had to listen to the representations in caucus of a number of hon. members, including the hon. member for York East (Mr. Collenette). As well, it had to listen to the Senators who appeared before the committee dealing with Bill C-60. They decried what they regarded as the intent of the government respecting the role of the monarchy.

Today we are not facing a mere procedural matter. We are facing an attempt by the government House leader, in his usual skilful manner, to turn the point of the spear away from the tender spot in the armour of the Liberal party, that is, the monarchy. That is what worries me.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Another matter which worries me about the manner in which we are approaching this is the question of fairness. When the government House leader raised this issue in the House, he said that the hon. member for Prince Edward-Hastings had made a number of false statements, and that he was concerned about the fairness of debate in parliament. You will notice that he accused members of this party being the ones who have been unfair.

● (1532)

I was interested in the list of members to whom he referred. He referred to the hon. member for Oshawa-Whitby (Mr. Broadbent), who is not a member of our party, and we do not want him, but he did refer to members of our party and others as being unfair. He said it was the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) who was unfair. He said it was the hon. member for Prince Edward-Hastings who was unfair. Who else did he say was unfair? He said it was the hon. member for Provencher (Mr. Epp) who was unfair, and the hon. member for St. John's West (Mr. Crosbie) who is unfair and is engaged in this conspiracy, to which he referred, to operate a co-ordinated political attack.

What he forgot to mention was that it was the hon. member for Ottawa-Vanier (Mr. Gauthier), and the hon. member for Vaudreuil (Mr. Herbert), who the other day tried to imply that the Leader of the Opposition (Mr. Clark) was somehow the only political leader in Canada who is prepared to negotiate sovereignty association with a province, and that was unfair. I have no doubt in the world that that conspiracy was a co-ordinated attack. The two occasions on which the hon. member for Ottawa-Vanier rose in the last few days were, I am sure, an attempt to embarrass.

The hon. government House leader has to be very careful when he talks about this matter of fairness. He asks why, in 1969, there was suddenly a flood of motions under Standing Order 43. I will tell you why there was a flood, sir; it was because the government changed the rules of this House of Commons in 1969, diminishing the right of private members, and had the temerity to push that change through by closure. That is what happened.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): What happened on that occasion was that the rights of private members were not only curtailed, they were damaged and diminished. The rights of private members on all sides of the House to ask questions were reduced. As a result, private members turned to whatever weapons they had. Certainly there are private members' motions and there are private members' bills, but there is also

the procedure for motions under Standing Order 43. That is a right of a private member.

I am not suggesting or arguing at all for one moment, sir, that every member of this House has faithfully observed the rules in respect of Standing Order 43, but I am saying to my friend, the government House leader, that when he talks about this he ought to be fair. If it is improper for us to embarrass by motions under Standing Order 43, that impropriety ought to be attached to both sides, not just this side. If we cannot make political points under Standing Order 43, and if that is to be the way he wants the rule to operate, then he should stand up on his points of order, as he says he intends to do, and include reference to his own colleagues who make these points under the Standing Order.

Standing Order 43 is an order that is generally not understood in this House. It is not understood in parliament generally; it is not understood by members in the press gallery, and it is not understood by the public. At a time when parliament's rights are being diminished, and at a time when the government, never mind by its own words, but by the things it has asked this parliament to do, is slowly diminishing the right of private members to speak, I say it is very important that private members not lose this right under the Standing Order. While my dear friend says he does not want to diminish the right of the private member to speak, he shows that he does if what is said embarrasses the government or touches a sore spot. As a matter of fact, he is going to rise on a point of order, and that is what he really will be saying.

What Standing Order 43 says is this:

A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given—

Such a motion can be made without notice under the ordinary standing orders of the House of Commons. The important thing is that there must be, unlike Standing Order 26, a previous explanation by the mover of the motion. It can be a motion without notice, and is, therefore, unusual under our rules. The House must be asked to give its consent, and it is the duty of the Chair to ask whether that consent is given before the motion is even put at all. If the House decides that the substance of the motion is such that it ought not be put, whether the motion is embarrassing to the government or to the opposition, that is a decision of the House. It is the decision of the House whether the motion ought to be put.

There is another duty, and that is a duty of the Chair. I say, with respect, that the Chair has a role in this process. This is quite an uncomfortable responsibility, but it is a responsibility of the Chair. The Speaker's role, I respectfully suggest to you, is not to decide whether the matter addresses itself to something of urgent and pressing necessity. The Chair does not make that judgment. However, the Chair does make a judgment as to whether the member has addressed the question of urgency in the explanation he gives. If the Speaker finds that the member has not addressed the question of urgency, then I would be the first to say the motion should not be allowed. This is a responsibility of the Chair. A judgment has to be made quickly. This is an onerous responsibility, but it is one that rests with the Chair.

Once the motion has passed the scrutiny of the Chair, then the question as to whether it is to go to the House is a question left to the House to decide. It is not left to the government to decide on the basis of embarrassment, or anything else. It is not a decision left to the opposition or to any other member. In my judgment, this is the way the rule should operate.

There are matters which cannot be discussed under Standing Order 43. I think they are obvious. Something that is not within the competence of the Government of Canada is probably outside the ambit of Standing Order 43. Something that is of continuing concern may be outside the ambit of Standing Order 43. I suggest this depends on the wording of the motion, and I refer again to the use in the Standing Order of the word "may".

If the motion itself involves an expenditure of money it may well be outside the realm of Standing Order 43. I put it to you, sir, that if the form of the motion is such that it requests Her Majesty, the Queen, or her representative, for the royal recommendation in respect of the expenditure of money, that might be a different thing. If the motion engages in partisanship, is declaratory, or includes innuendo, these may well be cases where the Chair will find the member has not addressed the question of urgency in his explanation. That is the important thing.

If there is anything that would underscore what I am saying on this matter of the Chair's position in respect of Standing Order 43, it is a contrast with Standing Order 26. Standing Order 26 does in fact involve the Chair in deciding the question of urgency. The rules must be applied by the Chair. On many occasions when members have proposed motions under Standing Order 26, and have given the appropriate notice, the Chair has for various reasons ruled against them, perhaps on the ground, that there have been other occasions when such matters could be debated, or the matter involved a continuing concern and was, therefore, not urgent.

Under Standing Order 43 the rule, as I interpret it, and I say this with respect, puts an onus on the Chair to decide whether the mover of the motion has, in his explanation, addressed the question of urgency. If that has been done, then the motion must be allowed to go to the House, whether or not it is embarrassing to the government, whether or not the government has a right to reply; regardless of those things, that is the conclusion of the rule.

● (1542)

I do not know, Mr. Speaker, if you are prepared to allow us to argue the question left open the other day of the priority of Standing Order 43 at the beginning of the question period over Standing Order 45(2). It is extremely important that this matter be settled because you, sir, did make some observations last week with respect to the arguments put by the hon. member for Saskatoon-Biggar. I believe you called them considerations which we would have to consider at some time. I hope that that is your position, sir, because I think there is a

great danger, not only to the members of the opposition, in taking the position which you observed may be taken, of our entire practice falling down.

I presume that Standing Order 43 was not put there merely to have yes or no said to the issue raised, and the motion left at that—it is finished and, just for the record, if the answer from the House of Commons is no, there is no consent given. It is extremely important, whether or not there is consent, that we consider the rules of the House in a way that debate by members will not be diminished, the House having expressed itself.

I have some difficulty in concurring with the view that, merely because we have interposed a fixed period of time with respect to the question period—that it run from 2.15 to three o'clock—you, sir, are thereby in the position of having to wipe out the question period on the one hand, if the House says yes, or of wiping out consideration of the motion if the House says no. With respect, sir, it just is not so.

I would like to repeat in short form the arguments put forth by the hon. member for Saskatoon-Biggar. I re-read what you said on that day, sir, and I do not believe that you came to a conclusion with respect to the matter. I do not regard the position of the question period being fixed by time under our Standing Orders as any different than private members' hour being fixed by time. In this situation consideration of the matter before the House is interrupted—by a vote that may be fixed by consent, or by Standing Order of the House, or by agreement of the House—but it is no different than an interruption set by Standing Order for lunch adjournment on Friday, or the dinner adjournment on Monday, Tuesday and Thursday. There is merely an interruption, and the time is subdivided, as the hon. member for Saskatoon-Biggar said.

There is no confusion, as there seems to be in the mind of the hon. member for Winnipeg North Centre (Mr. Knowles) with respect to a so-called collision between Standing Order 45(2) and Standing Order 43 regarding the time limit for the question period. It is quite clear that Standing Order 45(2) was not changed by the Standing Committee on Procedure and Organization, not because they did not think of it or overlook something, but by virtue of the traditions of this House that a motion then before the House would go over to government orders. That is all it says. If the House has decided that it is going to adopt Standing Orders which say there will be a question period at a certain period of time, a private members' bill at a certain period of time, an adjournment for lunch at a certain period of time on a certain day, and if motions to concur in committee reports can go over this hurdle, then why does a motion under Standing Order 43 not have the same position? What is so magical about the question period? It, too, is set by the rules in terms of time. If all the other proceedings which happen here can take that hurdle, why is it that for some reason a motion under Standing Order 43, regarded by some as the lowest form of parliamentary debate, cannot take that hurdle as well?

If Standing Order 43 is not the same as a concurrence motion, in terms of an interruption, then I think there is a diminishment of the rights of this House and, indeed, an encouragement by the government to deny the rights of this House to debate motions under Standing Order 43. The Standing Committee on Procedure and Organization did not forget the interruption during the debate, the merely considered Standing Order 45(2) and its traditional application in this House. This is a practice which has gone on over the years with respect to the interpretation of Standing Order 45(2), and we cannot suddenly change that interpretation for the convenience of the government.

With respect, Mr. Speaker, I do not see that Standing Order 43 running into the question period is any different than a motion to concur running into a dinner adjournment, which is the time set by the rules. As I have said, we have managed to leap that hurdle on the concurrence motion, and I cannot understand why we cannot do the same with respect to motions under Standing Order 43.

If you use my interpretation, sir, the duty of the Chair is to decide, first of all, whether or not the hon. member who has raised the motion has addressed the question of urgency. Once the Chair is satisfied that the member's motion is acceptable—a motion on a matter which may be affecting the hon. member's constituency, the country, or a whole host of areas within the national life of the country—it is up to this House then to decide whether the substance of the motion is such that we can in fact interrupt the proceedings of the House, to use the words of my friend, the government House leader.

Once the House has decided that the matter is of sufficient urgency to interrupt proceedings, then there should be no interpretation of the rule with respect to time, since there are so many other areas of the rules where there are time interruptions. Rather than using time as an impediment to debate, we ought to be using time and the consideration of rules with respect to time as a way of facilitating debate with respect to the matter. There is a host of interruptions which could occur. Black Rod could come in and interrupt, and do we then cease dealing with the matter before the House? There are the prearranged divisions, the private members' hour, the dinner hour, a whole host of areas.

• (1552)

If we have managed to interpret the rules of the House of Commons to get ourselves over that hurdle of interruption with respect to all the other proceedings, I do not see how Standing Order 45(2) and its so-called collision with Standing Order 43 somehow becomes a hurdle over which we cannot leap and that therefore when a matter has been found to be of urgency that this House cannot debate it—or can debate it but the price is loss of the privilege of question period and other penalties. I do not think that was ever the intention of the rules.

What disturbs me is what Your Honour said on October 26, 1978, as reported in *Hansard* at page 489, at the bottom of the second column, as follows:

It seems to me that we had two choices at 2.15. One of them was, by virtue of having put a motion pursuant to Standing Order 43, to set aside the question period at 2.15 because the debate was under way.

I respectfully say that was an observation, not a ruling, and I respectfully suggest that observation was not correct. I say that with great respect, because that is not the choice.

Your Honour continued:

Obviously the danger with that is that if we set aside the Question Period and the debate carries on—for example, until three o'clock or later—we would need the consent of the House to restore the question period.

I do not think you need the consent of the House. What you have now are rules and Standing Orders which would restore the question period. And then Your Honour said:

So, the risk is that if we continue with the debate at 2.15 we wipe out the question period—

I suggest not, Mr. Speaker, I do not think parliament is faced with that Hobson's choice. I say it would be appropriate, with respect, that in any interpretation of the Standing Order the 2.15 question period set by time, the private members' hour set by time, the dinner adjournment set by time, or the luncheon adjournment set by time, is no different than the question period set by time.

Since you left the question open, I feel it is important because it relates to the ability of this House to debate this motion. The question is what we do about it. There was some suggestion that we might go to the Standing Committee on Procedure and Organization to discuss this, but I do not think that is necessary. All of us have duties in this House: the Chair has onerous duties and difficult responsibilities, my friends on the other side have duties and we have them as well. All of us have the duty to attempt to frame our motions as best we can, whether from this or the other side of the House of Commons; that they are reasonable having regard to the urgent aspect of them, the representations that are made, the lack of innuendo and a host of other things—these are duties on all of us and we have the standing orders to guide us in the operation of the House of Commons.

If we are to achieve the sense of fairness and the sense of justice that the minister has indicated he wants, I think that capability is within the standing orders and their enforcement. If the matter is urgent and the House itself has ruled the matter urgent, then it should be debated if the House chooses to debate it. That is where the fairness is. The unfairness my hon. friend complains of is in the fact that he did not have an opportunity to answer. The reason he did not have an opportunity to answer is that when the question was put to him in a particular case, he said no.

Mr. MacEachen: I never said no.

Mr. Speaker: With respect, on that particular point the hon. member is indicating that the yes or no must be made before the hon. member has an opportunity to answer. That is the fundamental difference.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am saying that once you have decided the mover of the question has addressed the question of urgency and that therefore the matter should be put to the House for consent, at that point there lies in the hands of every member of the House of Commons the responsibility and/or liability to say no to that. If the word is no, the issue ends there, but if the answer is yes on any matter, then the debate begins. It is in that debate that the issue can be discussed. Of course, if the Standing Order 43 motion is embarrassing, is an improper representation, if it contains innuendo, if it is a speech—all of those things are out of order.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): They are out of order from both sides, so my friends opposite should not cheer too loudly. They are out of order, and there is a responsibility on the Chair to make the judgment on whether the question of urgency was addressed in the first place. I think there is that power in the rules.

I started off by saying there was a sense of responsibility on the Chair with respect to that first decision. It is the responsibility of the Chair. I hope, sir, that you will consider that. I submit that with the respect I have tried to impart in bringing that point of view to your attention. I hope you will also consider very carefully the observations you made in answer to the hon. member for Saskatoon-Biggar. My respectful submission is that if we have to make the Hobson's choice I spoke of, then the House of Commons itself, not just the government and not just the Leader of the Opposition, could be in great danger of either falling back on its motions under Standing Order 43, which is diminishing its rights, on the one hand, or losing the question period on the other. I suggest we should no more lose the question period than there should be more importance given to one break over another or any subdivision in the parliamentary day. Those are the submissions I have to make with respect to this very important matter.

Finally, sir, I want to say that we look to you as the protector of the rights of private members in this House. Through a variety of circumstances over the years, which the Chair has not been part of, the rights of private members have gradually been diminished. I hope, sir, that you will consider the question with respect to Standing Order 43 motions, the propriety of them coming forward, and the question as to the time limits and how they apply to impede the business of the House as consented to by the House. I hope you will consider very carefully the judgments you will make which may and could remove one of the rights of private members, that is, to have a motion accepted and debated in the ordinary course, and also the right to question the government during question period.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I suppose we need to have this debate every once in a while, but I am not sure it is getting us anywhere today. If the government House leader (Mr. MacEachen) feels the debate is taking too much time, he has only himself to blame. If he had not raised the point of order and asked for a day's debate, we would be on government business now. I was a little sorry he

took after the hon. member for Oshawa-Whitby (Mr. Broadbent) for bringing in frivolous motions, not just because my leader is not here today. He will be back shortly and can speak for himself. I think some of the frivolous motions brought under Standing Order 43 have made the point a lot better than some of the serious ones. If the government House leader is suggesting that we have to curtail our sense of humour around here, then I should like to have a little talk with him. I think a little more sense of humour might do us a great deal of good.

● (1602)

As for this debate today, there are one or two things I want to say first to clear the air. The government House leader several times talked about the 15-minute period. He did not say it just once. Five or six times he talked about that crucial, precious 15-minute period from two o'clock to 2.15. I remind him it is a seven-minute period, eight minutes at best.

The rule book states that motions can be made under Standing Order 43 starting not more than two minutes after the reading of prayers. It takes a while for the bell to ring in order to get a quorum. On many days the Speaker has to sit and wait until some ministers arrive so that he can say prayers. After all, who needs the prayers more than the ministers?

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): The bell then rings again for more members to come in. We sit around. Finally, at 2.07 or 2.08 we get to motions under Standing Order 43.

Mr. MacEachen: I accept your point.

Mr. Knowles (Winnipeg North Centre): The minister says he accepts the point. Why then did he go out of his way to make out that somehow or other we had this 15-minute period, when he knows it is only seven or eight minutes?

Something else I want to say about the whole business of Standing Order 43 is that no parliamentary body can operate without a rule like Standing Order 43. I notice the government House leader has not proposed that it be abolished. As he said in his statement, it has been there under another number since the rules first started in 1867. That probably means they had it in the Assembly of the Province of Canada from 1841 to 1867, and probably had it in Lower Canada before that.

An hon. Member: Were you there then?

Mr. Knowles (Winnipeg North Centre): I will have to check. All that Standing Order 43 says is that with all of the strict and tight rules we have as to how things can get before this House, anybody with half an ounce of common sense knows there are times when something urgent will come up. If the House was tied by its strict rules and could not deal with anything new, we would be in a bad way. Therefore, we have the rule set out in Standing Order 43 which, as the minister says, has been there since the year 1.

I recognize right away that when it was put there it was for that purpose to which I have just alluded, namely, so that the House is not tied by its own rules and prevented from dealing with something that is urgent. It was not put there as a device to give private members an extra opportunity to do something on the floor of the House. Incidentally, that has actually developed over the years. The minister said something to that effect, and the hon. member for Grenville-Carleton (Mr. Baker) spelled it out at some length.

My friends across the way were teasing me a moment ago as to how long I have been here. I can say that in the first ten or 15 years I was here there was almost never a motion under Standing Order 43. If the government had something urgent, it just said so and got it by unanimous consent. It was not until a number of years in my experience here that members started putting motions under Standing Order 43. Why did they do it?

Limitations began to be imposed on the question period. Other things were cut out such as grievance procedures. Members reached the point where they were chafing at the bit to make their points. They could not get into the question period. They could not get their bills or resolutions discussed. Therefore we have Standing Order 43, and members use it precisely for that purpose. Frankly, I do not see anything wrong with that.

I do not see why the President of Privy Council thinks he is saying something high and mighty when he says these are part of a co-ordinated publicity effort. Members are using motions under Standing Order 43 to make their points. I do not know what the other parties do, but I know that my colleagues draft their own Standing Order 43 motions, and so do I. I was a little bit offended that when the minister quoted some examples today he did not quote any of mine. Are mine so perfect that he cannot find anything wrong with them?

Mr. MacEachen: They are pretty good.

Mr. Knowles (Winnipeg North Centre): Maybe he should have quoted them and given them as examples. That would have been better than this tirade against the hon. member for Prince Edward-Hastings (Mr. Hees) and the hon. member for St. John's West (Mr. Crosbie). At any rate, what are we doing here as members? We are here to express our points of view, to make our views known, to say the things we think ought to be said on behalf of the Canadian people.

If there are not opportunities to say those things in speeches because the debates are limited to certain subjects, and there are not opportunities to say them on supply motions because that is something else that was cut out, members grab these opportunities. It takes much less time than some of the other things we used to do. I think it is an improvement.

I remember the old days when we did not have the practice of using motions under Standing Order 43 and we did not have late shows. Members would make a note matters they wanted to raise. They would wait for the appropriate estimate in committee of supply, or wait for a grievance procedure at the end of the debate on a motion that Mr. Speaker leave the Chair for the House to go into committee of supply. We lost those procedures. They were taken away.

In addition to the question period, private members' bills, and private members' resolutions, there are two ways for members to make points and make them quickly. One is by the use of Standing Order 43. The other is by transferring their questions to the late show.

I do not see what all the fuss is about. These things are good. I admit they get abused. Sometimes speeches are made in the late show period that are speeches rather than questions. At least the time limit there of seven minutes polices the proposition.

My experience is that the Chair seems to like the fact there can be a late show. He knows that if he sits a member down as far as his questions are concerned, that member can apply to have them put on the late show. Good use is made of that.

At times there are abuses of Standing Order 43. When my colleagues bring their Standing Order 43 motions to me to look at them, the usual practice is for me to strike out a paragraph because they are too long. My main reason for doing that is so that somebody else will have an opportunity to get one presented.

There are abuses, but let us not have that interpreted as though it is something contrary to the whole spirit of parliament or that it is something wrong because we have Standing Order 43. That order was not built that way in 1867, but it has developed that way. It is an opportunity for members to make points. They hope to get some publicity, to be noticed by the press, the media, or by people watching television.

We are here to make our points of view known. This is not a one party situation where the party that won the election runs the show for the next four, five, or six years, or however long this government plans to stay. This is a place where the importance of the opposition and the importance of private members are very great. We express that importance not just by sitting here and voting on matters that come before us, but by getting our ideas across.

I am glad we have the question period. I am sorry more members cannot get in. I admit if we lengthened it to an hour or an hour and a half, it would become dull. I am glad we have the late show for members to make their points, and I am glad we have Standing Order 43.

If anything comes of this discussion, I hope it will be that members shorten the preambles to their motions under the Standing Order 43. I suppose the reason the minister did not quote some of my motions is because I make them without a preamble. I believe you can say what you want in the motion.

I admit sometimes there is a bit of abuse. However, I do not know why the minister adopted the cry-baby attitude that they cannot answer. They can say no.

Mr. MacEachen: There are ten paragraphs of false allegations on the record. "No" does not answer that. That is the point.

Mr. Knowles (Winnipeg North Centre): If there is a long paragraph containing certain things with which the minister agrees and one thing with which he does not agree, he can say no to the whole works.

Mr. MacEachen: That is not debate.

Mr. Knowles (Winnipeg North Centre): The minister says that is not debate. If the minister wants debate, he can say yes and we will have a debate on the matter.

Mr. MacEachen: One of your men may say no, as one of the opposition members said today. I have been living in the House. I know what is going on here.

• (1612)

Mr. Knowles (Winnipeg North Centre): It is all right, Mr. Speaker, I still have the floor. This debate may amount to something yet. But it strikes me the whole business of raising these motions under Standing Order 43 is not bad, not against the tone and purpose of parliament, and I was glad at least that the government House leader did not propose that the order be abolished. As a matter of fact, he did not propose any amendment. He suggested more self-policing of it. Mind you, I think he went a little far when he said he was going to get up on points of order. Mr. Speaker might have something to say about that. After all, Your Honour simply listens to the motion before putting the question whether or not there is unanimous consent. Once in a while, as the minister did the other day, an hon. member raises a point of order and so we have a discussion such as we are having today.

If there is any value to this discussion it is that members generally will look more carefully at the motions they seek to present. But I urge strongly that no attempt be made to cut out altogether the presentations of these motions. We did the right thing when we changed the rules, when we set aside a special time for the presentation of motions under S.O. 43. The person who benefits most from that decision is Mr. Speaker, because when motions under Standing Order 43 were made after the question period under motions, they could go on all afternoon—Mr. Speaker found it difficult to cut them off, yet he had to cut them off somewhere. Now that they are dealt with in a prescribed period from about 2.07 to 2.15 p.m., Mr. Speaker knows that even though some of them are abusive of the order and not quite in line, come 2.15 p.m. it will all be over. So I have to question where this discussion is taking us. I wondered if it was taking us anywhere, but maybe it will help us do our own policing of the motions we make under the standing order.

Now I turn to the subject upon which the hon. member for Grenville-Carleton spent a fair amount of time. I agree with him that, this is an important issue but I do not think the simplistic solution he put forward will solve it. He argued for quite a while about the fact that we have things that run into the dinner hour and we hurdle the dinner hour. We may hurdle it as far as debate is concerned but, we do not cancel the dinner hour. When we reach the point at which the book says that at six o'clock we take dinner, we do not cancel it because there is something interesting or vital under discussion. We adjourn. Similarly, when we reach five o'clock and

the rules say we should go on to private members' business, we do it no matter what is before us. How he can turn around from that position and say that when we reach the point in the book where it says that at 2.15 we go to question period we do not need to follow the book, well, that is a kind of lawyers' logic that I do not quite understand!

An hon. Member: You don't like lawyers!

Mr. Knowles (Winnipeg North Centre): Forgive us if in our party, we are impressed by the fact that we have doubled the number of lawyers we have in our caucus.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): We have to defend ourselves against them!

Mr. Brewin: Your arithmetic is wrong.

Mr. Knowles (Winnipeg North Centre): My legal friend from Greenwood says my arithmetic is wrong. We had two until a couple of weeks ago—the hon. member for Greenwood (Mr. Brewin) and the hon. member for New Westminster (Mr. Leggatt). Now we have added the hon. member for Humber-St. George's-St. Barbe (Mr. Faour), and the hon. member for Broadview (Mr. Rae). That makes four instead of just two.

Mrs. Holt: That is 25 per cent lawyers. Too many! You are in trouble!

Mr. Knowles (Winnipeg North Centre): Another voice being heard from! My lawyer friends got me off the track for a moment. But let me get back to it.

I think the statement made by the hon. member for Grenville-Carleton, which got him off the track, was his attempt to say that the Standing Committee on Procedure and Organization in 1968 did not overlook the matter. He was not on that committee. I was. I am one of those who must make the confession. As a member of the committee I say we did not solve the problem. We made provision for motions under Standing Order 43 but we did not consider what the effect of what 45(2) would be. So we got ourselves into a tight situation. Now I thoroughly agree with the hon. member for Grenville-Carleton and my friend from Timiskaming may have something to say on this and he will press the point very strongly. But once the House has decided, by consent, that a matter is to be debated, then the House ought to debate it. But just saying that the House ought to debate it does not solve the problem of what we do at 2.15. I think that's the one thing about Standing Order 43 on which the procedure committee should meet and do something. It should not change the rule. Let's not try to build the policing into the rule. But I do think we have to make a provision as to when a debate should take place if there has been consent and the motion is put.

There was an example just the other day. My hon. friend from Sault Ste. Marie presented a motion on Arts Day and got consent for the motion to be put. The Secretary of State (Mr. Roberts) got up and spoke until 2.15 p.m., and that ended debate for that day. It has now been transferred to government orders. It sits on the order paper, I think as No. 1 under government orders. Now how long is it going to sit there? It sits there until the government calls it. It might have been better to have called that today instead of this debate. It will sit there for the rest of this session.

I think we should solve this. We solved the problem of what to do about debate on motions to adopt a committee's report. That grew out of the flag debate back in 1964. But if a debate is allowed today, it goes under government orders and the government has the right to call it or not. But these private members' motions under Standing Order 43 which have been interrupted at 2.15 p.m. because the book says we have to go to question period, ought they to be at the mercy of the government House leader as to when they are called?

As I have said already—and perhaps I should wind this up now—I do not want to see the procedure committee trying to recast rule 43. I do not want us to try to write the policing mechanism into the rule. But I do think we should have a rule somewhere that specifies when the debate is to take place on a motion under Standing Order 43, once it has been allowed.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, when listening to the minister presenting his argument at the outset of this debate I told myself that a government that fears criticism is a guilty government. The government House leader nearly lost his temper with the opposition for criticizing the government's administration through motions introduced under Standing Order 43 and using such motions to criticize the government. He is complaining about the government not having an opportunity then to answer those criticisms. Mr. Speaker, I think that if the government House leader wants to abolish Standing Order 43 because of the embarrassments it might cause the government, then maybe he should also consider abolishing the question period because it too tends to blame the government's administration and call for amendments to legislation and corrections in the government's administration.

Mr. Speaker, in his argumentation the government House leader blamed certain members of the opposition, particularly the leader of the New Democratic Party, for using Standing Order 43 to criticize the government's administrative failure. I think that at one time or another all opposition parties in this House have used that standing order to criticize the government. If we use Standing Order 43 to deal with matters of urgent necessity, it is because there is an urgency in a lot of areas of the government's administration because day in and day out we are able to see the government's administrative failure. We were able to see it right from the opening of this session because we had to deal with emergency legislation to provide for the resumption of postal services, emergency legislation to provide for the continuation of shipping, emergency legislation to provide the government with borrowing authority—three major pieces of emergency legislation we had to deal

with at the start of the session. This illustrates quite well the situation the government's administration is in, and I think the opposition has the right to use all means available to show first to the government that it knows all the bad aspects of its administration and also use that standing order to make public opinion aware of the ill effects of that administration.

I listened attentively to the solution that the hon. member for Grenville-Carleton (Mr. Baker) proposed. I agree with him only in part because if we accepted what he proposed several times in his speech I think that could lead to situations contrary to what Standing Order 43 is meant to be used for. As far as I am concerned, if when a motion is introduced under Standing Order 43 and that motion is accepted—that happens from time to time when you put it to a vote—I believe the mover himself does not always want to have his motion accepted, but rather discussed.

For instance, there have been motions to congratulate the Montreal Canadiens on winning the Stanley Cup. When such motions are introduced—and I have seen this—they are accepted without debate. The motion is accepted, but without debate. On the other hand, when there is a wish to debate a motion which has been accepted, as on October 26 last, I believe you could choose to postpone the debate either until after question period or until some more appropriate time on the same day. I believe this would be satisfactory for all the parties and would not deprive the opposition of its right to make the criticisms that it considers appropriate about the administration of this government.

Mr. Speaker, I can recall that until a few years ago certain ministers would occasionally come to us in the opposition, mostly, I think, in the Social Credit Party of Canada—in any case this happened a few times—and suggest that we ask such and such a question. This no longer occurs, probably because of the televising of the debates of the House. Such messages are probably made on the side of the government. I believe that hon. members on the side of the government have the same privilege as we do in the opposition. They can also move motions under Standing Order 43, and occasionally they do so. However, Mr. Speaker, I think it would be somewhat embarrassing for a government member to introduce motions concerning urgent matters because the government or some department omitted to apply the law as they should have done.

Mr. Speaker, I believe we should not forgo this practice of using the provisions of Standing Order 43 to attempt to debate urgent matters. Another one of our rules, Standing Order 26, also contains provisions to this effect, but I believe that since the implementation of Standing Order 43, which enables members to introduce a motion at the beginning of each sitting, we make much less use of Standing Order 26 than before. Mr. Speaker, I believe that on one side or the other, we are not losing anything and we may be gaining something. I think we should continue to use the provisions of Standing Order 43 and I believe that Your Honour should decide, as the hon. member for Grenville-Carleton requested, whether a matter is urgent or not, and whether it should be debated. I believe that this could encourage all the members who want to make use of Standing Order 43 to better prepare and better use the motions that they want to move.

● (1622)

[*English*]

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have some sympathy for the hon. member for Winnipeg North Centre (Mr. Knowles) when he talks about his years in this House. I am nowhere near being in his class, but I am in my twelfth year as a backbencher, and this rule has concerned me.

In introducing the debate this afternoon the Deputy Prime Minister (Mr. MacEachen) said that there has been a concerted effort to get publicity. I will go a little further and say that the real reason we are having this debate this afternoon is that television cameras are in the House of Commons.

This rule has been abused. It was interesting to me that my friend, the hon. member for Grenville-Carleton (Mr. Baker), did not attempt to deal at length with that point. He admitted that the rule had been abused, but he seemed to glory in the fact that hon. members opposite have managed to put accusations regarding the monarchy on the record. He said that these were sensitive government matters and that he was proud that under Standing Order 43 it was possible to embarrass the government in this way.

The hon. member for Grenville-Carleton was not very happy when my colleague, the hon. member for Ottawa-Vanier (Mr. Gauthier), pointed out that the Leader of the Opposition (Mr. Clark) did not exactly have a mandate to negotiate the separation of Canada, even if a plebiscite showed that 60 per cent were in favour. The hon. member for Grenville-Carleton felt that that was an abuse, and possibly it was, but surely the point of this point of order today is to call attention to some bad practices which have crept into our procedures. They will have to be corrected.

The abuses take four basic forms. It has ably been pointed out that preambles to motions under Standing Order 43 are long, and that the matters raised are not necessarily urgent. They are often frivolous. The hon. member for Winnipeg North Centre says that frivolous resolutions are often better than serious ones. If that is the case, that is a poor reflection on this parliament. I do not think the hon. member presents frivolous resolutions any more than I do, but surely the frivolous resolutions which have been presented have not been the high point of humour in this House.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the hon. member permit a question?

Mr. Francis: Certainly.

Mr. Knowles (Winnipeg North Centre): Does the hon. member recall the time I had the privilege to move a motion, after Mr. Benson said that people could live on $30 a week, suggesting that he do so for six months and report back to the

House on the success thereof? Did not the humour make the point?

Mr. Francis: Mr. Speaker, that is precisely the kind of thing with which we have to deal now.

Allegations put on the record without the opportunity for anyone on the government side to reply, represent the fourth line of abuse. We have seen a number of examples of this. I have one in front of me now. On December 8 the hon. member for Grenville-Carleton moved a resolution which would have been acceptable—

Mr. Alexander: What year?

Mr. Francis: December 8, 1977. The resolution is recorded at page 1671 of *Hansard*. The wording of the resolution was as follows:

That this House strongly condemns the government of the Soviet Union for violating the provisions of the Helsinki Accord in its imprisonment of Anatoly Shcharansky.

So far so good. Had the motion stopped there, I am sure, that there would have been unanimous support, but then the hon. member added the following:

This House further condemns the Prime Minister and his government for failing to show more concern for the rights of individuals in countries like the Soviet Union.

The hon. member knew that there would not have been the remotest possibility that hon. members on this side would accept that totally false allegation. If the hon. member had really wanted to have unanimous support for his resolution, he would not have incorporated that wording in the resolution. If his objective was to get an expression of sympathy for Shcharansky, he would have gone about it in a different way. I submit his objective was the TV camera, and I think he did it very effectively for his purpose on that day. But it causes a problem, Mr. Speaker. The problem relates to the response on the government side. The government side has the option of saying no.

● (1632)

I listened with great attention to my friend, the hon. member for Grenville-Carleton, and I kept asking myself: is he asking for a change in the rule, for the abolition of the requirement for unanimous consent? I really do not know. Having listened to his speech, I think he seemed to be arguing that Mr. Speaker should determine whether the motion was urgent. If the motion were deemed, in your opinion, sir, to be urgent, he seemed to say that it should be allowed to be put. But he carefully skirted the question of unanimous consent.

On another occasion his leader in the House argued that the procedure used by the hon. member for Drummond (Mr. Pinard) in rejecting motions on behalf of the government by refusing unanimous consent, was an irregularity, was something totally wrong. He implied that the hon. member for Drummond did this automatically. Well, there are motions that have been accepted by the House, and that is the proof that it is not done automatically. There are a number of them and I have the list here, which I will not read. My friend, the hon. member for Windsor-Walkerville (Mr. MacGuigan), had one not long ago which was unanimously accepted.

Surely the point which the hon. member has to face is whether or not he is asking for a change in the rule with regard to unanimous consent.

Then I think we must look at the consequences. If members on the other side or on this side have the right to put a motion which is deemed to be urgent and which meets the criteria set out in Standing Order 43 so as to have it debated, then what follows? I think that when totally false allegations are placed on the record, it is a temptation for members on this side to say yes and then rise to put the record straight. That will mean there will not be another motion under Standing Order 43 put that day. Maybe we should adopt that as a tactic; it might change the procedures with regard to members on the other side if the first such motion with a totally false allegation were accepted, if we debated it and attempted to answer the allegation, because then there would be no more motions under Standing Order 43 until 2.15. Then we would have the whole problem of the interpretation of the rule.

I submit that the rule is abundantly clear. You, sir, have interpreted it correctly and fairly, in my opinion. Standing Order 45(2) says that such a motion should be placed under government orders. That is what happened the last time the motion was put and the Secretary of State (Mr. Roberts) spoke until 2.15.

If hon. members on the other side want to change those rules, they should put a motion for a referral to the Standing Committee on Procedure and Organization. If they want to change Standing Order 45(2) to say that the debate be not interrupted at 2.15 but that it be continued at some other time, then we must face the problem which my friend, the hon. member for Winnipeg North Centre pointed out, that is, when should the debate be resumed? The hon. member for Winnipeg North Centre was much more explicit on March 8 of this year in the House, and he put it so nicely that I could not possibly choose better words. He said:

The difficulty, as I see it, is this: the government, as has been said today—and I agree—must have arrangements by which it can put its business before the House. There has to be a schedule which cannot be upset or interrupted in an unplanned way. I support that position. But it is also true that private members of the House ought to have an opportunity to present their ideas.

He went on to say:

It seems to me if we are to solve the difficulty of getting the proper balance between the government's rights and the rights of opposition members we shall have to find a means to get the government business through a little faster.

I could not agree more with the very concise, clear, and logical statement of the dilemma. The hon. member for Winnipeg North Centre said we must find the time for the debate. When? What time is available? Let us just look at the opportunities that private members have. They were well recited by the hon. member for Winnipeg North Centre, but he missed one or two. He referred to private members' motions, private members' bills, question period, and the adjournment debate. There is also the opportunity under

Standing Order 26 which calls for notice; there are supply days and allotted days.

All I can say is that in the time that I have been in this place—I was first elected in 1963—in my opinion there has been a substantial expansion of the opportunities for private members of the House, not diminution. Our practices have changed in some ways, but under Standing Order 43 we have today a very good, frequent and, I submit, for the purposes of the members concerned, effective use of Standing Order 43. However, there is an abuse of the Standing Order which has crept in whereby false allegations are being put on the record, with no opportunity for refuting them. That is a matter which gives the government House leader (Mr. MacEachen) concern and which, I submit, gives all of us concern.

The suggestion that this matter should be decided by yourself, sir, that we must develop some mechanism by which we could assist you in the proper interpretation of the rules and procedures of this place, is not really one which adds a great deal at this time. We have to recognize what is taking place. I for one have no objection whatsoever to a referral to the Standing Committee on Procedure and Organization where we can thrash out the question of the application of Standing Order 45(2), which seems to me to be so clear that there can be no dispute about it, but since some hon. members have raised the question, so the order could be reinforced. I believe your observations, Mr. Speaker, are very appropriate with regard to this.

When we come to the question of the development of unsubstantiated allegations and debating points in prime televison time, made for the purpose of scoring in a situation in which there can be no reply, I submit there has to be a mechanism by which an effective reply to a totally false accusation can be brought forward quickly and appropriately. It is not the same thing to throw it on the late show and have a reply at 10.30 in the evening. I submit we must recognize that where there is this kind of false allegation, someone on the government side must have the right to answer it then and there. That means that a point of order, or something like it, would have to be recognized during the period of motions under Standing Order 43. Hon. members on the other side would not like that.

Mr. Peters: Sure we would. What is good for the goose is good for the gander.

Mr. Francis: The fact remains that false allegations are put on the record in a way in which they cannot be answered. The fact remains that parliament, in consenting to, shall we say, glorifying it as a kind of abuse, is reflecting on itself.

I believe that the rules of the House in respect of Standing Order 45(2) are clear. I believe that the opportunities for private members to participate and make their points have been developed in many areas which are being increasingly recognized. I submit, sir, that there is an abuse under Standing Order 43 with regard to unsubstantiated allegations which, in my opinion, should be examined by the Standing Committee on Procedure and Organization.

Point of Order—Mr. MacEachen

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was interested to hear the remarks of the last speaker and his argument, along the lines mentioned by the government House leader (Mr. MacEachen) that some of the points which are being raised in motions under Standing Order 43 demand a reply. He suggested that we should agree to the proposal of the House leader that he should be able to rise on a point of order, but that this would make opposition members angry. I am sure we would then return to a situation, which lasted for years where a member was able to rise as soon as a point which he had in question was raised. He could rise on a point of privilege, and away it went at any time, at every time, and sometimes almost all the time. If the hon. member for Ottawa West (Mr. Francis) thinks that the government is organized enough to handle that, perhaps he should give it more thought.

● (1642)

Can the dexterous government House leader rise on the spur of the moment, indicate disagreement, and receive a unanimous affirmative vote from his backbenchers so that the matter can be debated for the following 15 or 20 minutes? That is asking more than the government is capable of providing.

Motions under Standing Order 43 were introduced to safeguard the House and prevent explosions when emotions were high. This procedure has many safeguards, time limit being one. When I first came to this chamber, oral questions consisted of one, two or three questions. On other days no government business was done because oral questions continued until the House adjourned.

There was no time limit until 1964 or 1965. If the opposition did not like what the government was doing, it rose on a question of privilege and debated the subject. If Mr. Speaker ruled on whether it was a proper question of privilege, then the Chair was challenged, and there was a four or five-hour debate on whether Mr. Speaker was correct in arriving at his decision. The government House leader remembers those days when there was considerable opportunity for sometimes frivolous, violent, and less than truthful use of privileges. A solution to this problem was reached when opposition members were provided with 15 minutes to present motions under Standing Order 43.

I do not know how other parties make use of this procedure. Perhaps their bright boys from research and other departments engineer their motions under Standing Order 43. In the New Democratic Party it is one of the few things which have been left to the discretion of individual backbenchers. If I am entirely out of touch with my party and do not agree, I can rise and raise a matter of urgent and pressing necessity under Standing Order 43. Perhaps it is a matter which is of concern to my constituents, or even of national importance.

This Standing Order has been used by independent members as well. One must remember that they are growing more rapidly than any other party in the House. Not long ago there were no independent members. Now there are four or five such

members. Soon they will be classed as a party in this House, particularly if it continues to grow.

Mr. Knowles (Winnipeg North Centre): I wonder who the leader will be.

Mr. Peters: They can fight about that themselves. Perhaps they will take turns. It would be very democratic; there would be a new leader every day.

An opportunity for debate has been developed. The government House leader would be very unwise to persuade the House, under the circumstances, to give him or any other member an opportunity to rise and object, on the basis of privilege, to a motion under Standing Order 43. Mr. Speaker would be required to take tranquillizers every day, if that were introduced in addition to his other responsibilities.

The hon. member for Grenville-Carleton (Mr. Baker) indicated that at sometime in the future, we may reach a point where we accept such motions. If the hon. member for Ottawa West is correct, we will accept them with regularity so that they can be debated. If Your Honour finds that motions are of urgent and pressing necessity, and the House gives unanimous consent, what will happen to government orders? One must remember what occurred the other day. The matter was placed on the order paper as government order No. 1. The government or cabinet did not initiate that order; the House unanimously decided upon it. We are obligated to debate and formally conclude this matter. Under normal circumstances it would be called on either the second or third day, and it would be a priority until disposed of by the House. That has not been decided in this particular instance. Perhaps that is the best way to leave this matter.

One must consider that at some point in the future, the House will be faced with a matter which requires immediate debate until conclusion. The subject matter of the last motion in question was important enough to have the support of members of all parties, and it should not have been delegated to a position, where it perhaps will die on the order paper at the end of this session.

Surprisingly motions under Standing Order 43, and oral questions, are now regarded as a best seller on the television screens in Ottawa and other areas. I have had occasion to meet many people in stores who said, "You are Mr. So and So. I have seen you on television." I had never met these people before.

A great deal of enthusiasm is developing for the televising of the proceedings of the House. It is better than "The Edge of Night." It supersedes many other soap operas. It is cheap. The Canadian Broadcasting Corporation can afford to run it. It is all Canadian talent. Certainly it has some comic relief for viewers. It has some good debates. Many people are becoming interested in the actual manner in which government is run.

Not only do people watch the question period, but they are tuning in to the debates which follow. In fact many people hurry home and turn on their television sets to follow a particular debate, in which they have become interested, almost by accident.

An hon. Member: No commercials.

Mr. Peters: That is correct; there are no commercials. I should also like to point out that at least a dozen members of the press gallery are now watching the proceedings of the House on cable television. The political party leaders are sitting in their offices watching the proceedings as well. Of course, this is quite different from the situation when the right hon. member for Prince Albert (Mr. Diefenbaker) was prime minister and, seriously criticized for snooping on parliament without coming to the chamber.

Your Honour has been given a great responsibility. I am pleased, surprised, and very gratified by the manner in which Your Honour has handled motions under Standing Order 43. Perhaps I do not present such motions often, but I watch them with interest. Your Honour has arrived at some very good snap decisions, and has been taxed by the ingenuity of members who are out to put something over someone. Regardless of the party, the Chair is faced with that problem.

• (1652)

The House leader for the opposition indicated he wanted you, Mr. Speaker, to fulfil an additional role. He wanted you to decide in respect of the urgency and pressing necessity of matters in motions under Standing Order 43. I do not think you should be faced with that task. I am quite satisfied that on occasion you stand and say nothing, without putting the motion because it is apparently frivolous. I think there is a role to be played by hon. members, including the hon. member for Winnipeg North Centre (Mr. Knowles) on occasion, in moving motions that are frivolous. Hon. members do so on occasion to make a point, and that is the end of it, and no one expects the motion to go further.

In any event, Mr. Speaker, I do not think you should be asked to assume the responsibility of deciding on the spur of the moment whether there is a matter of urgent and pressing necessity in a motion under Standing Order 43. This is something you are being asked to do all the time, and that is why I referred to television coverage of this chamber. I do not think you should have to make that decision as to whether someone has withheld unanimous consent.

It is very cowardly on the part of a member who objects to a motion to shout no from his seat, when you ask if there is unanimous consent. That hon. member does not have the guts to get up on his feet and say no. The hon. member for Hamilton Mountain (Mr. MacFarlane) could stand in his place, and he will be seen when he says no. I think you, Mr. Speaker, should be able to point to an hon. member, and say that the hon. member for such and such a constituency says no. You should be in a position to state that someone has withheld consent. People who do not understand exactly what is involved in asking for unanimous consent, perhaps watching the television, often feel that you have made the decision that the motion is unacceptable.

Most motions, no matter how the government feels about them, are important to someone, or hon. members would not be getting up and proposing them. A number of people are watching these proceedings at this time and feel that you, Mr. Speaker, are saying the motion is unacceptable, and I do not think you should be burdened with that responsibility.

If the House leader wants to make a legitimate change, let him remove this responsibility on the part of the Chair so that the camera crew will be able to pick up the member who says no, withholding consent. In that way those hon. members will have the responsibility.

For some time I have felt that your responsibilities, Mr. Speaker, are very onerous. You are now being asked to assume another responsibility, that of deciding whether there is prejudice against the government in the wording of some of these motions. These motions must be short, sharp, critical, and to the point. If they do not offend the government, in some way they are hardly worth mentioning. As the right hon. member for Prince Albert said on one occasion, if a question does not embarrass the government it embarrasses the person who asks it.

If the House leader wants to provide leadership he should support me in my suggestions regarding unanimous consent. If an hon. member does not have the guts to stand up and be recognized as being in opposition to a motion under Standing Order 43, then there really is no opposition. The Speaker cannot recognize opposition to the granting of unanimous consent when it comes in the form of the word no spoken by an hon. member sitting in his seat. No one should be heard when speaking from his position in his seat. If we make this change it might make your job a little easier, Mr. Speaker, and it will certainly make it clear to the public that you are not really running interference for the government on motions proposed under Standing Order 43.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am pleased to participate in this debate. I would like to say only a few words on this matter because I am aware that in the discharge of my responsibilities as a member as well as a minister, motions under Standing Order 43 have prevented me from fully exercising my parliamentary and my ministerial functions which are to answer from time to time questions regarding the administration of my department.

I would like to draw your attention to a fact which indeed has occurred repeatedly in many regards and which is probably very relevant to this debate. Indeed, on October 27 last, the hon. member for Ottawa-Carleton (Mrs. Pigott) took the opportunity under Standing Order 43 to raise what she considered as an urgent and pressing matter. Of course, as you know, we government members on this side of the House cannot reply immediately to such a question asked by a member of the opposition, specially when it is raised under Standing Order 43. Now, during the oral question period which followed, this same hon. member for Ottawa-Carleton was recognized by you, Mr. Speaker, which gave her the opportunity to ask a question which, to my great surprise, was quite different from the one she had raised pursuant to Standing Order 43 before the beginning of the oral question period. And the day after, in the Ottawa *Journal* of Saturday October 28, there was a headline worded as follows and I quote:

[*English*]

Pigott query on vacant houses goes unanswered.

[*Translation*]

I believe, Mr. Speaker, this gives us another typical example of the abuse which may come from the part that a member of the opposition can play when he takes advantage of the rules. Rising under the provisions of Standing Order 43, an hon. member makes a certain number of points—knowing full well that the government is not in a position to answer—makes unsubstantiated allegations through the many questions put and then the hon. member sits down, satisfied with having played that part, since he knows the government cannot answer. Now I call your attention on this point, Mr. Speaker, because unfortunately I believe there is abuse of the provisions of Standing Order 43 in this regard and it is very simple to prove since the hon. member did not even have the courage to ask me a question on that subject during the question period. I find it urgent and important, if we are to keep Standing Order 43 and if you, as Speaker, are to continue to allow those questions, that you acknowledge at least that members from both sides of the House are on equal terms and therefore that, not during question period where, of course, you recognize more opposition members who perhaps have less chance than some others to ask questions from ministers, but for motions under Standing Order 43 you should at the very least recognize members to your left and to your right alternately in order to allow for better and fairer use of Standing Order 43 by all backbenchers.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order. It being five o'clock, it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Grenville-Carleton (Mr. Baker)—Forestry—Task force on future of Canadian Forestry Service; the hon. member for Vegreville (Mr. Mazankowski)—Airports—Food and liquor concession at Dorval; the hon. member for Sault Ste. Marie (Mr. Symes)—Environmental Affairs—Forestry—Closing of government laboratories.

ROUTINE PROCEEDINGS

[*English*]

POINT OF ORDER

MR. MACEACHEN—OPERATION OF STANDING ORDER 43

Mr. Speaker: In case there is any doubt as to what business we will be taking up at eight o'clock, it should be clear that although we are interrupting this point of order at five o'clock we will be returning to it at eight. We must interrupt this debate in order to proceed with private members' business, unless there is some disposition, by unanimous consent, to the contrary.

Some hon. Members: No.

Mr. Speaker: I understand there is not unanimous agreement to the contrary.

Incidentally, the difference which guides us in respect of returning to whatever business is before the House at this moment, when we do resume at eight o'clock this evening, is found in the language of Standing Order 15, which I will now recite to the House. It indicates, as hon. members will be aware:

● (1702)

(2) Not more than two minutes after the reading of prayers, the business of the House shall commence. Members, other than ministers of the Crown, may propose motions pursuant to Standing Order 43 at this time. Not later than 2.15 p.m. or 11.15 a.m., as the case may be, oral questions shall be taken up.

Here are the pertinent words:

At 3 p.m., or 12 noon, as the case may be—

In other words, at the conclusion of the question period.

—the House shall proceed to the ordinary daily routine of business, which shall be as follows:

In other words, the crisis comes not when we begin the question period, but when we finish it, because at the conclusion of the question period, by the operation of that Standing Order, the House is compelled to go to the business which is on the order paper. The fundamental difference between that and the situation we are in now—going to private members' hour at five o'clock as we are compelled to do by the standing orders—is that there is nothing which directs us in any way at eight o'clock this evening, other than the orders of the House that say that since we are on this business at five o'clock we must, of course, stay on it until we either adjourn that debate or adjourn the sitting for the day. Therefore, the two cases are fundamentally different. That is the reason why, if a motion made under Standing Order 43 happens to be on the floor of the House at the beginning of the question period, once we begin the question period we are locked in at the conclusion of it to proceed to other business. We cannot get back to that debate unless there is some procedural means for doing so.

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

[Mr. Speaker.]

PRIVATE MEMBERS' MOTIONS

[*Translation*]

INCOME TAX ACT

AMENDMENT RESPECTING VOLUNTARY FIREMEN

Mr. Armand Caouette (Villeneuve) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act in order to exclude from taxable income all indemnities received by a voluntary fireman in the exercise of his duties, as well as to allow such firemen to deduct from their income all expenses incurred in the exercise of their duties.

He said: Mr. Speaker, it is the second time this year I have had the opportunity to ask the House, as mentioned in my motion, and I quote:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act in order to exclude from taxable income all indemnities received by a voluntary fireman in the exercise of his duties, as well as to allow such firemen to deduct from their income all expenses incurred in the exercise of their duties.

Mr. Speaker, it is the second time this year that I have the opportunity to come back before the House with this motion. I had the opportunity to introduce this motion six months ago, and I have since received many letters and telegrams from all over the country in support of it. Part-time volunteer firemen would want to see it passed or a least referred to a committee for study, so they may come and show the need for that motion to be passed by the House of Commons.

Mr. Speaker, as I said, and as many people say, it takes a lot of courage to become a fireman and particularly a part-time volunteer fireman. But those who take it up on a voluntary basis must face many common dangers, financial, social and family problems.

Mr. Speaker, those who accept to become volunteer firemen certainly do not do so for the sake of glory. The municipality that cannot afford professional firemen must rely on the good citizenship of its people, so it is only normal that the government should do its share and help those courageous people, and particularly provide financial help for municipalities that face increasing financial problems.

The motion I introduced is designed so not to penalize financially those people who accept to become part-time volonteer firemen as well as their municipalities. It is true that those people receive a very small indemnity, but because it is an essential service, I would like it to be excluded from taxable income. Right now, Mr. Speaker, the law allows a deduction of some $300. Such a deduction is clearly not enough these days. Those people need the help of parliament and the respect of the people and civic and government authorities.

Mr. Speaker, I referred earlier to the sacrifices that no one can deny. First, when a part-time fireman accepts to go out very early in the morning, sometimes even in unbearably cold weather, and fight a fire, I believe that it is worth considering.

And, as I also said earlier, I received several letters from volunteer firemen and particularly city officials, and that is why I say this motion is very important and I ask the members of this House to pass it so it can be referred to committee.

● (1712)

I would therefore like the debate to be short so that this motion may be agreed to. I moved the same motion last year, but it was not agreed to. Because of this, many people and many municipalities were greatly disappointed. For a part-time volunteer firemen, firefighting does not take only courage, but also a lot of money. If the present situation is allowed to go on, people will die in fires, and later on I shall give evidence to the effect that many people do die in such cases.

Many municipalities have enormous difficulty in recruiting part-time volunteer firemen. They have enormous difficulty in finding such people to help the victims of fires and provide a service to which the taxpayers are entitled. To prove my allegations, Mr. Speaker, I would like to read a letter that I received from the Amos volunteer firemen department, which reads as follows:

> Following a decision made at our last general assembly on September 22 last, it was unanimously decided to submit to you a request concerning the exemption of all indemnities received by volunteer firefighters for income tax purposes. The reason for that request is that we have a total budget of $28,000 for the 30 firemen who fight fires in our town, regardless of the number of fires that we may have to fight and of practices that we may hold, including preventive measures. You probably know that the majority of our firemen are low wage earners. Moreover, we use our own cars to go to the scene of the fire and we often lose personal belongings (watches, glasses, etc.) and damage our shoes and clothing.

Up to this point, Mr. Speaker, this letter shows that I am quite justified in proposing this motion. The letter goes on as follows:

> Another problem which affects our family life is that we must stay on standby during weekends for all summer.

I think there are few people who are prepared to sacrifice their family and their holidays the way our part-time volunteer firemen do. The letter goes on:

> It is a service we owe to the population; however, more often than not we do it to the prejudice of our families. Moreover, since you have taxed our members, we have had several resignations which are directly related to this situation. For all these reasons, we ask a total exemption for all volunteer firemen or a minimum of $1,000 before tax deduction.
>
> Considering that a Canadian citizen who has less than $1,000 interest in the bank is not taxed, we believed our demand is justified. We hope our elected representatives will settle this matter in the best possible way and thank you in advance for your goodwill and collaboration.

Mr. Speaker, as those firemen demonstrate in their letter, if a citizen who has less than $1,000 in the bank is not taxed, it seems just and reasonable to me to exclude from the taxable income any allowance received by a part time volunteer fireman for carrying out his duties. I am not asking for the moon, I ask a reasonable thing for these people.

Mr. Speaker, many small municipalities cannot hire full time firemen to do the job and must hire part time volunteers. Everybody knows that citizens are overtaxed yet we are grateful for the kindness of those people who are courageously fighting fires without begging from their municipality the salary increase that would cover part of their cost. You just have to think of the cost of suits, uniforms if you like, cleaning and so on. Furthermore you know that in an emergency a fireman does not notice the way he is dressed and does not waste time to change before going to the scene of disaster.

Still the Income Tax Act provisions concerning part time volunteer firemen were implemented in 1951. It was based on the cost of living at the time. Mr. Speaker, I do not ask much. I merely ask to study the possibility of renewing this legislation dating back to 1951 in order to take into account the present cost of living. The Amos fire department is not the only one asking for an increase of $300 to $1,000 of the present exemption, or the cost incurred by vulunteer firemen in the exercise of their duties. The Val d'Or fire department sent me a letter dated February 24, 1978. I quote:

> We, volunteer firemen of the Val d'Or fire department wish to make the following request:
>
> The Minister of Revenue now gives volunteer firemen a $300 exemption on their earnings for a given year and the balance is taxable. We want that amount to be substantially increased, or that the income not be taxable, or again to obtain the actual cost incurred in the exercise of our duties.
>
> The act concerning the $300 exemption was passed in 1951, 28 years ago. Since then, all costs have doubled, if not tripled, and we have not benefited from indexation.
>
> That work of volunteer fireman is a part time job that is practically unpaid. We must use our private cars to answer emergency calls and our expenses are not repaid. You probably know how much it costs to run a car. Furthermore, we run risks on our way to the scene of a disaster. Any fireman who has an accident on his way to a fire is not considered as driving a priority vehicle, and that is why he must pay for all damages as well as for ensuing actions. Also the clothes we wear for our regular work are often torn or burnt when we fight a fire, and we must pay such expenses.

However, Mr. Speaker, how many letters have we received as members of this House? I gave only two examples. We have also received telegrams not from brigades but from the Quebec section of the Professional Firemen Federation, and I quote:

> Quebec Professional Firemen Federation strongly supports resolution of Quebec voluntary firemen claiming income tax exemption for indemnities received when fighting fires.

The telegram is signed by Alfred Morin, the president of the Professional Firemen Federation of Quebec.

Mr. Speaker, voluntary firemen are doing great services to the population. It would only be reasonable that we parliament members, supported as we are by the public, do justice to those firemen by allowing them an income tax reduction. Mr. Speaker, I would like to conclude here because, as everybody knows, that motion must not die on the order paper. I know many members want to have the floor. For the benefit of all voluntary firemen across the country, I hope it will be possible for those people to win their point after the request they made to the federal government through me. In concluding, I would

like to point out that this request was not made only to the federal government but also to the provincial governments as well. This afternoon I contacted the appropriate department in Quebec city and was told that Bill C-65 will allow voluntary firemen to deduct from their income tax all income they earned in the exercise of their duties. As citizens who may at one time need help from those people, we should do that much for them because we know that we may need their services one day.

Mr. Gaston Clermont (Gatineau): Mr. Speaker, I welcome this opportunity to speak on the motion put by the hon. member for Villeneuve (Mr. Caouette), which reads:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act in order to exclude from taxable income all indemnities received by a voluntary fireman in the exercise of his duties, as well as to allow such firemen to deduct frm their income all expenses incurred in the exercise of their duties.

Mr. Speaker, administering the Income Tax Act is a major challenge to the government, which is responsible for collecting revenues in a just and fair way and also for adapting the fiscal system to this country's changing economic needs. At the income tax level, the government tries to ensure fair distribution of the fiscal burden according to each taxpayer's ability to pay, with proper deduction of the individual's expenses to the extent allowed by his earnings.

Where a deduction results in alleviating the fiscal burden of the individuals directly involved, it weighs down that of other taxpayers that do not benefit but must pay the cost.

Mr. Speaker, the government has been constantly striving, even before the fiscal reform, to maintain and strengthen the principle of general, universal and fair administration of the Income Tax Act. However, due to certain economic circumstances and social changes, the government had to entertain exceptions. The eighteenth report of the Standing Committee of Finance, Trade and Economic Affairs on the white paper concerning fiscal reform, published October 5, 1970, had this to say and I quote:

● (1722)

In the committee's view, not only equity but common sense prescribes that exceptions to the ability-to-pay measure, should be made only where a case is clearly made on general economic or compassionate grounds and widely accepted by other taxpayers, who will bear relatively more tax as a result of such exceptions.

I am referring to page 10 of the said report, Mr. Speaker. Moreover, the report finds a relevant difference between the government's point of view and that of the taxpayers about the equity of the fiscal system, a difference which often gives rise to lively discussions. For the reasons stated above, the government considers this notion in a general way whereas, the taxpayers found their general conclusions on their personal cases and needs. Mr. Speaker, I would point out that what the House is interested in today, is that the $300 tax exemption a voluntary fireman can deduct from his income for expenses and disadvantages inherent in the practice of a job, which is very important because it aims at protecting the lives and property of citizens, is in fact an exception to the general rule

[Mr. Caouette (Villeneuve).]

which says, that only income related expenses are tax deductible. The act recognizes exceptions to the rule when expenditures are incurred for the welfare of the community or of all taxpayers. The exemption for firemen falls in this category of exceptions.

Many taxpayers have argued that the government should recognize as income tax exemptions, membership fees for sports associations, fees charged for private figure skating or piano lessons, maintenance and operation costs of a snowblower. Such deduction has also been suggested in the case of the salary paid to a maid and as a form of remuneration for a housewife. Although the government recognizes the merit of these suggestions, it is clear that the public purse could not sustain such fiscal losses, Mr. Speaker, unless it could find other sources of revenue. Obviously the government cannot set up a tax system encompassing all the proposals that it receives.

That being said, I will examine the measures taken in recent years by the government with a view to lightening the tax burden of all taxpayers. Since 1974, basic exemptions, running deductions and taxation brackets are corrected each year to compensate for the rising cost of living. The index factor for 1978 will enable Canadian taxpayers to save a total of $850 million in taxes. As previously mentioned, indexing is a taxation mechanism whose value has not yet been fully recognized. For the taxation year 1978, the personal allowance has been increased to $2,430, the allowance for married people to $2,120 and the deduction for old age and disability to $1,520. The deduction—

[*English*]

Mr. Peters: Mr. Speaker, I rise on a point of order to draw attention to the fact that we are not discussing the Income Tax Act in general. We are discussing a motion directly related to special exemptions for firemen.

[*Translation*]

Mr. Clermont: I am laying the groundwork for my intervention, and the hon. member will finally see that I share the interest of the hon. member for Villeneuve (Mr. Caouette) for the work done by voluntary firemen to protect the community.

The deduction for a dependent child has gone up to $460 if the child is under 16 and to $840 if he is over 16. In 1973, the government granted taxpayers a 5 per cent tax cut, subject to a $100 minimum and a $500 maximum. In 1974, the minimum amount went up to $150. For the 1975 taxation year, the tax credit went up to 8 per cent, subject to a $200 minimum and a $500 maximum. The budget of March 31, 1977, proposed an increase in the tax allowance within those limits. Thus, for the taxation year 1978, the taxpayer may deduct an additional amount of up to $50 per dependent child under 18 residing in Canada. Moreover, for the 1978 taxation year, the government has granted a $100 tax allowance to low and average income taxpayers, the minimum 9 per cent federal tax credit being increased from $200 to $300. There are more than 7,500,000 taxpayers who take advantage of this measure

which represents a loss of over $700 million for the government.

[*English*]

Mr. Peters: Mr. Speaker, I rise on a point of order. I have been listening very carefully. What we are hearing is a summary of what has been done in terms of income tax changes for all citizens. It is very interesting, but the motion before us directly relates to a special exemption for firemen because of their exceptional duties. I suggest the hon. member stick to the motion.

[*Translation*]

Mr. Clermont: Mr. Speaker, if, as stated by the hon. member for Villeneuve (Mr. Caouette), he wanted his motion to be carried, having informed the House that he had moved it for the second time, if the hon. member for Villeneuve was really sincere, why did he not move his motion and resume his seat instead of talking for 20 minutes?

[*English*]

Mr. Peters: Because the last time they talked it out.

[*Translation*]

Mr. Clermont: Mr. Speaker, if the hon. member for Timiskaming (Mr. Peters) would give me three more minutes—and if he had not interrupted me, I would have finished my speech and another member on the government side or from another party could have made his speech.

In response to the needs created by new economic realities, the Income Tax Act provides for some deductions for child care, employment and educational expenses, incomes derived from interests, dividends or pensions other than the income from the government universal pension system. Finally the act provides for deductions up to certain amounts for contributions paid to registered home ownership savings plans—RHOSP—or registered retirement savings plans—RRSP. For the information of the hon. member for Timiskaming, I am almost through.

● (1732)

[*English*]

Mr. Peters: On a point of order, Mr. Speaker. This is an intolerable abuse of the rules. The hon. member who has the floor has not once mentioned the subject we are discussing but has been speaking in general terms about the Income Tax Act. I should like you to bring it to his attention that he should stick to the motion.

The Acting Speaker (Mr. Turner): I suggest all members get back to the subject under discussion, volunteer firemen.

[*Translation*]

Mr. Clermont: Mr. Speaker, the hon. member for Timiskaming (Mr. Peters) says that I did not mention to the House the subject matter of the motion; he undoubtedly did not hear me, but I did mention it.

Mr. Speaker, I will conclude by saying this: in order to face these realities and to recognize the very important work done by volunteer firemen, I recommend to the Minister of Finance (Mr. Chrétien), as some of my colleagues did on various occasions, that in preparing his budget, the Minister of Finance raise from $300 to $1,000 the deduction which has been in existence for about 20 years.

[*English*]

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I think the hon. member for Villeneuve (Mr. Caouette) should be congratulated for once again bringing this matter to the attention of the House. I think it should not go unnoticed that this same matter has been brought forward from all sides of the House. I can recall in my short term in this House the hon. member for Bruce-Grey (Mr. Douglas) bringing up this subject. That was in the last sitting. Great words were said on all sides about what should or should not be done.

There seems to be general agreement that the efforts of men and women who do give of their time in this kind of endeavour should be recognized. They do, in fact, already receive a measure of recognition not accorded to any other segment of our society. It seems that the $300 allowance which is currently received from the government, municipalities or other public authorities for expenses incurred by the firemen is something no other group receives in our society. That these firemen are performing emergency duties, we agree. We agree as well that damage might occur to their personal belongings and that there should be deductions recognizing this kind of expense.

It may be that this is not sufficient. It may be that the suggestion the hon. member for Gatineau (Mr. Clermont) is making to the minister is one we would have to recognize. But we should not fail to acknowledge that there are other groups which should be considered as well. I think, for instance, of the Volunteer Ambulance Association which has an organization not in my riding but in the riding adjacent to mine. I believe they call themselves the Amherstburg, Malden and Anderdon VAA. This consists of a group of individuals who go out and fight fires and who risk their lives as well. They are out on the highways on call in all kinds of weather, they save their community a great deal of money and they subject their goods, their clothing and their lives to jeopardy.

It occurs to me we might be acting illogically if we were to respond only to the volunteer firemen. I ask this question without diminishing in any way the merit of their case for an increase: Would it be right and just for us to respond to a cry from all volunteer firemen and their associations without bearing in mind there are other groups which deserve the same kind of recognition?

I acknowledge what the hon. member for Villeneuve has said about these groups. I have received all kinds of letters on this from my riding, a rural riding which of necessity has numbers of volunteer fire departments. We all recognize that

small communities, rural communities, cannot afford full-time firemen in attendance, and as a consequence I have received letters from places like Tilbury and Leamington and I think we have to respond eventually to what they are saying. The hon. member for Middlesex-London-Lambton (Mr. Condon) has shown me letters he has received from places like Petrolia. We have all received letters, I am satisfied. But I wonder whether we shouldn't be looking perhaps at the larger question of volunteerism across the board and whether government should not be acknowledging in some positive way the work of volunteers throughout society, whatever they do, be it responding to fires, be it responding, as in the case of the Amherstburg group, to emergencies of a personal nature, or be it going into hospitals and acting as Candystripers and that sort of thing. It seems to me there is a larger question than whether we should be immediately reacting on an ad hoc basis, as I say, to one particular segment of volunteerism that we recognize is needed and does a service.

It would seem to me, Mr. Speaker, that given the report we have had, the Narcova Report, given that submissions have been made to the Minister of Finance (Mr. Chrétien) by the national associations of volunteer groups suggesting we should be doing something positive in order to assist volunteerism in Canada, perhaps the time has come not only to take a look at a motion like the one made by the hon. member for Villeneuve or the suggestion made by the hon. member for Gatineau, but to consider whether or not there is a role to be played by government in terms of volunteer associations different from that played up to now. Should it be the role of government to provide moneys to voluntary organizations? Or, rather, should we be giving support to these organizations in other ways? Should we in fact be examining the possibility under the Income Tax Act, if we are going to use that vehicle, of requiring that if we are going to have an exemption—the $100 exemption for charities and religious donations—should we in fact be widening those two categories? Should we be enlarging that kind of deduction so that there would be greater incentive to and reward for volunteers?

This leads us to the question whether we should be exercising the kind of control the government has had in the past over voluntary associations and the spheres in which the volunteers have worked, or whether we should be withdrawing. Should we be allowing space or room for volunteers and voluntary associations in terms of deductions, such as I have talked about, or should we be withdrawing our control of those organizations, allowing them to get more funds from the private sector and, indeed, exercise greater control over their own destinies and ultimate aims?

Along with the other members who have spoken, we recognize the valuable services which volunteers in many fields perform for the good of the community, but we have to be very careful about using the Income Tax Act as the vehicle for recognizing and encouraging this kind of public service. If a deduction is given to the firefighters, as has been proposed, the House would then have to consider recognition in the tax system for all sorts of other volunteer activities. I think I have pointed that out.

● (1742)

Some hon. members may be aware that the Royal Commission on Taxation examined the question of expense deductions. The commission concluded in volume three of its report dealing with taxation of income that all income in the broad sense should be taxable. As a corollary the commission concluded that only those expenditures incurred in earning income should be deductible. In this context the commission observed that it is difficult to design a simple and fully enforceable system which will preclude the deduction of personal expenses.

The commission recommended that the problem of deductions for expenditures be approached in two ways simultaneously. There should be general rules that deny deductions of personal expenditures, and there should be specific provisions in the legislation which explicity deny particular kinds of expenditures where there is likely to be a substantial personal benefit involved. I think hon. members will appreciate that to rely solely upon general rules would make full enforcement virtually impossible, while to rely solely upon specific provisions denying deductions would place a premium on the skilful manipulation of the affairs of the taxpayer to avoid the letter of the prohibition.

Following the commission's reports and recommendations parliament adopted three general rules to govern the deductibility of expenditures which, I am advised, are now reflected in the tax law. The first of these rules has both positive and negative aspects in that there is some definition as to certain expenditures which should, and others which should not, be deductible. The other two rules are essentially restrictive in that they disallow expenditures which might otherwise be deductible.

The first general rule is that expenditures are deductible only if they are reasonably related to the gaining or producing of income. Thus, any expenditure not so related is not deductible. This rule ensures that expenditures of a personal nature arising out of personal choice or not related to the earning of income will not be deducted by any taxpayer. The second general rule is related to the first and is concerned with the amount of an expenditure. It introduces a concept of reasonable expenses to circumvent the possibility of tax avoidance. The third general rule focusses on expenditures made for personal use or consumption which are not allowed as deductions.

I could get into detail regarding the current tax law, but I would rather not do that. I want to demonstrate my concern, which is the concern of the hon. member for Villeneuve, about the plight of the voluntary fireman by speaking very briefly, sitting down and affording someone else the opportunity to participate. I want to make the same point which was made by the hon. member for Gatineau. There are general rules to be considered over and above reaction to the just demand which is being made by voluntary fire associations. Given the fact that we have been told that a new budget is coming, I think the

appropiate route would be for all hon. members to indicate their support for this kind of action on the part of the Minister of Finance in terms of the budget. It might be reasonable to suggest that the allowance or deduction be raised from $300 to $1,000. While saying that, I want once again to reinforce the suggestion that we should not view firemen apart from the entire context of voluntary work in Canada. There is a greater concern to which this House must address itself, and I have already spoken about that.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to add just a few words. I will take only a few minutes because I would like to see this motion tested. The first part of the motion says the following:

—the government should consider the advisability of amending the Income Tax Act in order to exclude from taxable income all indemnities received by a voluntary fireman in the exercise of his duties—

That part of the motion might be difficult. The last part reads as follows:

—as well as to allow such firemen to deduct from their income all expenses incurred in the exercise of their duties.

That is a good suggestion. Volunteer firemen in villages, towns and in various places across the country have to buy uniforms. They have expenses. Some are salaried people, some work on an hourly basis, and some may lose some of their earnings unless they are indemnified by their village, town or city. Any expenses they incur should be deductible. I have always thought that the law was unfair in this regard.

Some self-employed people are allowed to write off the cost of their tools. A lawyer can write off the cost of his library and other expenses. Why, then, should a carpenter who is paid by the hour not be able to write off the total cost of the tools which are necessary for his job? This should not be limited to a certain amount. Why should a nurse who has to buy her uniforms not be able to write off the cost? The hon. member for Winnipeg North Centre (Mr. Knowles) says we have to differentiate between those who are on salaries and those who are self-employed. I do not think it would be very difficult to amend the Income Tax Act. People who earn salaries should be able to write off the cost of those things which are necessary to earn that income, whatever they might be.

I support this motion in every detail. If the second part of this motion passed, indemnities are so low and expenses are so high that they would be balanced off so that people involved in volunteer work would likely make nothing. I think we should consider seriously the matter which has been raised. I congratulate the hon. member for Villeveuve for attempting to see that people on salaries are allowed proper deductions. Surely we should pay tax on the money we earn, less our expenses. That is the simple principle of taxation. That is why I rose to support this motion, as far as deduction of expenses is concerned.

It is very important at this time to consider this matter, especially in Alberta. Just recently, on Hallowe'en night, the town of Olds sustained losses from a fire amounting to several million dollars. The two main grain elevators and the $1.5 or $2 million sports centre were lost. Volunteer firemen fought the fire all night to save their town, their tradition, and their culture. That is one example of many fire tragedies which have occurred over the years. Those firemen should be able to write off at least the cost of their uniforms and whatever equipment they have. They should also be able to write off any loss in salary. Those are proper deductions against any indemnity, if they are paid. Even if they are not paid an indemnity and it costs them money to do that kind of work for the community, surely their costs should be deductible from any income they earn.

I do not want to be one of those who would talk out a motion which probably should go to a committee for further consideration and possible amendment. Once again I congratulate the Social Credit party and the hon. member for Villeneuve for bringing this motion before the House.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I will take only a minute or two to state my support for this motion and to congratulate the hon. member for Villeneuve (Mr. Caouette) for bringing it forward. The hon. member represents an organization in which people in my riding participate. Our firemen belong to the same organization. For the most part they are volunteer firemen. There is a large number of volunteers as well as a number of permanent firefighters. The volunteer firefighters work with a limited amount of equipment and they have less training than permanent firefighters. Nonetheless, they have done an exceptional job in northern Ontario and Quebec keeping loss of life and property to a minimum.

The hon. member for Villeneuve told us of the expenses incurred by volunteer firefighters. Twenty years ago or so the Income Tax Act allowed a deduction of $300. We are now asking for an allowable deduction of $1,000. It may be easier to get a $1,000 exemption for volunteer firefighters than to get exemptions for all their costs. In cases of large fires like the one mentioned by the hon. member for Calgary North (Mr. Woolliams) costs are often in excess of $1,000. There is loss of time, clothing must be replenished, and risks are taken.

• (1752)

I hope that this matter can be referred to a committee where there will be an opportunity to present the matter forcefully to the Minister of Finance (Mr. Chrétien) so that he can make that change in his forthcoming budget.

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, I too would like to thank the hon. member for Villeneuve (Mr. Caouette) for providing us with an opportunity to debate the need for an amendment to the Income Tax Act with respect to volunteer firemen. I know what volunteer firemen have to put up with and I am familiar with what services they provide to communities at very little cost. They give of their own time at a time when most of us are out socializing or enjoying the comforts of our livingroom or even the comforts of our own bed. Often they have to brave the weather when it is less than satisfacto-

ry. In such conditions these men, and sometimes women, go out to protect property and lives.

We are looking for consideration for these men who give of themselves as a service to the community, and not only a service to their community but a service to society. It might well be that they incur costs from time to time; they might also incur losses. It has been suggested that we should at least consider the costs they incur in paying for their uniforms or other clothing, and in replacing articles such as wrist watches which they might lose when they are rushed to fires from whatever place they might be. At times they do not have time to dress properly when there is some urgency.

The government has considered granting them a $300 exemption. This might have been fine some years ago, but as I listened to some of the speeches made here today, I think we have probably missed the boat with regard to where the responsibility lies. We seem to be getting on the treadmill of exemptions. It is dangerous to start granting exemptions to people here and there. Where do we draw the limit on exemptions for volunteers? I appreciate the work these people perform, but there are many volunteers within a community who give of their time and who put in endless hours at great risk to their lives. This is what volunteer firemen do. Also, we have the auxiliary police and various other organizations that give of their time.

I believe that in this regard it is the responsibility of the municipality and the people it represents. In most cases they have assumed that responsibility, such as, for example, the municipality from which I come. We do not have a paid fire department; we have only volunteers, and I must say we have an excellent group of people. I have been connected with that group for many years in my municipal experience and I know about some of the costs they incur. I have taken a very firm stand in asserting that members of the municipality and those who are responsible should ensure that those volunteers who give of their time and effort are provided with all the equipment that is necessary for them to perform their duties.

I am very proud that my community, the town of Niagara-on-the-Lake, makes this available to these gentlemen who protect life, limb and property. I believe we should look all across the country and put a little responsibility on the municipalities to ensure that these volunteers are properly reimbursed for the cost that they incur directly in the performance of their duties.

Some hon. Members: Question.

Mr. Andres: I will pretend I did not hear that because I have a few things more to say on this motion.

Mr. Peters: You will talk it out.

Mr. Andres: It may be so; that is my prerogative. We cannot put everything at the feet of the federal government and say: "You owe these people this and that and you should make exemptions here and there". In these cases the direct responsibility lies with the municipalities involved and that is where, I think, we should put a little pressure to get them to accept those responsibilities. I am sure this matter has been discussed many times. It does not matter whether if these municipalities are in the province of Ontario, in the province of Quebec or any other province.

Some hon. Members: Question.

Mr. Andres: I suppose it does not matter whether it is a question on the order paper or whatever else it may be, we hope that the municipalities will come up with a uniform policy whereby volunteer firemen, those people who protect life and property, will be treated equally all across this great country. That is where the responsibility lies—

Some hon. Members: Question.

Mr. Andres: —and that is where it should be. I do not believe for a minute that we at the federal level should take on responsibilities which are those of the municipalities.

We have been referring to the great constitutional debate and the division of powers. There seems to be a tendency to put more power into the hands of the provinces. Perhaps we should take a closer look at placing a little more responsibility on the municipalities, the grass roots, the people whom they serve. This kind of service cannot be paid for in monetary terms because not one of these people gives of himself for a monetary return. These people are providing a service for the benefit of the community and for the benefit of society.

I am very proud to have been involved with this group of people who provide such a service to Canadian society. I believe we are doing them an injustice if we take away this responsibility from these people who are serving their country so well.

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business has now expired. Accordingly, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

ROUTINE PROCEEDINGS

[*English*]

POINT OF ORDER

MR. MacEACHEN—OPERATION OF STANDING ORDER 43

The House resumed consideration of the point of order (Mr. MacEachen).

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I had no intention of becoming involved in what I would call needless debate, but I should like to register my concern about a few matters. We are talking about Standing Order 43 and, as the government House leader has said, the use, misuse and abuse of it.

How did this come about? It is very simple. I have been here over ten years and I have never heard such a tirade of objections, concerns and words to the effect that there has been misuse and abuse of Standing Order 43. The hon. member for Prince Edward-Hastings (Mr. Hees) moved a motion under Standing Order 43, and the government House leader took some exception to it, unquestionably a great deal of exception. He rose at a time when he should not have been on his feet in terms of a point of order. Seeing that there have been changes in the procedures of the House, I believe that points of order should be raised at three o'clock. But no, the government House leader was up and blasting away immediately after the presentation of the motion.

The motion came about because of Bill C-60. I do not know what the hon. member for Prince Edward-Hastings had in his mind, but he was concerned about the role of the monarchy in our parliamentary institution. Bill C-60 has concerned many people. The hon. member was concerned, as were government members. We have heard and read of their concern. The matter to which the hon. member for Prince Edward-Hastings referred was an urgent one.

I do not have to remind Your Honour of the wording of the motion, but I should like to refer to Standing Order 43 which reads as follows:

A motion may, in case of urgent and pressing necessity—

I look at the government House leader as I say these words. It continues:

—previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

Apparently Standing Order 42, to all intents and purposes, requires 48 hours' notice. The matter was urgent in the mind of the hon. member for Prince Edward-Hastings. He explained that it was a matter of necessity. Of course, there is a caveat that the motion should not be argumentative and that there should be no statement explaining the substance of the motion. Certainly we all agree with that.

I will not question the motives of the government House leader, because one cannot do that, but it seems to me that polls play a great part in his role at this particular time. There is a sense of desperation, fear and apprehension as to what the future may hold. Therefore, at every opportunity government

members will rise and Raise Cain with the opposition. I listened to the government House leader when he referred to misuse and abuse of Standing Order 43, but I noted that he was extremely selective or perhaps forgetful. According to him, the only persons in the House who were abusing or misusing Standing Order 43 were those to the left of Mr. Speaker.

I notice that the minister sitting behind the government House leader is shaking her head. I will not mention her riding or portfolio because I do not want anyone to know to whom I am referring. But it is a fact that the government House leader referred to Conservative members exclusively. At no time did he indicate that his own members have misused and abused the rule. The only conclusion one could draw from his tirade was that members of the Conservative party were the guilty ones; we are with sin and they are without sin.

Mr. Reid: That is right. You have got it.

Mr. Alexander: I knew I would strike a chord. The hon. member for Kenora-Rainy River (Mr. Reid) has said that I am right. When the hon. member for Ottawa West (Mr. Francis) jumped into the fray, the first thing he did was chastise my House leader, for play acting before the cameras. Then the hon. member for Ottawa West looked directly into the camera and started his little speech. One can see how facetious this argument becomes. Then the Acting Minister of Labour (Mr. Ouellet) jumped to his feet and expressed concern about the comments of the hon. member for Ottawa-Carleton (Mrs. Pigott) respecting Standing Order 43. Apparently he picked up a daily newspaper and found that his department was being criticized to no end.

What is the answer? The government House leader indicated that we were negligent. We are not negligent; he is the one who is negligent. He has sat there for as long as he has held this office without making any comment whatever regarding the prerequisites of Standing Order 43. When we started to talk about the Queen it hurt him, touched him or moved him, and he then wanted to give what he thinks is the true message to the Canadian people. That just does not wash.

• (2012)

What could members on that side have done? They could always have agreed to a Standing Order 43 motion if they wanted to get to the nitty-gritty of it in order to present an argument or a rebuttal. Have you noticed, Mr. Speaker, the pattern of behaviour of government members? They always say: "No, no, no". They do not want to know the truth and they do not want a debate. Now they find that by saying "no" they have precluded the possibility of debate, and they are now becoming concerned.

What else could hon. members on that side have done other than agreeing to a motion under Standing Order 43? At any time at 3 p.m. when an hon. member on this or on that side felt there had been an injustice as a result of a statement by another hon. member, he could rise on a point of order. Perhaps he could not debate the issue, but at least he could bring out what he felt was the truth. Do you, Mr. Speaker,

ever hear hon. members to your right standing at three o'clock on a point of order? They invariably allow these things to pass. Why can they not use that usual ploy of giving ministers a planted question, as they so often do?

An hon. Member: Oh, oh!

Mr. Alexander: An hon. member says "oh, oh".

An hon. Member: Withdraw.

Mr. Alexander: Withdraw what? There is always a time for withdrawal, but we know how the system works and surely the hon. member does not want me to withdraw something like that.

Hon. members can clarify a situation or something that has happened by asking the minister concerned a question. Do we find them doing that, sir? When it comes to something regarding the Queen or a matter of contention, we finally hear something. I suggest they are otherwise all asleep, and that is where the negligence lies.

What else could hon. members on that side possibly do to correct the situation? If they were on the ball, and they have not been for at least ten years, they could issue a press release explaining the circumstances and pointing out why the hon. member who proposed the motion under Standing Order 43 was in error, as well as any shortcomings there might be.

Mr. Reid: We are trying to cut down on paperwork.

Mr. Alexander: You are not doing that. All I am suggesting is that it appears to me, for purposes I can comprehend, that hon. members opposite do not want us to speak out too forcefully. The government is trying to muzzle opposition members. Let us be very frank about the situation. There are very few opportunities for opposition members, particularly the backbenchers, as well as backbenchers on the government side, to bring their concerns not only to the House of Commons but to the people in general. Standing Order 43 provides such an opportunity.

I would not suggest there are no members who have abused the practice or misused the Standing Order. However, we should not allow the government House leader to leave the suggestion that we on this side are the only guilty ones; that is, those of us to the left of Mr. Speaker.

This debate today emphasizes one thing. It was stated earlier there was no need for this debate because the House leaders could get together and discuss the matter. I suggest that if anyone should be disciplined for abusing the Standing Order, members on both sides should be disciplined. Hon. members on the government side should not leave the impression that we on this side are the ones who are wrong, the ones who are misusing the rules, or the ones abusing the Standing Order. This is why I register my concern. We have to be very careful in matters like this.

You have a very onerous job, Mr. Speaker, but this Standing Order is very plain. It states that a member may, if he believes his case is one of urgency and of pressing need, explain his case in terms of its urgency and pressing need and then propose a motion. That is his right. If hon. members on the government side feel the point is argumentative and you, Mr. Speaker, so rule, the hon. member does not even get a chance to continue with his motion. Government members must realize that if they want to complain they must come into this House with clean hands.

An hon. Member: That's a dangerous principle for you to espouse.

Mr. Alexander: The hon. member for Kenora-Rainy River (Mr. Reid) laughs. With all respect, I suggest that before they complain they should show over some period of time that they have some concern, that they are worried and feel the matter calls for action. What have hon. members opposite done? They have sat silently until a thunderbolt hit them. At that time the government House leader stood up with all his rhetoric, pleasantness and debating ability to complain about the Standing Order. His arguments were subsequently destroyed not only by my House leader but the House leader of the NDP, and I am attempting to help in that regard.

Standing Order 43 is of significance and meaning to many members of the House and it should not be tampered with lightly. We all have to learn how to respect it and how to bring about its use as was envisaged. Following this debate I hope hon. members will realize that it has served a useful purpose in terms of bringing forward the fact that there is a problem. Hopefully we can arrive at a solution acceptable to all.

I have a feeling that government members would like to make more use of Standing Order 43. I am not quite prepared to accept that idea. Those hon. members can always approach their ministers in caucus; I do not have that opportunity. The hon. member for Kenora-Rainy River waves his hands indicating there is no communication there either—and therefore they want to use the time of the House for this purpose.

Let me conclude with these words given to me by the hon. member for Kingston and the Islands (Miss MacDonald): Let him who is without guilt cast the first stone.

An hon. Member: That's sin.

Mr. Alexander: It is guilt the way she has written it.

• (2022)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would not want to let this opportunity go by without making some remarks on this very hot issue. You will surely acknowledge the fact that I have often moved motions under Standing Order 43. The hon. member sitting there on my left and to your right, the parliamentary secretary, tells me so. He can speak from experience. Mr. Speaker, if I cannot speak from experience, I can at least speak from memory because I have witnessed the evolution of the House as did all my colleagues and I can say with pride and conviction that our democratic

system is one of the most generous in the world because we have come to the point where the majority is allowed to complain against the minority.

That is just about what I have been given to understand this afternoon by listening to the remarks of the hon. member for Ottawa West (Mr. Francis) and also those of the hon. member who is now the Minister of Urban Affairs (Mr. Ouellet). When the debate was resumed, I would have liked him to continue his remarks because he had made such a good start. We made some very accurate statements and I thought that when this debate would be resumed, he was going to continue making this type of observations.

Mr. Speaker, I would now like to refer to certain studies which have been carried out on the role of the private member in parliament. I have here a study which was prepared for hon. members and which is not that old. It dates back to June 1977. In this study the following is said and it is precisely on these points that I would like to draw your attention and the attention of my colleagues, namely the fact that our parliamentary procedure is not just hard and fast but that it can evolve with time according to circumstances and to the needs of this assembly. It is said in that study that historians, legislators and philosophers throughout centuries have sought to determine if the elected representative had first and foremost to be loyal toward his voters, secondly toward his own party, thirdly his country or obey the voice of his own conscience.

Mr. Lapointe: The first point.

Mr. Lambert (Bellechasse): As the member for Charlevoix (Mr. Lapointe) just said it is the first point, that is first to have a conscience. Over that subject we are in agreement. And I can see the hon. member is now retiring, perhaps to proceed with some soul-searching experience of his own.

An hon. Member: He will be back.

Mr. Lambert (Bellechasse): Aristotle had something to say on the subject we are debating tonight, and so did Thomas Jefferson and others who tried to clarify the matter. Edmund Burke was probably the most influential British writer and speaker.

That being said, Mr. Speaker, it seems appropriate, since we are considering a very serious matter, to refer to experienced parliamentarians, who may teach us some useful lessons as members of this chamber. This is what Burke had to say in a speech he delivered in 1774 to the electors of Bristol which, I imagine, is a riding in Britain. He speaks of the members' tendency to represent private interests. He reminds his audience that parliament is not, and I quote:

—a convention of ambassadors representing various opposed interests which they must defend against others, as officers and lawyers; rather, parliament is a deliberative assembly which represents the nation and shares the same interest, that of the people; local interest and prejudices should not take precedence over general welfare and the will of the people. It is true that the man is chosen; but once a member is appointed he ceases to be the representative for Bristol to become a member of parliament.

Yet, Mr. Speaker, as I always understood it members are elected, it is true, by a certain number of electors in a given riding. But once we are here, when we participate in the proceedings of the House we are spokesmen for the whole nation. And as long as these sacred responsibilities of the member are not recognized, whatever his language, his origin or his religion, we shall find it difficult to build a real country where people will live in harmony and have a good life.

Mr. Speaker, in 1867 at the outset of parliament as we know it the rules of the House of Commons of Canada recognized only the right to ask questions in writing. We have made a lot of progress since that time. Members of parliament later agreed to amend the rules so that questions might be put but not only in writing. However at that time rules were very stict. To ask a question to a minister you had to give him a 48 hours' notice and later it was recognized that oral questions might facilitate understanding and be more expeditive. I have been sitting here for many years and I remember that in the beginning the oral question period was reserved for members sitting on your left. It was a practice that opposition members could ask questions to government members on administration, the use of public funds, the policy considered by the government on such or such matter, even on an international matter.

Everybody seemed satisfied but after a certain time members sitting in the back rows, "backbenchers" as we called them—I do not like that word because I think that a member is a representative of the people just as any other whether he sits in the fifth row or the first row. This is my concept of the member of parliament. We should not belittle the members sitting on the fifth, the second or the first row. Everybody cannot sit at the same place. Sir, you are the Speaker in this House. You have assistants but you cannot all sit in the chair at the same time. It is one thing that must be clearly understood.

So, as time went on we have come to amend the standing orders of this House and tonight we are discussing Standing Order 43 which has been amended many times and we have changed the business order. The most recent one is the one we have for the opening of the House, after the members' prayer which I would like the public in our gallery to attend. That will come one day because such wish has been expressed by the House. It is a matter of procedure. Mr. Speaker, you already wrote to me about it and I understand, but the committee on procedure was quite stubborn. It is amazing how long it takes them to reach a decision and spell out a procedure so that the public could follow our first consideration, the prayer to God. In any event, Mr. Speaker, we did unanimously agree that motions under Standing Order 43 should be presented at two o'clock, after the prayer, until 2.15 p.m.

● (2032)

We agreed to this and you once recognized that government members had the same privilege as those who sit on your left to introduce motions under Standing Order 43. I have nothing to say against this. We are all parliamentarians, and I am convinced that government members have the best intentions in the world if they decide to move motions under the provisions of this Standing Order when they consider that it is in the public interest.

Mr. Speaker, like many others I have often wondered why it is that the Speaker rejects a motion and says that there is no agreement when we, at the other end of the House, have not heard the "no" of the member who opposes the motion. You will recall, Mr. Speaker, that I have often raised this point, and I rely on your conscience as the Speaker of this House. I accept your decisions and do not criticize them, but since we have an opportunity this evening to discuss this matter, I want to say that I agree with my colleague for Timiskaming (Mr. Peters), who spoke earlier quite honestly and frankly and said that the one who opposes introduction of the motion should have the courage to rise and identify himself, so that the public will know that someone does not agree. We could perhaps consider this matter further, but I believe that eventually—and the sooner the better—we shall need a specific interpretation on this point so that the Speaker will not be put in a difficult situation. I understand that it is not always easy to preside over the proceedings of this House, and I have always respected the rulings of the Speaker. But since we are discussing this matter tonight, I believe that Mr. Speaker has wanted to show generosity towards parliamentarians and allow them to express themselves on this matter so that we shall agree on a procedure which will be acceptable to all parliamentarians.

Mr. Speaker, I was struck by something that the hon. member for Ottawa West (Mr. Francis) said when he stated that government members do not have the opportunity to reply to motions introduced by members on your left. I am in total disagreement, Mr. Speaker, because when you accept a motion under Standing Order 43, every member in this House has an opportunity to be heard. And I do not feel it is quite acceptable that you appear to grant preference to hon. members on your left only, because when you find that that motion was not opposed when put forward, when debated, every member had an opportunity to be heard.

Mr. Speaker, we have come a long way these last ten years or so. We accepted as a *fait accompli* that government members may put questions to minister during question period. I remember in the beginning this met with tremendous opposition. Indeed we tried by every means at our disposal, and I supported this personally, to prevent parliamentary secretaries from putting questions to their ministers. There should be a darned end somewhere—they are continuously—

An hon. Member: Discrimination!

[Mr. Lambert (Bellechasse).]

Mr. Lambert (Bellechasse): Well, now! That may be the hon. member's view, but I should be given a chance to express my views, and then we shall see. I cannot accept as flowing from common sense that an hon. member, a parliamentary secretary may put questions to his minister in this House, when that same member spent the morning with him. This has all the appearances of a gimmick set up for promotion's sake.

Mr. Speaker, particularly since we have had television in this House it seems like certain members—and I do take the responsibility for what I am saying, as I indeed always do, as General de Gaulle would say—

An hon. Member: Was he a separatist?

Mr. Lambert (Bellechasse): —no, he was the president of his country, but he was not a separatist. I am a member of parliament for my country and I am not a separatist; I am a citizen of my country, a representative of my fellow countrymen in this House, and I want to express myself freely. Mr. Speaker, I would not want people to be left with the impression that there are a lot of people in the House when a minister rises to explain the nature of his bill, and members from the other end of the House move in like bees to sit behind the minister and give people the impression that the House is full of members. At that point, Mr. Speaker, if the cameras were to turn to the other seats in the House the viewers would be in for a surprise. I can uphold my opinions even if members are making a lot of noise. I am used to it.

I would like to say this, that as genuine democrats we should act openly, sit down seriously at a meeting of the Standing Committee on Procedure and Organization and discuss whether Standing Order 43 should somehow be amended so we can use it more effectively to consider issues that arise, as that happened today. But, Mr. Speaker, I am so happy to be able to say to the minister in charge of urban affairs how much I shared the opinion he expressed at five o'clock.

An hon. Member: He is not here.

Mr. Lambert (Bellechasse): It does not matter, I am paying tribute to him, and he will be told about it. He is the one who said that when—

An hon. Member: We do not make errands!

Mr. Lambert (Bellechasse): You do not make errands, and I hope you will not make errors either!

Some hon. Members: Oh, oh!

Mr. Lambert (Bellechasse): You are free to interpret that as you want.

Mr. Speaker, the Minister of Urban Affairs said that when a member of parliament moves a motion for discussion under the provisions of Standing Order 43 then he should have the privilege of asking the same minister a question on the same

subject. I agree, Mr. Speaker, and there is a certain logic in that statement. I am happy to have the opportunity which has been given to me to take the floor now. I presented a motion under the terms of Standing Order 43 to ask the House to urge the Minister of Finance to use his authority over the Bank of Canada for which he answers to the House as minister. I was a little disappointed to see him wash his hands of the matter, saying that if the interest rates were raised, it was the responsibility of the governor of the Bank of Canada.

Mr. Speaker, after that, during question period I had the opportunity and the good luck, thanks to your generosity, Mr. Speaker, to ask a few questions to the Minister of Finance on the subject and he tried to answer as clearly as possible, but he did not succeed in enlightening me much, not more than the other members of parliament. In any event, with our present procedure, we would not expect more from Standing Order 43. Accordingly, Mr. Speaker, I think we should change our procedure in order to do justice to all hon. members and at the same time to make full use of the time of the House so that it may be more profitable.

How time flies, Mr. Speaker! Last week we were studying Bill C-10 relating to family allowances. Because of some difficulties we faced, we were unable to resume the debate on that bill today. But that is part of our parliamentary system. However, if we really want to keep the House running efficiently, we must get toghether and change some of our rules.

Mr. Speaker, the hon. member for Charlevoix is now playing behind the curtains over there. Frankly, I am sure that deep in his heart he would like it better if we could do more in this House. Today the Liberal party sits to your right, Mr. Speaker, but the future belongs to God. Tomorrow perhaps another party will be sitting to your right, but we will still live with the same rules. Government members who are now playing a game in trying to limit our rights as parliamentarians, maybe just for the fun of it, might have to live with what they find so funny today. Let us be careful. Tomorrow is coming fast.

Mr. Speaker, those are the remarks I wanted to make in this debate. My party and I are prepared to cooperate with the House and the Standing Committee on Procedure and Organization in order that everyone may express himself freely, express the will of the people he represents and stand for the interests of his country for it to continue to grow and us to continue to love it, while working very earnestly at the achievement of our everyday duties. Mr. Speaker, I thank you for your patience and I hope that the suggestions I made will be taken under consideration, as I listened to the remarks made by others and to which I am still ready to listen, in order to strengthen our democratic system and make it the best in the world.

Point of Order—Mr. MacEachen

• (2042)

[*English*]

Mr. Speaker: Order, please. There are three members now seeking the floor; they were doing so earlier in the day. While I would not ever want to prevent any member from speaking, perhaps I could indicate to the House, and it may not surprise hon. members, that with all of the great assistance I have had in sorting out the shortcomings of the Standing Order, I scarcely feel the need for any more. I will recognize the hon. member for St. John's East (Mr. McGrath), the hon. member for Churchill (Mr. Smith) and the hon. member for Vaudreuil (Mr. Herbert). I really do not know how long we ought to carry on with this; it is a matter that has been pretty thoroughly canvassed, but I now recognize those members who have been seeking the floor for quite some time. Even with that, I ask them to be brief.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I shall be brief, but I point out that you do not make it any easier. This is a very important debate and I believe that the House is quite rightly seized with it at this time at some length. I think it has been a very useful debate.

At the outset I want to make it clear that I share the view put forward by my House leader and the government House leader that we should crack down on the abuse of Standing Order 43. I know it is difficult for Your Honour because you have to be fair to everybody, but innuendo and unfair or unfounded allegations have no business in the preamble to a motion under Standing Order 43. The motion should be able to stand on its own. Indeed, we should perhaps all follow the example of the hon. member for Winnipeg North Centre (Mr. Knowles) in that regard.

I say that because of the importance that I and all members of the House attach to this provision of our Standing Orders. It has assumed a new importance because of the very few opportunities left to private members to put forward grievances. That is very important. The hon. member for Winnipeg North Centre referred to the previous practice of the House. Prior to the change in the Standing Orders, provision was made in the rules of the House to put a motion that Mr. Speaker do now leave the chair for the House to go into committee of the whole on supply. That was a traditional opportunity for members to put forward grievances. It was used to that effect to great advantage. We no longer have supply in the House. Consequently that vehicle for putting forward grievances is no longer open to us. All we have now are Standing Order 43 and the adjournment motion for hon. members to put forward grievances.

With regard to the argument put forward by the government House leader, there is no other way, apart from the grievance aspect of Standing Order 43, for a private member to put forward a motion under our Standing Orders with the proper 48 hours' notice. Without Standing Order 43, a private member of the House would have no way of having a motion placed before the House.

Perhaps it might be worth while to take a look at little ways of improving our procedure without having to refer the whole matter back to the Standing Committee on Procedure and Organization. For the life of me I do not understand why we cannot have the adjournment motion between six and seven o'clock, as it was for a short time. It would give us extra time. It would allow for more publicity on the grievance put forward. After all, the adjournment motion is a grievance procedure. It would take into account the fact that we impose an inconvenience on the staff and the table of the House by extending our sitting from ten to 10.30. We would eliminate that extra half hour by having the adjournment motion at six o'clock. Instead of a half hour debate, we should think in terms of making the adjournment motion a one hour debate. If we did that and tightened up the definition of what is within the rules under Standing Order 43, Your Honour's job might be a great deal easier.

Earlier in the debate Your Honour identified the problem that under the Standing Orders you had to call for private members' business, thereby emphasizing the fact that you really had no discretion under the Standing Orders, especially Standing Order 15, with respect to the debate on motions under Standing Order 43. I would draw Your Honour's attention to Standing Order 15(4) which seems to pre-empt any restrictions that would be placed on the Chair by Standing Order 45(2) regarding debates under Standing Order 43. Standing Order 15(4) reads as follows:

> Except as otherwise provided in these Standing Orders, the order of business for the consideration of the House, day by day, after the daily routine shall be as follows:

It then goes on to announce that. That part of Standing Order 15(4) which states "Except as otherwise provided in these Standing Orders" makes provision, I would argue, for a debate to follow under Standing Order 43. It provides for Standing Order 43 to pre-empt the other rules of the House with regard to daily routine proceedings.

Unless we interpret Standing Order 15(4) in that way, there is no possible way that the House can proceed with a debate under Standing Order 43 in the case where a motion is acceptable, receives unanimous consent and a debate ensues. It seems it is not intended by the rules for the debate to become a government order, which is now the case. The debate becomes a government order because under the interpretation Your Honour has placed on the Standing Orders, you must interrupt the debate at three o'clock to get on with the proceedings as set out in Standing Order 15. I lay that before Your Honour for consideration.

In conclusion, I repeat the importance to the House and the private members of the House of Standing Order 43 as a grievance procedure. I point out that we have very few grievance procedures left in this House since the right to withhold supply was taken out of the House under these same Standing Orders.

Mr. Hal Herbert (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I have just a few comments to make on this very interesting debate which I feel has gone on too long. I will try not to contribute any more than necessary to its length. However, there are one or two remarks to which I feel there should be some response.

Both the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Hamilton West (Mr. Alexander) made the point that we can say yes to a motion and then debate it. Unless I misunderstand your attitude, Mr. Speaker, I believe that in the event the House agrees unanimously to the presentation of the motion, if he or she stood up you would recognize the proposer of that motion. We have already been through the exercise where a person can then continue speaking until 2.15, at which time the debate is terminated by the commencement of the question period. Your Honour might clarify that point.

I do not think there is any way that we can be assured there can be a response to a motion, which is debated between that period some time after two o'clock and 2.15, by the government party, if it is an opposition motion, or a motion from someone of this side which the government may not particularly like.

Your Honour has said on many occasions that one cannot propose a motion which includes the words "without debate" and have it stick. Because the motion is then debatable, there is no way that, between ourselves, we can come to any agreement, even if there is discussion between the House leaders. We have several independent members in this House and perhaps members of both the government and opposition parties who may consider themselves independent in the sense of not agreeing that there will be no debate.

● (2052)

The problem, then, is one of response to a motion which is not approved unanimously, and one of response if the motion is accepted for debate and, as a result, one person decides to continue talking until 2.15 p.m. so that there is no time to hear a responder to the mover of the motion; or, as happened last week, one of the ministers rises and speaks on a motion proposed to the House.

The hon. member of Bellechasse (Mr. Lambert) mentioned that all members have the opportunity to express themselves. That is the problem. There is no mechanism under this Standing Order by which members can express themselves on a motion. One point arises in connection with a remark of the hon. member for Timiskaming (Mr. Peters) who discussed the problem of the negative voice not being identified—the anonymity of the person who says no. He made the remark that this is done by someone seated and who therefore should not be heard. Since the response of yeas and nays is given by hon. members from their seats, I hardly think it is a valid point but Your Honour might like to comment. If it is necessary for a person to identify himself I, for one, would be quite happy to do so. In the twenty-ninth parliament we had a well-known "Mr. No" in the House and there was no way that any motion under Standing Order 43 could be debated in those days.

Personally I consider the exercise a waste of time, but since it goes on I have used it and have been recognized by Your

Honour. On occasion the motion was even accepted by the House. It does not make the procedure any better though.

One of the problems, is the question of the preamble. So often the preamble contains a lot of material which is objectionable in itself and puts us in the position, in effect, of saying no to the preamble rather than to the motion itself. Sometimes there is not much relationship between the preamble and the motion. This sometimes puts Your Honour in the difficult position of having to rule on whether the motion would be in order. This may more often be the case in the future than it has been up to this time. In my opinion Your Honour has up to this time tended to accept almost all motions. You did not like one of mine a week or so ago, but nevertheless I think there is a tendency to accept motions on the basis that it is up to the House to decide if they may be put.

If we are to be very rigid about these things in future, we are obviously going to engage in lengthy discussion as to the acceptability of a motion and Your Honour will be called upon to make some difficult decisions. I prefer the practice we have been following whereby the House is called upon to make that decision to an extent. For example, quoting from your response to one of my motions, Your Honour said that there was some question as to whether the motion was a matter of urgent and pressing necessity. I am not disputing that opinion; all I am saying is that it is an opinion and therefore we could get into frequent argument as to whether a matter is of urgent and pressing necessity or not.

I raise this point because it is not very often that members, when presenting a 43, do discuss first of all just whether it is urgent or whether it is pressing. I took the trouble on the day I mentioned to give some of my reasons, but I suggest, Mr. Speaker, that I could have gone on at considerable length explaining why the matter was urgent and pressing and trying to convince you that the motion should be regarded as acceptable. I make this point because I do not believe that any of us would wish to put Your Honour in the position of having to make daily decisions, first of all on the basis of whether a matter is urgent and pressing and whether the motion is acceptable. In other words, we could conceivably be facing procedural debates on every 43 brought forward. I am of the opinion that it is probably easier to say no to every 43 automatically and get rid of the problem that way.

It is true, and I admit to it readily, that we are using Standing Order 43 to make a point. I went fishing a week or so ago and I caught a big fish, because the very next day the hon. member for Kingston and The Islands responded, but rather strangely. Her criticism appeared in the preamble to the motion rather than in the motion itself. I found it quite effective in that even though a motion had been proposed—certainly not put because it was allowed to stand for this particular discussion—there was a response, a response, quite frankly, that I was looking for and it came. Even the Leader of the Opposition (Mr. Clark) later that day—at three o'clock—spoke of the motion as being a statement of devastating consequences.

This brings me to another point, which is that Standing Order 43 does not refer to importance. If we want to take this to an absurd degree, there are many matters in our own individual ridings which are of urgent and pressing necessity on a daily basis but are certainly not particularly important and may not be matters properly for discussion in this House. I think we should consider carefully whether we want to bring all these small details into the House for discussion.

There is only one more comment I wish to make here and that concerns the remarks of the hon. member for St. John's East (Mr. McGrath). He talked about cracking down on the abuse. He said that a motion should be able to stand on its own. We can readily achieve that end by cutting out the preamble completely. Possibly we could reach a ready agreement among ourselves that motions from now on should be presented "neat", that is to say, with no preamble to discuss urgent and pressing necessity, no preamble to set up the motion. The motion should stand on its own and be one which is acceptable to the Chair. That would get rid of the lengthy preamble which, in the minds of many, is the most objectionable feature of motions under Standing Order 43 at the present time.

The hon. member also said that Standing Order 43 could pre-empt the other rules of the House—he was quoting Standing Order 15(4). Whatever your ruling on this, sir, if you agreed with the hon. member for St. John's East it could be of serious consequence.

Of course, one way of getting out of the difficulty automatically would be to make sure that every 43 received a "No". From my own point of view, I believe the problem has arisen not so much because of the multitude of motions, sometimes interesting, sometimes humorous, sometimes inconsequential, as from the attempt more recently to put into such motions matters of serious consequence to the country, to the government and even to the opposition from its point of view. This got everyone excited about the consequences of leaving unanswered a question of grave national concern.

I do not know how we can get around this difficulty. Frankly, at the present time, since nothing has been suggested and we are having a glorified and rather lengthy debate, it seems to me that, whatever Your Honour may have to say in the future between approximately 2.05 and 2.15, some of us will continue to rise and propose motions under Standing Order 43.

Mr. Cecil Smith (Churchill): Mr. Speaker, I shall attempt to be brief. As a backbencher, Standing Order 43 is the vehicle I try to use when I have to put forward matters of urgent and pressing necessity. I try to keep my motions as clear, precise and to the point as possible.

• (2102)

I come from an area where people do not receive daily newspapers. Crisis situations are brought on by government departments and Crown corporations, and I can cite a couple of them. The Canadian Broadcasting Corporation was being

phased out in Churchill. The people of that community did not know that CHFC was to be phased out. I was the first to hear about it here in Ottawa. I telephoned the mayor of Churchill and a general meeting was held there. Everyone was up in arms. It was a matter of urgent and pressing necessity to that community. Standing Order 43 was the only vehicle I had at my disposal on the day I received feedback from the mayor of Churchill. Through the Standing Order I was able to bring the matter to the attention of the government.

When hon. members on the government side say "no" to motions under this rule, sometimes neither the minister involved nor his parliamentary secretary becomes aware of what is going on in certain remote areas. People in those areas cannot pick up the *Sun*, the *Globe and Mail* or the *Gazette*, and I think many motions under this rule are the result of newspaper stories.

My constituency does not have the benefit of daily newspapers, and I feel that the motions which I propose here are always on matters of emergency because the people in my constituency do not really know what this government is doing or what is happening. That is why things become matters of urgent and pressing necessity. It is very frustrating to put forward a reasonable preamble followed by a motion and then to hear "no", because I do not have a chance to explain just what the problem is.

Quite some time ago Your Honour did recognize in question period hon. members who earlier had proposed motions under Standing Order 43. That way hon. members could follow up their motions under the rule by asking the government questions. Answers were received. If an hon. member did not get an answer, he could resort to the late show. That was a good system because in one day or within a week a member could follow through and perhaps get an answer. A matter which involves the phasing out of an important service in a small community is something that is urgent and pressing, and a vehicle is needed so that a member can convey the message to the minister involved, who is not always aware of the situation. Taking any of that vehicle away is really taking away a private member's input in this House.

I would like to leave that with Your Honour because I do not feel I abuse the rule. Perhaps there are times when it is abused, but Standing Order 43 is the one vehicle I have. My constituency does not have a newspaper so that I can generate from it motions under Standing Order 43, but I feel that the motions I have proposed have been genuine.

Mr. Speaker: I indicated that I would like to close this discussion with the hon. members who have just spoken. However, the hon. member for Ottawa-Carleton (Mrs. Pigott) was referred to in an earlier contribution in the debate, and I think it only fair that one member who has been singled out by another ought at least to have some time to make a contribution or a counter-balancing contribution.

The hon. member for Kenora-Rainy River (Mr. Reid) has been present during the debate and I believe he was trying to get the floor before five o'clock. I hope both hon. members will be brief so that we can close the discussion.

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I am sorry I was not in the House when a minister criticized my use of motions under Standing Order 43. I feel very sad because I had hoped the minister would understand the grave problems, I as a member of parliament face when questioning a minister who does not even bring his estimates to committee. Sometimes, I find this minister very hard to question. Where there is smoke there is sometimes fire, and one has to be very careful about that. Sometimes I think the minister protests too much. The minister to whom I refer has three jobs, and he has many responsibilities. As a member of parliament, I have to use every tool at my disposal.

Mr. Blais: On a point of order, Mr. Speaker—

An hon. Member: We are on a point of order.

Mrs. Pigott: Members of parliament have to use motions under Standing Order 43. They have to use questions, debate and the late show. Hon. members have to do everything they can to get this minister to listen to them. There are serious problems in this ministers' departments. He is responsible for the Central Mortgage and Housing Corporation. There are demonstration projects about which I have questions I want answered. There are questions regarding NCC tendering practices. There are questions regarding York Place. One charge has been laid, but I hope there will be many more. There are hundreds of questions regarding Les Terrasses, and I have to use all the tools at my disposal to question this minister.

Standing Order 43, is a very important tool to backbench members. I appreciate this opportunity to say, that I am glad I have this tool with which to bring matters to the attention of a minister.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I must say that I am one of those who is a Standing Order 43 enthusiast. I always enjoy the wit and care with which motions under this rule are prepared. I am fascinated by the way the parties opposite co-ordinate their strategies so as to use Standing Order 43, as well as the question period to their maximum effect. However, if anybody was to look in all honesty at the Standing Orders, and compare what they see with what we see regarding Standing Order 43, he would clearly be driven up the wall if he was trying to find out what was urgent and pressing in Canada. The first thing we have to do in looking at this, is to say that the way in which the rule is being used may be appropriate, but it is certainly not the way the rule was written.

The second point I should make is that, like the hon. member for Winnipeg North Centre (Mr. Knowles), I am also guilty of having tried to rearrange the rules of the House of Commons in order to do something about Standing Order 43. I was a party to the move to take it from the end of the question period and to put it before the question period. We

did exert some control over the abuses which existed at that point.

Having listened to the members on both sides of the House who have spoken, I think it is quite clear that there is concern about the abuses which have crept into the use of Standing Order 43. Everyone has agreed, in that regard, and I think we have heard some imaginative solutions to the problem. I really did not worry about Standing Order 43 until I listened to a speech given by the hon. member for Kingston and the Islands (Miss MacDonald). That speech is recorded at page 521 of *Hansard* for October 26, and in it the hon. member made an interesting comment, which I would like to quote before commenting further, as follows:

> Just the other day a Liberal spokesman, the parliamentary secretary for urban affairs, came up with a very unique solution. His solution—and I have heard no minister repudiate what he had to say—was to discontinue all transfer payments to the provinces for social programs, whether for health, welfare or housing, social policy equalization. He would discontinue the whole lot.

What is important about that is not the criticism of the motion moved by the hon. member for Vaudreuil (Mr. Herbert). That is perfectly legitimate and understandable. What is important—"and I have heard no minister repudiate what he has had to say"—is that there is no chance to repudiate anything proposed under Standing Order 43.

The essence of this place, according to the right hon. member for Prince Albert (Mr. Diefenbaker), is debate, but there is no debate under Standing Order 43. The problem which faces all of us and which has been discussed by many hon. members is that under this particular procedure there is no opportunity for a fair exchange of views. If we are talking about something which is urgent and pressing and which demands debate but there is no provision for such debate under our rules, there is no discussion. So the rule has become bad. Its utilization has become indifferent. We have something which at one point had importance in our rule book, but which has now become the focus for matters of trivia about which we seem to hear much from hon. members opposite in this House.

● (2112)

Now, Mr. Speaker, I mentioned before that I thought some imaginative solutions had been developed by members on the other side. I think the House leader on the opposition side, the hon. member for Grenville-Carleton (Mr. Baker), made an interesting comment, and it is one with which I personally find a great deal of favour. Basically he said we should look at it from the point of view of the two criteria developed in Standing Order 43. They are that members must rise and explain the reason their motion is of urgent and pressing necessity, how the world will stop if the House of Commons does not stop its other proceedings to debate the motion and decide on it. Then Your Honour would base your decision on whether or not the circumstances outlined by the hon. member were sufficiently grave to allow the motion to be put. If Your Honour made that decision, then the motion could be put and we could dispose of it in the way which has become a tradition in the House of Commons.

It seems to me that the point is well taken because if we look at the operation of Standing Order 26, which has a relationship with Standing Order 43, we see that for example, the same terminology is used. The only difference is that in the case of Standing Order 43 one proceeds immediately with consent while under Standing Order 26 Your Honour decides whether or not the criteria have been met. On that basis, it seems to me that there is no reason why Your Honour could not permit in this case a mini debate to take place on the question of urgency before allowing a motion to be put.

I think that is the essence of the frustration which exists on this side of the House and, I think, among other members who are interested in a number of the subjects brought up from time to time under Standing Order 43. It is patently obvious the way in which this rule, as it has been interpreted in the last few years, discriminates against the very essence of the House of Commons, which is the clash of opposite views and the element of truth as a result of debate. The way we have operated under Standing Order 43 certainly goes against that very principle.

I think that Standing Order 43 at one time played a legitimate function in our rule book. I am sure there were times when the escape hatch of the rule, which said we could deal with a matter of urgent consideration without the necessity of a 48-hour waiting period—which is the normal way we approach things in the House—was used, and it would be a useful rule; but it does strike me that the problem we have to face now with Standing Order 43 is that it does not do what it is supposed to do. It has degenerated as a rule and it makes us a laughing stock in terms of what we do with the rule and what is written in our rule book.

The other point I wanted to make—which was a point made by the hon. member for Ottawa West (Mr. Francis) earlier this day—is this: The reason we are raising this problem is the impact that television is having on our proceedings. Television cameras pick up a member standing up and proposing a motion under Standing Order 43. Nothing is done and people say: "Why wasn't there a debate? Why wasn't there a decision made?"

It seems to me that this is only the beginning of the kinds of questions we must ask ourselves in terms of the way our rules make our chamber look to the audience outside. Until now people who came to watch the House of Commons were itinerant strangers, by and large. Very few people come here for major recreation; very few people follow our rules in debates of this nature. But the fact is that we have opened the doors, some fresh air is blowing in these stale corridors and we have to blow the cobwebs out of our rule book. An examination of Standing Order 43 can be one of the more important steps.

The last point with which I want to deal is the question of private members. I am a professional private member in the House of Commons, much more so than many of those members who have risen to speak on behalf of private members. Because I have been a private member longer than they

have, and being a private member on this side is a lot more difficult than being one on the other side. The points I want to make have to deal with that factor.

The first factor is that I have noticed in the last five or six years—but particularly since television has come to the House—the desire, the greed even, of the parties to organize the time to their best advantage. On the basis of that, those of us in all parties who sit on the back benches have lost the rights, the privileges and the time that we used to have in the House. It used to be at one time that during the question period the parties would take up a little bit of the time, perhaps the first 15 or 20 minutes, but I notice that the time the parties are trying to grab now is slowly extending. I am certain that parties have a legitimate function to play in our political system, but it seems to me that we have to look at isolating some of the time that is available to members of parliament in the question period and in the debates of the House for private members on both sides of the House. I find it very difficult to accept the pious remarks on behalf of the private member which are made by certain frontbenchers on the side who have been the plotters and the schemers and who have been largely successful in removing that power away from the private members.

The second point I want to make about the private member is that, while we have more opportunity in the House of Commons to raise grievances and concerns for our constituencies, in theory and in point of fact the parties have again taken over. For example, I look at the utilization of time by the parties in terms of the supply day motions. We used to be able to get some time for grievances when the supply motion was debated on the floor of the House of Commons—not much but some time. Now we get almost none. Maybe members on the other side should present some general motions and just allow the backbenchers some free form operations once in a while to make certain we have a more ample opportunity to express the concerns of our constituents.

My last point concerning the private member has to do with the question period. I mentioned that Standing Order 43 to a large extent has become and adjunct of the question period. It seems to me that those of us who sit on the back benches on this side will want to have more of the fair share of the time that is available to backbenchers in general. I know that since you have been in the chair, sir, more backbenchers on this side have been recognized on motions under Standing Order 43 and on questions. We think that is an appropriate way to go about it. But we think also that government backbenchers—irrespective of which party forms the government—should have a more legitimate right to the question period. My information is that in Great Britain questions are alternated between the opposition and the government, and the same applies in the parliament of Australia, and nobody has been able to convince me that democracy there is in worse shape than it is in Canada. It seems to me that the government belongs to everybody and we want our fair crack at it too.

Mr. Speaker: I indicated on two earlier occasions this evening, I think, that the discussion should end here. I did want to extend recognition this evening to members who, throughout this debate, have been trying to get the floor. But now I think we have had ample discussion on this subject. Let me say that I want to thank those who contributed this evening for being very much to the point, very concise and very brief, in addition to being very helpful. Of course, the Chair never knows when it is going to get the best help and from what source. I have had contributions made tonight which have indicated on one hand, for example, that we should co-operate in minimizing the misuse of Standing Order 43 in order to strengthen respect for the rule, and on the other hand I have had suggestions and attitudes which have expressed points of view different from what I might have expected in respect of the use of this rule.

It is a very useful rule, one that we use very frequently and one that is an important part of our procedures. However, two or three times this evening I have heard re-emphasized the importance of a grievance procedure of some sort. The absence of that direct confrontation in a grievance procedure has been considered, I think, throughout the long debate this afternoon in the consideration of this rule which I think is so important.

The almost total absence of that grievance procedure is one of the difficulties we face in attempting to use this rule to do something which it was not intended to do but for which nevertheless there is no other convenient vehicle. Therefore, the suggestion that we should respect the rule a little more and perhaps tighten its application, but maintain very carefully the right of members of the House to take advantage of it on a consistent basis, is an observation that is certainly not lost on the Chair.

I wanted to attempt something that all hon. members agree was overdue, and that was, first of all, a very full and complete discussion on this important Standing Order. The second thing that is overdue is, after the discussion, a review by the Chair to pull together some of the salient points that have been made in the discussion of this rule. I will attempt to set them out with the greatest clarity possible.

• (2122)

I do not know if I can achieve it, but within a few days I should be able to respond to this very excellent and thorough discussion by attempting to bring forward a catalogue of the considerations we should have in mind in the use of this rule. We will see what ones we can usefully improve just simply for our own handling of the rule, and what ones might have to be improved in some other way. It is an undertaking which I am glad to embark upon. I only hope that it will finish with some quality. We all need to understand this rule a little better and perhaps apply it a little more with the intention for which it was originally framed. I will attempt to do that. In the meantime, this brings us in our proceedings to orders of the day.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed from Friday, November 3, consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: Clause 1 is under consideration.

On clause 1—

Mr. McGrath: Mr. Chairman, before I defer to my colleague, the hon. member for York-Simcoe, I should like to direct a question to the minister regarding the letter of the Chief Commissioner of the Human Rights Commission. The Minister of Finance has had this letter since last Thursday. Has it been referred to the law officers of the Crown? Have the law officers of the Crown satisfied themselves that the provisions of the bill now before the House do not infringe upon or violate the spirit or the letter of the Canadian Human Rights Act?

Miss Bégin: I have the pleasure to assure the House that I have received from the Minister of Justice the assurance that this bill does not infringe upon the Canadian Human Rights Act. Of course, it has been tested as per tradition. It has been certified that it does not contravene the Bill of Rights.

Mr. McGrath: I will defer to my colleague in a moment. The minister has referred to the opinion of her colleague, the Minister of Finance.

Miss Bégin: No. I referred to the Minister of Justice.

Mr. McGrath: Before we pass clause 1 of this bill, can the minister table before the committee the reply which will go out to the Chief Commissioner of the Human Rights Commission from the Minister of Finance or the Minister of Justice? Perhaps that will satisfy the committee.

Miss Bégin: It is not the practice to table such correspondence. The question can easily be asked of the minister tomorrow during question period.

Miss MacDonald: This is the time.

Miss Bégin: The Minister of Justice is not in the House at this time. If the hon. member wants to question him, he will have to wait until two o'clock tomorrow afternoon. I have received from the Minister of Justice the assurance which I gave the committee a few moments ago.

Miss MacDonald: The letter referred to by the hon. member for St. John's East was written to the Minister of Finance. The Minister of National Health and Welfare is channelling this bill through the House for the Minister of Finance. Since the letter from the Human Rights Commissoner has been read into the record and made available to all parties, it is perfectly proper to ask if a response by the Minister of Finance to that letter has been forwarded. If so, will the Minister of National Health and Welfare make it available to us? It concerns very much a point of contention in this debate.

[*Translation*]

Miss Bégin: Mr. Chairman, I would like to repeat my statement since I do not think it was understood. If in his capacity the Minister of Justice (Mr. Lang) answers Mr. Fairweather, the Chief Commissioner of the Human Rights Commission, the onus will be on him to decide whether or not he wants to table this document. After the press gallery and the opposition parties received a copy of it, the movers of this bill, the Minister of Finance (Mr. Chrétien) and myself received late Thursday afternoon a letter from Mr. Fairweather indicating as I said very ambiguously, that there was possible discrimination. This was proved by the fact that the opposition parties interpreted very differently the paragraph in which Mr. Fairweather expressed his concern. I am neither Minister of Justice nor Minister of Finance. It is our responsibility—and I am speaking on behalf of us both tonight—to state that we are statisfied and my colleague the Minister of Justice agrees with me on this point that the studying of Bill C-10 does not violate in any way the Human Rights Act.

[*English*]

Mr. Stevens: Mr. Chairman, approximately three days ago I spoke privately to the Parliamentary Secretary to the Minister of Finance. I asked him to be prepared at some future time to give us a much more detailed breakdown concerning the expenditure savings and tax cut ramifications involved in this bill. I should like to ask the parliamentary secretary if he can supply some of that information now.

At the time I referred to this, I made reference to the initial speech of the Minister of Finance on October 31, as reported at page 653 of *Hansard*. At that time the minister said that this was a tax cut amounting to some $810 million a year. Basically he was referring to the $200 per child tax credit. Will the parliamentary secretary give us the details as to how many people are involved in that tax cut? What year is he referring to specifically?

Mr. Martin: Mr. Chairman, perhaps the simplest way around this would be to table the schedule which I think will be of some assistance to the hon. member for York-Simcoe. With the leave of the House I am prepared to do that.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, nothing can be tabled while we are in committee. Perhaps the parliamentary secretary can ask the committee to put it on the record as part of *Hansard*. Tabling is of no use to most of us; it just goes to the table.

Mr. Martin: If that is agreeable, I would be happy to do it in that way.

The Chairman: Does the committee agree to authorize the parliamentary secretary to present the schedule to the committee for inclusion in today's *Hansard*?

Some hon. Members: Agreed.

[*Editor's Note: For table above referred to, see Appendix "A".*]

● (2132)

Mr. Stevens: Mr. Chairman, I take it this is acceptable to the committee. Could the parliamentary secretary give us some photostat copies of what presumably will be appearing in *Hansard*?

Mr. Martin: I would be pleased to do that if I can arrange it through the services of the House at this time.

Mr. Stevens: While the services of the House are being arranged for, perhaps I could ask the parliamentary secretary a few questions on those statistics which I have not seen as yet. Could he tell us the specific year to which the $810 million refers in so-called tax cuts? What year is involved?

Mr. Martin: That relates to the year 1979-80.

Mr. Stevens: That is the fiscal year 1980. Could the parliamentary secretary give us similar figures for the ensuing four fiscal years, indicating what the government anticipates will be the tax cut or saving for each of those years?

Mr. Martin: Mr. Chairman, we do not have those figures available at this time. This would depend on many factors including the rate of inflation and various other things. I do not have those figures available.

Mr. Stevens: Mr. Chairman, I think prior to the passage of this legislation it would be important that the government supply us with its forecasts or projections as to what those tax cuts will amount to not only in the fiscal year 1980 but in the ensuing four years. The Minister of Finance said that the financing of this tax cut would take various forms, and the largest item of the savings in federal expenditures amounting to approximately $690 million a year had reference to the reduction in the family allowance from $25 and some cents to $20. Will the parliamentary secretary confirm that the statistics we will be receiving in due course give a more precise breakout as to how the $690 million expenditure reduction is arrived at and, secondly, what year this refers to?

Mr. Martin: Mr. Chairman, we are talking about the same fiscal year, 1979-80. Of course, the amount payable in January will be $20 plus the indexed amount. I believe that will work out to $28.80. The hon. member for York-Simcoe made reference to $20. It will actually be $28.80, but it will be less, of course, than what the amount would otherwise be, indexed on the basis of $26.

Mr. Stevens: I am not sure I understood the parliamentary secretary correctly. The clause that specifically refers to this in the bill before us is clause 10, which states that notwithstanding subsection (1), the amount of family allowance to be paid for a month in 1979 will be $20. The parliamentary secretary says it will be $28.

An hon. Member: With indexing it would have been that. The saving is the difference between $28.80 and $20.

Mr. Martin: Mr. Chairman, I would like a couple of minutes to go into this a little further. The figure will actually be indexed on the basis of $20. The $28.80 is what it would have been, indexed on the previous amount. With the reduction it is brought down to $20. I would like to check this out further and get back to the hon. member, if I may, a little later in the debate.

Mr. Stevens: Let me remind the parliamentary secretary that we are dealing with hundreds of millions of dollars. I should have expected that with three officials sitting before him the answers to these elementary questions would be pretty readily forthcoming.

Perhaps I could put this question to the hon. member. It is certainly my understanding that, notwithstanding the possible indexing to a level of $28.80, the effect of clause 10 would be to reduce the 1979 monthly payment to $20, which the Minister of Finance states will result in a saving of $690 million. That presumably begins in calendar year 1979, which will mean it will be felt in fiscal year 1980. What will be the effect in fiscal year 1981?

Mr. Martin: As I indicated earlier, Mr. Chairman, we do not have the figures beyond 1980. It has not been past practice to make public the figures beyond one year's calculation, and we do not have them in respect of this bill.

Mr. Stevens: Let me put this to the parliamentary secretary. Is it not a fact that the effect of this bill is to reduce from $28.80 to $20 per month the family allowance during 1979? If you read the Family Allowances Act, unless a subsequent bill is passed the old indexed family allowance level will be revived in every ensuing year; is that right?

Mr. Martin: I would just like to clarify a point made earlier. The payments will be $20 as of January, 1979. They will then be indexed in subsequent years in the normal way on a base of $20 per month.

Mr. Stevens: Mr. Chairman, I would ask that the Minister of National Health and Welfare and the parliamentary secretary double-check that, because on reading the act it does not appear to be clear that indexing will take place in respect of only the $20 allowance. The amendment proposed in clause 10 is that, notwithstanding subsection (1), to which I referred, the amount of the family allowance to be paid per month in 1979 will be $20. If you read the section being amended it seems very clear that indexing is on the base as set out in 1974 and that it will continue in that way.

Mr. Martin: Mr. Chairman, the understanding is quite clear that the payment will be $20 for 1979 and indexing will take place in the normal way. In 1980 the payments will be higher,

based on the indexing which will be carried out just as in the past. In other words, what this means is a new base starting in 1979.

Mr. Stevens: Mr. Chairman, I would appreciate it if the parliamentary secretary would check that once again with his officials to make sure that is the effect of this amendment. Because as we read it, that does not appear to be the case. Let me draw the parliamentary secretary's attention to the actual wording of the Family Allowances Act. Section 13(1) sets out very clearly that family allowance from 1974 on will be indexed. I presume that section will still be in place, that all we are doing by the existing bill is making a special allowance for 1979, and that, notwithstanding section 13(1), in 1979 the actual family allowance will only be $20 per month.

Mr. Martin: Mr. Chairman, that is the section of the Family Allowances Act being amended by this bill and we will just have to take a look at it with our officials. The hon. member for York-Simcoe is partially right. The payment will be $20 per month for 1979, but I am not sure that he is correct in his assertion that this in any way precludes the indexing program which will carry on into 1980 and beyond.

• (2142)

Mr. Stevens: Mr. Chairman, judging from the parliamentary secretary's response, I do not think that he comprehends the full thrust of what I am saying. The Family Allowances Act as amended, if this bill is passed, provides for a $28.80 payment per person, but only for the one year unless the parliamentary secretary can show me otherwise. That amendment is simply to the effect that during 1979 the rate shall be reduced to $20. My question is twofold. Can either the minister or the parliamentary secretary show me anything in this bill that amends the Family Allowances Act further than that; and, secondly, if that is the effect of the amendment—the $690 million saving referred to by the Minister of Finance—then it provides for a saving only during 1979, because immediately the old system will be put in place after 1979 and there will be a higher cost to the treasury in the ensuing years.

Mr. Martin: I have consulted with the officials and I find that section 13(1), subsection (1) of the Family Allowances Act of 1973 does indeed provide for this indexation. I see the point being made by the hon. member. He mentions section 13(1)(1) as the section being repealed, and I think we are referring here to section 13(1.1). Certainly the suggestion that the member is putting forward is indeed incorrect. If there is language which must be reviewed here we can do that, but it is clearly the intent of this amendment to change the base for only 1979; then the indexation will carry on in the normal way subsequent to that.

Mr. Stevens: Mr. Chairman, if the parliamentary secretary would check that out, perhaps tomorrow we could deal more fully with the true impact of clause 10 of the amending bill before us. I would point out to the parliamentary secretary, if he has not looked at section 13(1.1), that section that he is repealing is simply an earlier section which provided for 1976 that the ongoing family allowance rate would be $22.08, and that confirms what I am saying. For 1976, notwithstanding the indexing that was in place, the amendment of that year stated that the rate would be $22.08. In this bill the government is proposing that, notwithstanding the over-all effect of the section, the rate will actually be $20. My point is that, just as the old indexing took over in 1976, the same will occur in 1980 if there is no further amendment.

Mr. Martin: If I understand the hon. member, what he is saying is that he is not satisfied that the amendments as they are presently written will provide for the indexation to start once again. The intention is very clear that the indexation will start once again, and it is merely a matter of clearing up with the officials whether the wording of the amendment is indeed accomplishing that.

Mr. Stevens: Perhaps we can come back to this tomorrow when there will be a further explanation concerning the true impact of both the anticipated tax cut and the expenditure savings which the government is representing will help finance what it is proposing.

I would like to direct a question to the Minister of National Health and Welfare. In the brochure put out with regard to the refundable child tax credit, various statements are made, including the statement on page 2 that the combined effect of these three changes—referring to the family allowance reduction, reducing the higher exemption in the personal income tax for dependent children aged 16 to 17 and the elimination of the $50 per child reduction—will affect 1.9 million families with the greatest need and provide a small decrease for 1.7 million families with incomes above the national average. Those two figures add up to 3.6 million families. Could the minister explain why, when we check the income tax returns for the calendar year 1976, there are only 1.7 million taxpayers who reported, either on a non-taxable basis or on a taxable basis, any family allowances? Would the minister give us the basis for her statement that 3.6 million families will benefit?

Miss Bégin: Mr. Chairman, the hon. member has not given the title of that document or the name of the company that printed it. As far as I can see from the cover, he is referring to a publication by the National Council on Welfare. This organization is an advisory body to me and prints its own opinions based on its own understanding of the various matters in the field of social policy. I do not know the basis for their calculations, and I would point out that it is an independent organization.

Mr. Stevens: Mr. Chairman, I would ask the minister if she disagrees with the document. Presumably she has had an opportunity to review it, so may I take it that what is stated in this brochure is correct, as far as the minister is concerned?

Miss Bégin: I do not have a copy of the document with me. I read it with great interest, and I was particularly pleased that such a body—with half its membership composed of people

with low incomes and the other half of people who are professionals, working in the field to ease poverty—approved the new tax credit.

I did notice a few small errors, but I have not checked the figures. I do not recall the errors I noticed, but they were not important to the people working on the bill. For instance, I do not think that the council knew that the concept was based on net income. They may have thought that the tax credit would be subtracted from taxes and owed by fathers, which is not the case. If taxes are owed by fathers, the income tax people will get after them in the usual way and in a separate operation. Once again, I did not check the figures as to their accuracy, but the officials consider the work of the council to be satisfactory.

Mr. Stevens: Mr. Chairman, I have now had an opportunity to review the copy of the schedule which the parliamentary secretary gave to us, and which presumably will appear in *Hansard*. Frankly, it is totally unacceptable. It gives us no more additional information than the Minister of Finance gave us earlier. What I am requesting is a meaningful presentation that shows the basis upon which the various figures were arrived at. When the Minister of Finance says that there is to be a tax cut amounting to some $810 million, I think the House is entitled to know how many people are involved and the basis for that figure. This House is entitled to find out, for example, with regard to the $690 million saving in family allowances, how many taxpayers are involved and what income levels are considered in the act. This information is available. The reason I feel that we should strongly request this information, is that this is the only way we can make a reasonable forecast as to what the impact of these measures will be in the coming years.

● (2152)

Frankly, Mr. Chairman, the fact that we are living with this deficit of almost $12 billion is partly due to the ad hoc approach of this government, to hundreds of millions of dollars of expenditures. For them to come before this committee so ill-prepared to justify their request is unacceptable, to put it mildly.

Miss Bégin: Mr. Chairman, I should like to clarify one point. The last accusation made by the hon. member for York-Simcoe is unacceptable. He speaks of ad hockery without any reason whatsoever. As we have never seen him in social policies, it is understandable he does not know what goes on.

I should like to tell him a few facts which are public knowledge. Two years ago the first interdepartmental task force of finance, revenue and national health and welfare was created and put to work on this particular problem, of eventually replacing the tax exemptions by tax credits for the children of Canada. Then in August or September when I first became minister, the second task force was appointed to continue that work in more detail. The report was finished in March. This is public knowledge so I do not understand what the hon. member means when he speaks of ad hockery.

[Miss Bégin.]

I do not want to insult the hon. member by answering in lieu of my colleague, but he did not tell the parliamentary secretary and he did not tell me what information he wanted. Now he says he wants us to do the calculation. We can give him the number of children in Canada times 12 months a year, plus the savings per year. That is easy to do and he should be able to do it himself. If he does not have the elementary facts which appear in our proceedings, we will provide them to him.

The Chairman: Order, please. The hon. member's time has expired.

Mr. Epp: Mr. Chairman, the minister indicated that the mother will receive the monthly cheque for $20 as well as the $200 maximum per year for every child. I should like to ask the minister to confirm whether the cheque will be paid to the mother. Also, if marriage breakdown has occurred and the father has gained custody of the children through court action, who will then receive the family allowance cheque?

Miss Bégin: Mr. Chairman, I have answered that question a few times already, but I think it is important to clarify it. Mothers will receive the cheque for the new child tax credit in all cases where mothers already receive the family allowance. In the second instance the hon. member raised, where the father or any other person has the legal custody of the child, that person will receive the tax credit for the child.

Mr. Stevens: Mr. Chairman, I should like to come back to the line of questioning I was pursuing because I think the minister misunderstands my point. Nobody disagrees with the compassionate side of what we are talking about tonight, but I think we owe it not only to the House but to the people of Canada to understand exactly the impact of these amendments on the revenue of this nation. I should like to ask the parliamentry secretary to supply us with the background information that presumably was prepared to arrive at the various estimates set out in the initial speech of the Minister of Finance concerning this bill.

Mr. Martin: Mr. Chairman, the hon. member has served on many committees of this House and I have served on some of them with him. I think we are all quite used to the fact that when you receive figures on schedules you normally accept those schedules and do not obtain the various working calculations behind them. If we did, we would be faced with a multitude of figures for each of the committees and for every report from the private sector.

I submit that the detail of the changes are shown on the schedule. That is what we are looking at. It seems unreasonable to suggest we should come up with all the detailed working papers and computer runs that would be necessary to attach to *Hansard* in order to give the hon. member the type of background information I assume he is seeking.

Mr. Stevens: Mr. Chairman, I wish the parliamentary secretary and the minister would get their act together. The minister just finished telling me that what I was asking was of such an elementary nature that I could put the numbers together

myself. This is their bill for which they are asking the House to give approval. If these are elementary facts, surely it is not too much to ask the parliamentary secretary to give us the basis for them. He cannot buffalo me with this computer run stuff. What we need are the supporting facts showing the taxpayers involved, the tax side and the expenditure side.

We are led to believe there will be an $810 million per year revenue cost and the expenditure savings will be $690 million in the case of the family allowances. I can only presume the Minister of Finance will have back-up information. I am not talking about computer runs but basic figures that would enable him to say that. If these figures cannot be produced, we can only guess that they have been pulled out of the air in the hope that they would not be questioned and the bill would be passed without proper documentation.

Miss Bégin: Mr. Chairman, I would not want to interrupt the hon. member's dialogue with my colleague. He referred to savings made through reductions in family allowances which are part of the money used to create the new child tax credit. This is very easy to figure out. I will give him the figure if he does not have "Facts on Social Policy", which apparently he does not. It is arrived at by calculating the reduction of $8 per month times 12 months, times the number of cheques issued for the children of Canada—7.2 million. That amounts to $690 million. The tax exemption of $50 and the cancellation of the 16 and 17 year olds special tax privileges have been run by computer in the department. I do not have the working papers, which I do not think are necessary.

It seems to me very important to understand that the program finances itself entirely through the reduction in family allowances—the cancellation of a child tax credit of $50, a tax exemption in fact, and the cancellation of fiscal privileges for the 16 and 17-year olds.

Mr. McGrath: Mr. Chairman, I rise on a point of order. I want to place on the record our concern about the fact that the Standing Committee on Finance, Trade and Economic Affairs is sitting tonight at a time when the House is in committee of the whole on an important finance bill. This bill has important social implications; we can see that. It deals essentially with family allowances but there are members who have to be at the finance committee who would like to be here. I want to put that to you as a grievance.

Mr. Martin: On that point of order, Mr. Chairman, I understand the reason there is a meeting of the Standing Committee on Finance, Trade and Economic Affairs this evening is that it was specially requested by the finance critic of the official opposition, the hon. member for York-Simcoe. Indeed, we on this side realized the inconvenience that having a meeting tonight would create for members on both sides of this House. However, the meeting was held in order to meet the request of the hon. member for York-Simcoe.

● (2202)

Mr. Stevens: Mr. Chairman, I rise on a point of order. I do not want to delay the committee, but I cannot allow the parliamentary secretary to go misinformed. The fact is we were put under a guillotine with regard to Bill C-7. I said initially we could hear Governor Bouey of the Bank of Canada. The governor informed us today that the only time he could be here was at eight o'clock tonight, because he goes to Vancouver tomorrow. I said we would not be difficult and if we could accommodate him tonight at eight o'clock, we would. It was the government's move to shorten our time as far as Bill C-7 is concerned, and I hope the view of the parliamentary secretary will in no way prevail.

The Chairman: We are getting into debate. I do not think we are making progress. As chairman of the committee, although I might sympathize with some of the grievances, I have no authority to organize the work of the House. That is done between House leaders. The government has the responsibility of putting forward the business.

It being ten o'clock p.m. it is my duty to rise, report progress and request leave to consider the bill again at the next sitting of the House.

Progess reported.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I trust Your Honour will permit me to point out before this day ends that it was 111 years ago today, on November 6, 1867—

Mr. Woolliams: That you were born.

Mr. Knowles (Winnipeg North Centre): —that the House of Commons of Canada held its first sitting.

Some hon. Members: Hear, hear!

Mr. Symes: Stanley was there!

Mr. Knowles (Winnipeg North Centre): How well we have commemorated that day is for someone else to say, but at least I think we have proven that the House of Commons is still alive and well 111 years later.

Mr. Deputy Speaker: I am sure hon. members appreciate the memory of the hon. member, or his endurance. It is appreciated that this fact has been brought to our attention. At the same time, all of us have a responsibility to continue in the right direction.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

FORESTRY—TASK FORCE ON FUTURE OF CANADIAN FORESTRY SERVICE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on October 31, 1978, I directed a question to the Minister of State (Environment) (Mr. Marchand) with regard to the problems that have arisen in the forestry service of Canada because of the government's announcement of cutbacks. While my question related to the forestry industry, the forestry ministry and the agencies of the forestry department, and the impact of that department's work on the industry in Canada, the purport of my question in relation to government cutbacks applies to cutbacks of every scientific endeavour of every department of government.

I have not heard for a long time such an outpouring of concern by scientists with regard to the programs that will be affected by this latest series of cutbacks. The President of the Treasury Board (Mr. Andras) said he intended to be tough. He should also have said the government intended to be stupid in the ill-considered and irrational way in which it has approached these cutbacks.

● (2207)

In my question with respect to forestry management I asked that the government give consideration to the formation of a task force to look at the future of the Canadian Forestry Service and the development and continuation of the federal forestry program. I asked the minister whether he had received that request for the setting up of a task force. He said he had. That request was put to him in a telex on October 12, 1978. The members of the Forestry Institute wanted him to examine the impact of the cuts and the whole relationship with the forestry service. That task force is important not only because it was requested by the specialists in the field but because its report was to be available quickly, much more quickly than was suggested by the minister. The date suggested by the Institute is December 15, 1978.

They asked as well that the cutbacks and changes be deferred until the report was received. That was a reasonable request, Mr. Speaker. In answer to the second request, the minister indicated he would consider the representation which was made by me, and I think it is important that he should do so and examine the matter in the light of the importance of this Institute and its relation to the forest industry.

The forest industry is vast. One of every ten Canadian jobs is connected with forest products. These products sell for $12 billion, 14 per cent of the value of all manufactured goods in Canada. Almost one dollar in every five earned abroad comes from forest products. The industry is our largest source of foreign exchange. Its earnings rival those of agriculture and minerals combined. A third of the world's exports of lumber, pulp and paper come from Canada. About $1 billion in tax revenue accrue to the government from forest products.

When a member of parliament is faced with a mindless and ill-considered cutback program embarked upon by a government which then, as a result of pure politics, changes its position and damages another agency of government, it is legitimate to say that perhaps the time has come when, with respect to these programs, and scientific programs in particular, a rational approach should be taken. So far, a rational approach has not been adopted, particularly with respect to forest products. That is why it is so important to consider favourably this request, coming from people in the Forest Management Institute, so as to ensure that any changes are made in an orderly manner. There are going to be losses. There are going to be changes. But I think we have to consider the importance of the forest industry and whether or not replacement funding can be raised to offset federal spending reductions in the time available, so that we may not lose the continuity of forest management research which has been conducted by the institute. While there is time, I think it is important that the government, through the parliamentary secretary, indicate to us that the ministry will consent to the establishment of this task force.

● (2212)

There have been representations that the specialists involved in the forest industry and in scientific areas of government be placed in other areas. Let us think about it for a moment. Where can we place, except in government, highly specialized men and women? I ask the government to think of the human side of it as well as the scientific side. Programs are stopped, careers are interrupted, and if this approach at rationalization as set forth in the request for the task force which I raised in the House of Commons is undertaken, I believe, with the expertise which is available from those men and women in the forestry service and in other scientific endeavours, ways could be found to give some respect to the proposition of restraint while at the same time not driving a horse and cart through these very important scientific programs which form the basis for job creation potential in those industries as we go down the road.

I ask these questions and request an answer because the answer is important for the people involved in the maintenance of the programs not only in the short term but also in the long term. It is important in the long term because of the employment, the job creation and the technology creation potential which is inherent in these forestry programs, which ought not be interrupted for any purpose. At least, they ought not to be interrupted in a mindless, irrational and blind way. This is the way this government has proceeded, and it has affected research programs in this country mightily. I ask the government to reconsider that mindless and irrational approach.

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, as the hon. member knows, the minister has in place a Canadian forestry advisory council chaired by Mr. R. C. Rogers, chairman and chief executive officer of Crown Zellerbach Canada Limited. It has members from labour, industry, the provinces and universities.

The minister met with the council today and asked for its advice on the federal role in promoting the rational use of Canada's forest resources, the needs, priorities and methods

for co-ordinating forest research and development in Canada, and on important problems relating to the consumptive and non-consumptive use of Canada's forests. He also discussed with the council the need for a thorough-going review of forest research in Canada.

Since such a review would include the issues raised by staff members of the Forest Management Institute in their telex to the minister, it would not seem necessary to establish the kind of task force suggested by FMI staff.

AIRPORTS—FOOD AND LIQUOR CONCESSION AT DORVAL

Mr. Don Mazankowski (Vegreville): Mr. Speaker, the question I wish to raise tonight has to do with the monopoly which appears to exist in the food and liquor concession at Dorval airport. While I raise this specific question I would like at the same time to open up the whole question of the government's method of tendering for airport services and concessions. This issue is not new. We have heard about Sky Shops and duty-free stores. We heard about the car rental fiasco of 1976, and now we have reference to this rather extraordinary monopoly involving a firm known as AFC.

The airport business is big business. In the year 1977 some 13 million passengers went through Canada's seven major international airports particularly at Toronto, Montreal, Vancouver, Edmonton and Winnipeg. Given this huge potential, one would hope and expect that the government's tendering policy would provide not only the best service but also a fair return to the Ministry of Transport and a climate in which an open and fair opportunity for all those who may be interested in tendering for this business is provided.

This does not, however, seem to be the case. After 14 years the Ministry of Transport finally changed its policy with respect to car rental concessions in 1976. Two years later and with lawsuits of almost every description being filed against the Ministry of Transport and the minister himself for breach of contract, we are now informed that there is going to be a policy revision in this regard later this year.

In 1976, at the time the minister outlined the new policy, he promised open, competitive access for Canadian firms to the car rental business at Transport Canada airports. Regrettably, this has not come to pass. Budget Rent-A-Car, for example, in its call for unrestricted tendering for car rental concessions, called the present distinction between open and domestic bidders artificial and discriminatory. Holiday Rent-A-Car has complained that Canadian rental systems do not provide open access to airports nor the opportunity to compete on an equitable basis. Mr. James Tennant, vice-president of corporate development of Holiday Rent-A-Car points out that MOT did not accept realistic bids in 1976. They accepted Host's bid, which was unrealistic, and not Holiday's. Since then Host has only paid a small portion of its rental. Why Host is withholding payment and is still allowed to operate continues to be a mystery.

• (2217)

In July of this year MOT sued Host for $863,679.96, which represents the total arrears on monthly payments. From July to this date, this amount probably exceeds $1 million. Explanations are not forthcoming. Other competitive companies are infuriated, and it is passing strange that Host was one of those companies which did not complain about the car rental policy in 1976. In the midst of all this it continues to do business at Canada's airports without paying the rent.

Why the minister has not invoked section 27 of the tender contract, thus cancelling the contract, nobody really knows, nor is an explanation forthcoming. This issue is further clouded by the fact that the minister's brother-in-law is a member of the legal firm representing Host. Also, he happens to be a federal Liberal candidate in the forthcoming general election.

Conflict throughout MOT in its tendering policy is the rule rather than the exception. What is happening is that it is opening up more suspicion, causing cynicism and casting doubt upon any measure of fairness. In short, it creates doubt about the integrity of the government.

I now turn to the example of AFC. Apparently this firm has had a 20-year monopolistic lease to operate a food and liquor concession at Dorval airport. Today there seems to be a debate within MOT as to whether tenders might be called when that concession's contract expires in 1981. If tenders are called, it is my understanding that AFC is under no obligation to release its financial rent or sales figures to potential tender bidders. This gives an enormous advantage to AFC, and any semblance of equity is thrown out the window.

This issue raises several questions. First, why is there some doubt on the part of MOT as to whether or not to call tenders? Why is MOT not in a position now to state categorically that it will call tenders? What about AFC and its near bankruptcy in 1962? Was MOT satisfied that it had to negotiate its contract for lower percentages and cuts in revenue? It would also be of interest to know what provisions the tender contract has which provide for a company to renegotiate if that concessionaire has financial problems. Does MOT feel that it is fair to other competitive bidders? Was MOT satisfied that it gave AFC Limited $76,352 in an effort to streamline AFC's operation and to make it more efficient?

What about the precedent that is established here? We are now told MOT has a clause in its new contract requiring disclosure of sales figures, but AFC's contract predates this. Does AFC predate the new clause because of the many contract renewals given to it without calling for tenders? We had a renewal for ten years in 1961 and another renewal for another ten years in 1971. One wonders what legislative or moral authority allows MOT to renew the contract continually without tender. One would have to assume that it if goes on ad infinitum, AFC could always predate the new clause in its contract. These are questions which should be answered categorically and unequivocally. I hope the parliamentary secretary will be in a position to do just that this evening.

• (2222)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Unfortunately, Mr. Speaker, we have the usual hotchpotch of the members opposite when they confuse everything, the rental of cars in airports related to an alleged scandal about Sky Shops as well as the presence of a Liberal candidate who as such should not be allowed to do any business in Canada. And the hon. member for Vegreville (Mr. Mazankowski) even seems to be shocked because we are reviewing our policy. It seems to me, Mr. Speaker, that it is wise to do so. As far as car rentals are concerned, it seems important to me that in Canadian airports we ought to encourage as much as possible the companies held by a majority of Canadian interests.

Coming back to the contract of the AFC Company Limited—

[*English*]

I should like to remind the hon. member that originally this lease was granted to AFC Limited in 1961 for a period of five years. It was renewable for two further terms of five years, each at the option of the concessionaires. The authority of the governor in council was obtained in 1971 to provide for a further five-year option to the lease, from 1976 to 1981, for the purpose of maintaining a sufficient period to amortize capital investments of $350,000 which had to be made on an immediate basis to meet traffic demands. The rates payable by AFC under the lease were increased in 1976 for the five-year extension period.

When the matter was being considered in 1971, there were a number of unknown factors associated with the proposed opening of Mirabel in 1974. The consequent shifting of traffic was expected to make a somewhat unattractive climate in which to go to tender in 1976. In light of Transport Canada's requirement to meet an immediate public demand and the uncertainties posed by Mirabel, a decision was made to proceed with the improvements in the restaurant and to extend the lease to provide the lessee with sufficient time to amortize his investment. As a general policy, concession leases are granted as a result of public tender calls, and their terms reflect the period of amortization necessary for the successful tenderer to amortize his investment.

The question of disclosure of information has been of some concern to Transport Canada for some time. In consequence of this concern, a clause was developed and is now included in all concession tenders whereby the successful tenderer agrees that, in the concluding years of the agreement, the department may publish the total of the gross sales by outlet reported by the concessionaire in each year of the agreement for the purpose of public tender information. This provision has been included in all new concession agreements since the latter part of 1976.

A new airport concession tendering policy was approved in July 1976. The purpose of this policy is to ensure that local entrepreneurs and other interested parties are provided with the opportunity to compete on an equal basis through the public tender process for the operation of concessions at Transport Canada airports. While this policy has not posed any major problems, it is being reviewed to determine where it can be improved.

• (2227)

ENVIRONMENTAL AFFAIRS—FORESTRY—CLOSING OF GOVERNMENT LABORATORIES

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, this evening I want to pursue the issue of the reduction of moneys for, and the closure of, forestry research laboratories brought about by the federal government. I have raised this issue on a number of occasions. On October 19 I put the specific question to the minister, and I did so again today.

It is my contention that the government's restraint program is both arbitrary and irrational as it pertains to Canadian forestry services. What we have seen is that cutbacks and the elimination of important government services, because of the general restraint program, are having a devastating effect on the morale and the work of people in government forestry research laboratories.

Last August, out of the blue, the Department of the Environment was told to cut its expenditures by $40.5 million, including $11.7 million from its science support programs. This was a result of the general restraint program of the President of the Treasury Board (Mr. Andras). The closure of forests research stations is supposed to save the government $2 million, and the transfer of two forests products labs to the private sector will supposedly result in another $3.3 million saving. As I pointed out earlier today during the question period, because of tax deductions the saving in reality will only amount to about $800,000. The key question before this House is, will the reduction in government research and development and the privatizing of government laboratories have a beneficial effect on the forestry industry of Canada?

Why is the forestry industry so important, Mr. Speaker? We find that one of every ten Canadian jobs is connected with forest products, and these products sell for $12 billion, or 14 per cent of our over-all manufactured goods. In other words, the forestry industry is a crucial sector in Canada. Therefore, it is important that this industry be enhanced in any way possible.

One of the very important long-range effects on that industry is related to the level of research and development in this country. The private sector in the past has relied very heavily on government research and development. In reality, Mr. Speaker, when you look at the figures, the record of the private sector in research and development in forestry has been a very dismal one. For example, in 1975 the wood products industry invested only .31 cents per dollar of shipment revenue on research and development compared to 2.5 cents per dollar by the electrical products industry. As a result, this low research and development expenditure has meant a lower productivity and employment rate in the forestry industry compared to

other sectors of the economy which spent much more on research and development.

When we look at research further, we find that in the private sector large companies carry out research that is mainly geared to design and marketing. This is quite natural because it enhances or maximizes their profits. The 8,000 small companies in the forestry sector hardly spend any money on research and development as they are small family affairs and cannot afford to. Therefore it is left to the government to fill the void. It is the government labs that work at the conceptual stage, bringing an idea along to the point where the private sector can take it over at the marketing and productivity stage.

For example, it has been government work that has led us to further development of non-toxic treatment of wood chips and a safer method of toxic effluent disposal. They have done tremendous work, for example, in a lab in my constituency on control of the spruce budworm. In other words, the role of government labs is crucial to the future well-being of our forestry industry.

What I regret is that this Liberal government, listening to Conservative cries for government restraint, has further arbitrarily cut back on procedures, undermining the forest industry. Its approach is irrational and arbitrary. We have seen, for example, the Petawawa forest station, that has been working for over 60 years doing world renowned research, being made the subject of cutback. The minister first announced it was going to be closed, but because of public outcry and public uproar from the scientific community the government reversed its decision. In the process of reversing its decision and keeping the Petawawa base open, the government caused a catastrophe in two other areas, the fire research centre and the forest management centre in Ottawa. One hundred employees were told out of the blue that in order to keep Petawawa open half of them would lose their jobs, the budget would be cut in half and that the other 50 would be transferred to Petawawa . All this was in light of study after study which showed the necessity for keeping those two institutes here in Ottawa close by the other agencies which they deal with, such as the National Research Council.

● (2232)

The government's approach makes no sense. There is no scientific rational basis for their flip-flop in policy, this arbitrary cuback and this ridiculous privatization which will not do the industry any good in the long run, for reasons which I have described.

I appeal to the parliamentary secretary and to the minister that if they are concerned about the state of research and development in the forestry industry in Canada, they should keep Petawawa open with a full complement and reverse their decision to close the two labs in Ottawa and transfer them to Petawawa. Surely, if the minister believes in the importance of research and development, he will reverse this irrational, arbitrary and unproductive decision.

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, of all the members in this House I can say to the hon. member for Sault Ste. Marie (Mr. Symes) that I totally agree with his remarks, being one who has been associated with one of the largest pulp and paper companies in the world, MacMillan Bloedel, for the past 35 years. I agree that the forestry industry is a vital part of the Canadian economy and that a vigorous research program is essential to assure its future.

The minister regrets that any reduction in the budget of the Canadian Forestry Service has to be made. However, the Department of Environment was required to reduce its budget by $40 million plus, as the hon. member has mentioned. A reduction of that magnitude means that no one element of the department could remain untouched. Every effort was made to make the cuts in such a way that the high levels of service and essential research can be maintained.

It should be noted that part of the government's intention in cutting the departmental budget was to provide funds for more immediate economic stimulation measures. Some $15 to $20 million of these funds annually will be channelled into joint projects with the provinces to improve forest management. These joint projects will be conducted under agreements between the Department of Regional Economic Expansion and provincial agencies. Environment Canada, through the Canadian Forestry Service, will provide technical and scientific input and advice.

As for the matter of privatization of the forest products laboratories, this has been under consideration for quite some time. In fact, the Canadian Forestry Advisory Council recommended in its 1973 report to the minister of the environment at that time that these laboratories be taken over by private industry. As the minister has stated before in this House, the total budget for these two laboratories was $7.3 million. If privatization were to become a reality, the continuing federal contribution of $4 million per year to the support of these laboratories would ensure the maintenance of a long-term research and development program.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.36 p.m., without question put, pursuant to Standing Order.

APPENDIX

Table 2
Child Credit Benefits Payable, 1979

Family Net Income		Number of children			
		One	Two	Three	Four
	$	$	$	$	$
Under	18,000	200	400	600	800
	20,000	100	300	500	700
	22,000	—	200	400	600
	24,000	—	100	300	500
	26,000	—	—	200	400
	28,000	—	—	100	300
	30,000	—	—	—	200
	32,000	—	—	—	100
	34,000	—	—	—	—

Benefits are those payable in 1979 on the basis of 1978 incomes.

Table 3
Federal Fiscal Impact of Child Benefit Changes

Item	1978-79		1979-80	
	Expenditures	Revenues	Expenditures	Revenues
	($ millions)			
Refundable tax credit	—	—	—	−810
Reduction in family allowances	−170	−40	−690	−130
Elimination of current $50 child tax credit	—	+35	—	+260
Modification of exemptions for 16 and 17 year old children	—	+5	—	+25
Total	−170	0	−690	−655
Effect on financial requirements	−170		−35	

HOUSE OF COMMONS

Tuesday, November 7, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

INCREASES IN INTEREST RATES—STRATEGY TO OFFSET ADVERSE ECONOMIC IMPACT IN ATLANTIC REGION—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of some urgency. Traditionally, the Atlantic region is the hardest hit when government, in the name of restraint, drastically changes its monetary and fiscal policies. Considering the fact that we are probably more dependent upon the small business community than most other regions of Canada, and that these very abrupt changes and abnormally high interest rates will have a very serious impact on that segment of our economy, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Prime Minister direct the Minister of Regional Economic Expansion to cause the preparation of a strategy in the very near future which will have the effect of offsetting any major, unbearable and unacceptable economic impact in that area.

Mr. Speaker: The presentation of such a motion, pursuant to Standing Order 43, would require the unanimous consent of the House at this time. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

ISRAEL-EGYPT PEACE TALKS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise under the provisions of Standing Order 43, on a question of urgent and pressing necessity to move the following motion:

That this House welcomes Prime Minister Begin of Israel to our country and commends President Carter of the United States, President Sadat of Egypt and Prime Minister Begin for their efforts to bring about peace in the Holy Land, and this House of Commons expresses the hope that the city of Jerusalem, on the basis of history and heritage, shall, in its entirety, be part of Israel.

Mr. Speaker: I hope that the right hon. member will understand, from the tone of the debate which took place yesterday, that the use of this Standing Order for such a complimentary motion will soon be fulfilled without the necessity of putting the question, because we expect this honoured guest to be here very shortly.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Edmonton-Strathcona.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Humber-St. George's-St. Barbe.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. I am sure the right hon. member will recall that several times in the past I have refused to put the question when there has been an endeavour to use this motion for congratulatory purposes of any sort, and I think I must be consistent with that.

Some hon. Members: Hear, hear!

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POST OFFICE

RECOGNITION OF REMEMBRANCE DAY—MOTION UNDER S.O. 43

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, under the provisions of Standing Order 43, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the Postmaster General to rescind the directive that post offices are to operate this Saturday, November 11, on a normal day service, it being the view of all members of this House that veterans employed by the Post Office should not be required to work on Remembrance Day, but that they and all Canadians should have the opportunity to show respect for those who gave their lives for this country.

Some hon. Members: Hear, hear!

Mr. Speaker: The presentation of such a motion for debate at this time, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

GOVERNMENT ADMINISTRATION

COMMITTEE STUDY OF COMPUTER FRAUD AND EMBEZZLEMENT—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity. In light of the recent discovery of a computer theft in Los Angeles totalling over $10 million, considering that computer frauds are now expected to exceed $300 million annually, and in light of statements by Donn Parker, the world's foremost authority on computer crime, who said that security procedures had not kept pace with the tremendous advances in technology, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That this very serious problem be referred to the appropriate standing committee for study to ensure the proper safeguards are in place for detecting computer fraud and embezzlement within Canadian government departments which have 18 large-size computers.

Mr. Speaker: Such a motion can be presented for debate at this time only with unanimous consent of this House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

FISHING VESSELS' INSURANCE PROGRAM—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. On October 10, I asked the Minister of Fisheries and the Environment why his department was getting out of the profitable fishing vessels' insurance business. I was not satisfied with the minister's answer as to why he thought it was necessary to privatize this plan which has been in operation since 1954.

At the end of October, representatives of all factions of Nova Scotia fishermen gave a rare show of solidarity at the second annual Nova Scotia fisheries conference—

Some hon. Members: Order.

Mr. Speaker: Order, please. The hon. member should put his motion forthwith.

Mr. Hogan: My motion is that, since Nova Scotia fishermen gave a rare show of solidarity at the second annual Nova Scotia fisheries conference at the end of October, the federal government stay in the vessels' insurance business. I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Faour):

● (1412)

That the Minister of Fisheries and the Environment reconsider this policy which is unacceptable to Nova Scotia fishermen.

[Mr. Speaker.]

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EMPLOYMENT

REQUEST FOR STATEMENT ON EMPLOYMENT SITUATION—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, in view of the conflict between the current trend in rising employment and the statement by the governor of the Bank of Canada before the Standing Committee on Finance, Trade and Economic Affairs last night, I move, seconded by the hon. member for Pontiac (Mr. Lefebvre):

That the Minister of Employment and Immigration make a statement on motions as soon as possible to reassure the Canadian public that there will not be a rapid rise in unemployment.

Mr. Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

MEASURES TO RESOLVE LABOUR-MANAGEMENT DISPUTE—MOTION UNDER S.O 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise on a matter of urgency under the provisions of Standing Order 43. The Postmaster General (Mr. Lamontagne) answered a question put by the hon. member for Brandon-Souris (Mr. Dinsdale) on October 31, 1978, as reported at page 637 of *Hansard,* as follows:

Reports I receive indicate that workers are back to work: they are working better than they have ever worked.

In view of the fact that is not so, because the mail sorting rate in some areas is less than 50 per cent compared to one month ago, and tension is mounting which has an adverse effect on employee morale, I move, seconded by the hon. member for Brandon-Souris:

That the Postmaster General meet immediately with the Association of Postal Officials of Canada to attempt to resolve this unacceptable situation, because establishment of a Crown corporation will not remove the frustrations forced on dedicated postal workers, including management.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

THE CANADIAN ECONOMY

REQUEST THAT HOUSE EXPRESS ITS REGRET AT INCREASE IN BANK RATE—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with a question of pressing and urgent necessity.

In view of the fact that the Bank of Canada has recently announced that the discount rate would be raised from 10¼ per cent to 10¾ per cent, considering that it is the third raise in the past two months, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the House strongly disapprove that action of the Bank of Canada an effect of which among others will be to increase interest rates on mortgages to record levels, further impoverishing many Canadians and contributing to enrich our chartered banks.

Mr. Speaker: The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Yes.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT POLICY ON VALUE OF CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, perhaps I can direct my question to the Prime Minister.

Governor Bouey, yesterday evening before a standing committee of this House, in defending his decision to raise the bank rate to 10.75 per cent, made it very clear that he felt we in Canada, were in a position where we must start defending the dollar at its present level. In fact, he went through the British scenario and said that now is the time to stop the guise, presumably, of allowing the dollar to fall any further. Will the Prime Minister indicate if, in fact, this means government policy has changed, that we do not necessarily have a floating dollar and, if it is floating, clearly in the future it will be anchored?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is a rule on the desirability and wisdom of commenting on proceedings of committees of this House. The rule makes a lot of sense, because it covers matters which have been raised partly in committee and are not within the knowledge of anyone who was not on the committee. Personally, I do not know exactly what Governor Bouey said. I can say, unequivocally, that government policy on the dollar will be announced by a minister and by the governor of the bank. Beyond saying this, I do not know what the governor said.

Mr. Stevens: Mr. Speaker, I note the Prime Minister said that government policy will be announced by a minister, presumably not necessarily the Minister of Finance, as we have found in the past. Would he comment on a statement made in the House yesterday by the Minister of Finance? It indicates clearly that we have now developed an economic policy in Canada where we appear to be a mere echo of the United States economy, and the Minister of Finance has stated that, with the balance of payments deficit in Canada, we have no choice but to make sure that the bank rate is higher than that in the United States.

● (1417)

Would the Prime Minister tell the House what policy has permitted the current account deficit to prevail for four years at roughly $4 billion per year, when we were told repeatedly that the falling dollar itself would help cure that current account deficit?

Mr. Trudeau: Mr. Speaker, there is obviously some misunderstanding in the hon. member's mind. The dollar itself and the value of the dollar helps trade, visibly and invisibly, but it does not necessarily help the whole current account exchange situation. The flowing of capital movements is not directly related in the same sense as trade to the level of the dollar.

Mr. Stevens: Mr. Speaker, my final supplementary is to the Minister of Finance. Following the questions that I put to the Prime Minister in which I quoted the statement the Minister of Finance made yesterday, that there was virtually no alternative but to raise the bank rate to something above the American level as a result of Canada's current account deficit, would the Minister of Finance indicate to the House if he does not agree that a contributing factor to the objectionably high interest rate structure in this country is also his government's own deficits, the $11.8 billion financial requirement that is anticipated for the present year?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have made some announcements that we are planning to reduce the deficit, and we have cut the expenditures, as outlined in the August exercise, to reduce it by a very substantial amount of money next year. I am glad that the hon. member does see a problem in the deficit of the government, because when I look—

Mr. Stevens: Forty billion dollars.

Mr. Chrétien: —at the programs of the opposition, they have planned a deficit of $5 billion more than the government.

INCREASES IN INTEREST RATES—ADVERSE ECONOMIC IMPACT IN ATLANTIC REGION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question that I would like to direct to the Minister of Finance. It arises out of the recognition that when the government imposes what can be described as restrictive monetary fiscal policies, it is the Atlantic economy that is first hit and which takes longest to recover.

I wonder if the minister, in consideration of what has happened in recent days and weeks, has come up with a specific and urgent proposal which he is now prepared to put forward that will help ease that type of historical, sudden and very severe impact on the economy in the Atlantic region?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the government has many programs to deal with the problems of regional disparity. When I present my budget, I will direct my attention to that problem.

Mr. Forrestall: Mr. Speaker, I would like to direct a supplementary question to the Minister of Regional Economic Expansion who is fully aware of the historical impact to which I have referred.

In view of the inability or unwillingness at this time of the Minister of Finance or the Prime Minister to indicate specific and urgent strategies which would help to offset this impact, what specific new suggestions has the minister put forward in recent days during his meetings with the Atlantic premiers regarding this type of impact and the very serious situation that faces us this winter?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, last week I had the opportunity of meeting the premiers of the four Atlantic provinces with whom I discussed the programs being implemented there. I advised the premiers, as well as my counterparts provincial, of our intention of increasing to the greatest possible extent some of our resource development programs such as in agriculture, energy and industrial structures. In coming weeks, we are going to see just how much we can add to some of those program in order to increase development in those sectors.

● (1422)

[*English*]

Mr. Forrestall: Mr. Speaker, I gather from what the minister said that there is no intention on the part of the government, or that he did not during these meetings bring forward any new initiatives based on the urgency that presently faces Atlantic Canada.

May I ask specifically whether the minister might not now reconsider the very serious cutbacks and their impact, coupled with the impact of the very high, unacceptably high, interest rates for Atlantic businessmen that he has made in his own development program?

[*Translation*]

Mr. Lessard: Mr. Speaker, the budgetary restrictions which may have affected the Department of Regional Economic Expansion were really quite minimal. One program only could affect the economy negatively, if one can speak of the economy as such, in the Atlantic provinces and that is the program on land registration. But there are other programs for which we shall increase our expenditures so that, all in all, the amounts of money spent by the Department of Regional Economic Expansion in the Atlantic region will not be reduced—in fact, they will be increased in coming months and next year.

[*English*]

INCREASES IN BANK RATE—FURTHER UNEMPLOYMENT RESULTING THEREFROM

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Considering that the unemployment figures which came out today still leave Canada with the highest level of unemployment in the industrial western world, would he confirm to the House that when he discussed the most recent increase of the Bank of Canada with Mr. Bouey—three times on the weekend, I am told—Mr. Bouey informed him that the inevitable consequence of a further increase would be further increases in unemployment? If he was not told that, did the minister ask Mr. Bouey if that would be the result?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member did not mention that in a year we have created more than 262,000 new jobs in Canada and that unemployment is going down.

Mr. Trudeau: Three hundred thousand.

Mr. Chrétien: Yes, 362,000.

Of course, the government is always preoccupied with the level of unemployment and we keep working on it. I have discussed that problem with the governor of the Bank of Canada. As he explained yesterday to the committee of the House, if we had not moved, it would have created a bigger problem in Canada that in the medium-term would probably have caused more unemployment. I think the stability of the Canadian economy and currency is fundamental to proper economic growth in this land.

Mr. Broadbent: Mr. Speaker, the minister took almost two minutes not to answer the question, so I will not trouble to repeat it. Considering that probably the most disturbing figure in all those that came out today showed that we experienced a net loss of 11,000 manufacturing jobs in the past month, for the second month in a row, would the minister not agree that we are now experiencing the delayed effects in the economy of the five previous increases in the bank rate?

Mr. Chrétien: Mr. Speaker, of course, the hon. member is very good at making good news into bad news: he lives on it. I think if you look at the performance of the Canadian economy over the last year, however, there has been a very substantial increase in the number of manufacturing jobs; in fact, it is more than 100,000. Of course there is a fluctuation from month to month, but I think one can have a larger view than just looking at only one month.

Mr. Broadbent: Mr. Speaker, as usual, the minister has got his facts wrong. In the past two months only has there been a decline in the number of manufacturing jobs; in every other month this year there was a slight increase. I will let the minister correct that, but he should check the figures.

I should like to repeat the point and get an honest answer from the minister. If we have had a decline in manufacturing jobs two months in a row, would he tell us if he has received from the Ontario government a submission pointing out that, because of its fiscal and monetary policies, the federal government has made a mess of the manufacturing sector? Would he confirm that he has received that submission? More importantly, would he tell the House, at long last, what he intends to do to stimulate growth in the manufacturing sector, which is the crucial sector in the economy for long-range growth?

Mr. Chrétien: Mr. Speaker, I think the best stimulus the manufacturing sector has received for some time has been the fact that in Canada we are more competitive in world markets. If the hon. member will look at the figures that we have on trade surplus, he will see that we are selling much more abroad than before. I know it took him a long time to recognize that there has been a substantial increase in the number of jobs in the manufacturing sector over the last year, but when the Canadian Manufacturers' Association came to Ottawa to make representation two weeks ago, that is what they said.

* * *

● (1427)

[*Translation*]

UNEMPLOYMENT INSURANCE

REASON FOR REDUCTION IN NUMBER OF VOLUNTEER FARM WORKERS

Mr. C. A. Gauthier (Roberval): Mr. Speaker, once again my question is to the Minister of Employment and Immigration.

Referring to section 57 of the Unemployment Insurance Act, the minister said, in his answer of November 3 that before 1967 the act contained a provision pursuant to which agricultural workers could be exempted by working on a voluntary basis. Since it seems this provision did exist before 1967, could the minister tell the House whether this change, that is the end of voluntarism, occurred following representations from the Canadian Federation of Agriculture or from the Unemployment Insurance Commission?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it was due to both the federation and the public servants, because of administrative difficulties.

* * *

[*English*]

THE CANADIAN ECONOMY

HIGH RATE OF BANKRUPTCY IN SMALL BUSINESSES

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I would like to put my question to the Minister of State (Small Business): it is with regard to the further increase in the bank rate, which the minister knows is so harmful to the small businessman.

In view of the fact that the small business sector is already experiencing damaging setbacks as a result of the uncertainty and confusion this government's ad hoc policies have created, and because the bankruptcy rate in this sector increased by an unprecedented 41 per cent in the first six months of this year over last year, has the minister made, or does he intend to make, any positive representations to the cabinet which would perhaps protect the small businessman from these exuberant bank rates, because without some kind of protection, as the minister knows, the very survival of many small businesses is threatened?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, if the hon. member is trying to alert me or the government to the severe problems small business faces as a result of sharply increasing interest rates, I would agree with him that this is creating a very undesirable difficulty: cash flow problems are resulting, and it is a matter of very real concern. But I would say that the United States and, consequently, ourselves have not introduced these changes to punish the business community or to somehow depress the economy.

I would say that if the result of these stabilizing plans both in the United States and here have the effect of stabilizing North American currencies, have the effect of putting a damper on inflation and have the effect of restoring confidence in our business community abroad, then I would suggest that, despite the problems being faced, the cash flow problem is a result of higher interest rates and the price will be justified by the confidence that will be engendered. However, in answer to the member's point—

Some hon. Members: Oh, oh!

Mr. Abbott: I would say directly that I am—

Mr. Speaker: Order, please.

Mr. Jelinek: Mr. Speaker, I would hope that I would not have to alert the minister of the problem with bank rates: I just wanted to find out what he is doing. Obviously, he has not been able to answer that. The minister knows that small business usually operates on a relatively small profit margin, very often dependent on concrete and long-term interest rates.

Could the minister tell this House whether or not he has taken this matter up with the cabinet, or with the banks, requesting a form of favoured treatment for small business as far as interest rates are concerned? If not, is the minister perhaps prepared to look again at the Small Business Loans Act in order to include working capital at preferential rates for the small businessman within that act?

Mr. Abbott: Mr. Speaker, I consider it an important part of my job to advocate to the Minister of Finance, and other ministers who have a direct responsibility for economic change, ideas such as the last one expressed by my hon. friend. But I would reiterate that if he thinks that because interest rates are going up, this government is not concerned with their effects on small and medium business, he is wrong. I think our larger concern has to be with restoring, in the eyes of the world, the stability of the North American economies. For that reason, I enjoin him and others to make certain that they take a responsible attitude toward this problem.

Mr. Baker (Grenville-Carleton): We need an election for that purpose.

Mr. Jelinek: Mr. Speaker, the minister's rhetoric is not helping the small businessman. I have two questions for the minister. I ask him what, if any, steps he has taken in order to assist the small businessman in this regard. I would like to have a specific answer from him as to whether he has taken any steps, or intends to take any steps, to assist the small businessman in this specific instance.

● (1432)

Mr. Abbott: Mr. Speaker, last June certain measures were introduced to help small business. Other measures have been introduced of which the hon. member is aware. I reiterate that it is not my role to announce policies that directly affect small business. It is my role to attempt to advocate to the Minister of Finance suggestions along the line of the last part of the hon. member's previous question. I can assure him that is exactly what I am doing and will be doing in the weeks ahead.

* * *

TRANSPORT

MOVEMENT OF GRAIN TO EXPORT POSITIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question to the Minister of Transport is in connection with the transportation problems that continually confront the grains industry. It arises from the statement made by a senior official of the Canadian Wheat Board that Canadian sales of export grain must be limited to 21 million metric tonnes because that is the maximum quantity that our transportation system can physically handle.

Since this is the same 21 million tonnes capacity that we had in the record year of 1972-73 which the minister refers to quite frequently, I would ask the minister how he can justify this further loss of sales, in face of the government's commitments at the WEOC conference in 1973 and in face of the Liberal government's commitments during the election period of 1974 which committed them to revamping the grain handling system from the granary to the ship in the harbour. Can the minister today offer any new hope to the producers of Canada who are becoming increasingly frustrated and fed up by our inability to move grain and take advantage of export opportunities?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Yes, Mr. Speaker, I can give reassurances to the grain farmer as a producer of exports for the world. This year we have been talking about the challenge of trying to move 23 million rather than 21 million tonnes. I should emphasize that these figures were actually more than is produced in anything but an absolutely fantastic crop on the prairies in any one year. Therefore, we are able to move an amount of record production, plus some more.

The question is, how much more capacity should we have? I am one who years ago staked out the position that we must target on being able to move a billion bushels of grain rather than the 850 million or 870 million bushels I am talking about now. I believe that is still very true. It is for that reason we have been buying hopper cars and rehabilitating and rebuilding branch lines in a very important way. We have been getting a far faster turnaround time on our equipment, as the Snaveley report will show as soon as it is available to hon. members. We have a study now under way in relation to the total question of the parts of the system used for operating and moving grain more quickly. Obviously, while we want to go on moving more, we want to do it efficiently and at the lowest cost.

Mr. Mazankowski: Mr. Speaker, surely the minister knows we have had to defer 1½ million tonnes of grain exports from the last crop year to this crop year, and that further deferrals are taking place in this current crop year with respect to movements out of Thunder Bay. The minister should also know that the Canadian Wheat Board had to turn down the sale of four million tonnes of grain into the export market. The minister should also know that we have a situation—

Mr. Speaker: Order, please. Does the hon. member intend to put a question?

Mr. Clark: He is answering the minister's question.

Mr. Speaker: I was not aware, to answer the Leader of the Opposition, that it was a function of the questioner to answer the previous question.

Mr. Mazankowski: The minister's statement cannot go unchallenged.

Mr. Speaker: Order, please. I am not asking that anybody's statements go unchallenged. This is a period for putting questions.

Mr. Clark: And receiving answers.

Mr. Speaker: There may be other occasions to challenge in debate. If the hon. member insists on debating, I will have to go to another question.

Mr. Mazankowski: A sort of supplementary, Mr. Speaker, and I appreciate your consideration. We have in Canada a country elevator system that is literally plugged. Our terminal stocks are down to one half. The railways have indicated that the utilization is less than a full 100 per cent in terms of their grain carrying capacity on an annualized basis. CP have indicated that during the months of September, October and November they were only called upon to utilize one half of their grain carrying capacity.

I ask the minister specifically if he is looking into this problem to ensure that the interface with regard to our grain sales and grain movement is better co-ordinated and better planned.

Mr. Lang: Mr. Speaker, in addition to doing the things I indicated in my earlier answer and appointing co-ordinators at the terminals in Vancouver and Thunder Bay, the very purpose of having consultants in place is to look after this interface. The hon. member was apparently critical when we put these consultants in place, yet it is obviously important. Let me say, however, whenever we are moving an absolute record at the limit of our capacity, obviously there will be strains within the system. One of our objectives is to test those strains and to keep strain on the system. When the ships do not arrive on time, as they did not in August and September, that is a difficulty which piles up for later and that we all understand.

I would also like to point out to the hon. member, so that it is understood across this country as it is understood by the prairie farmer, that we have just had three all-time record crops. If only one of those had been average instead of record, it would be a problem of grain supplies rather than a problem of movement. Obviously, we want to be able to build toward moving a billion bushels of grain because we know we can develop even further productive capacity by doing so. But do not be too excited about difficulties when we are pushing the system to its maximum.

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[*Translation*]

FLOODS

FLOOD PREVENTION PROGRAM IN NORTH MONTREAL—GOVERNMENT POSITION

Mr. Marcel Roy (Laval): Mr. Speaker, I have a question for the Minister of Fisheries and the Environment.

Considering the extent of the work being done to control the water level and reduce the risks of spring floods in the area north of Montreal, particularly in Laval along the Prairies river and the Mille-Isles river, and contrary to the press release issued by the local Parti Québécois members, does the minister intend to go on with this work until March 31, 1980, as was stated in the Canada-Quebec agreement signed in August, 1977, in order that the victims of these floods will rest assured that we will continue to improve this situation which has already lasted for too long?

[*English*]

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, I am pleased to advise the hon. member that although we have had some cuts in our diking program both in the Montreal area and in British Columbia, we will be able to honour all of the commitments that we made under the 1975 agreement for diking in the Montreal area which was signed by my colleague, now the Minister of Communications. My office notified the hon. Yves Bérubé minister of natural resources, of this on October 18, 1978.

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TRANSPORT

REQUEST FOR STATEMENT ON MOVEMENT OF GRAIN TO EXPORT POSITIONS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is supplementary to that asked by the hon. member for Vegreville: it is addressed to the minister in charge of the Canadian Wheat Board.

In view of the fact that recent statements by officials of the Canadian Wheat Board, grain companies and the railways indicate that because of strikes, underutilization of the railways and other factors in the grain handling and transportation system, grain sales have been deferred, delayed or cancelled, in view of the fact that deferral of deliveries this year to date has been 1½ million tonnes out of Vancouver and half a million tonnes out of Thunder Bay—in this crop year—and in view of the importance of the grain trade not only to western Canada but to the whole of our economy, will the minister take the first opportunity to make a statement on motions giving details to this House of the grain deferrals, lost sales and cancellations, in order that the producers of western Canada and the members of this House may be aware of the facts?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the Wheat Board has been making these reports to producers and will be the appropriate body to continue making them. I would like to add that we are taking all the steps we can take to try and minimize any problem in loss of sales and in moving more grain.

We are looking at the question of whether there is any possible way, for example, of getting any extra time on the functioning of the Seaway or other ways of moving more grain to market. That continues to be our pressing concern. When we were in a situation of trying to move the absolute maximum amount of grain, the fact of a strike on the Great Lakes was a clear minus in terms of how it would interfere with the movement to some extent. We do not know at this stage how

far we can go in expediting the movement of vessels to make up for that loss.

● (1442)

Mr. Neil: Mr. Speaker, the producer in western Canada looks upon the situation as being critical. I wonder if the minister is prepared to take immediate steps to have officials of the Canadian Wheat Board, grain companies and railways appear before either the Standing Committee on Agriculture or the Standing Committee on Transport and Communications, so that members and producers can be made aware of all the facts and problems and consider any recommendations and suggestions which may be made by those officials and representatives of other organizations?

Mr. Lang: Mr. Speaker, I would be glad to consider that with officials of the Wheat Board and other organizations. However, I think the urgent thing at this moment is that they have all their time free to deal with the problem and to make sure they move as much grain as possible, rather than be deflected from that even to answer the very important questions of the hon. member.

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HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PRIME MINISTER MENACHEM BEGIN OF ISRAEL

Mr. Speaker: Before continuing with the question period, I know all hon. members will want to join with me in extending an extremely warm welcome and best wishes for a successful tour of Canada, and in all his other present endeavours which are of such an important nature not only to his own country but also to peace in the world. I refer to the presence in our gallery now of the very distinguished Prime Minister of Israel, His Excellency Menachem Begin.

Some hon. Members: Hear, hear!

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FINANCE

FUNDING OF URBAN IMPROVEMENT PROGRAMS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Finance. When he told the provincial finance ministers last week that because they would not go along with his request to reduce federal cost sharing for hospital care, medical care and post-secondary education, he was deferring going ahead with the community services grants program, did he really mean that there would be no federal funds this coming year for neighbourhood renewal programs, sewage treatment programs and low-cost housing?

[Mr. Lang.]

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have decided to postpone implementation of this program which was advocated by the Minister of State for Urban Affairs. As for details on some programs which are terminated, those will come to an end while others will be maintained on the former basis. I cannot be more explicit for the time being. I suggest that this question be directed to the Minister of State for Urban Affairs when he is back in the House.

[*English*]

Mr. Orlikow: Mr. Speaker, it is good to know that those programs which have been started will be allowed to continue. However, a large number of cities have plans which are almost ready for this type of program, and they certainly will not be able to proceed without federal funding because of their financial difficulties and the financial difficulties of the provinces in which they are located.

Can the minister give any idea as to when there will be a decision and an announcement by the federal government that there will be any money available for these programs which are so essential in the various cities of Canada?

Mr. Chrétien: Mr. Speaker, three programs were involved in the new proposition of the Minister of State for Urban Affairs. Two of them will be terminated by the end of the year; the third one will still be in operation. The hon. member can ask a specific question of my colleague, but if the provinces and municipalities are faced with financing problems, I suppose we have the same problems at the federal level.

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[*Translation*]

LABOUR CONDITIONS

INQUIRY AS TO FINANCIAL MEASURES TAKEN TO REDUCE NUMBER OF UNEMPLOYED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I had a question for the Minister of Industry, Trade and Commerce but, in his absence, I shall direct it to my excellent friend the Minister of Finance. I say my excellent friend because we sit together on the committee.

According to a recent article Canada is in the leading position on the worldwide level as far as unemployment is concerned. This is not in accordance with the statements made by the Minister of Finance. The article says that Canada has a record 8.5 per cent of unemployed. I would like to ask the following question of the Minister of Finance: In the face of all those contradictory statistics, I would like to ask seriously of the Minister of Finance, who now has a budget to prepare and to submit to the House, whether those statistical data are really in accordance with facts and, if so, what he intends to propose to try to further develop the use of our manpower in order to increase our gross national product to become as

prosperous as the other industrial countries in the western world?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member's question requires a very long answer which involves a complete budget. I must say that it is true that our unemployment level is too high, and I regret it. But I would also like to point out to the hon. member that in the last 12 months we created 362,000 new jobs in Canada. Our performance as far as job creation is concerned is not equalled by any industrialized country in the world.

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[*English*]

NATIONAL DEFENCE

NEW FIGHTER PLANES FOR NATO FORCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. On September 6, the minister said that the proposal for the new fighter aircraft would go to a cabinet committee on September 13 and that there would be a final cabinet decision on September 20. Last Thursday, the Prime Minister said he did not believe that the fighter aircraft program had been before cabinet since last June.

I wonder if the minister can explain how he and the Prime Minister have such different ideas as to what is going on, and can he tell us what is causing this serious delay in the program?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the Prime Minister's information is correct: to the best of my recollection this matter has not been before the cabinet since June. As hon. members know, the vendors asked for additional time to submit. We have given them that additional time to submit. I do not recall committing myself to specific dates, but I stand to be corrected, and I expect to have this matter before cabinet this month, hopefully with a decision on a short list before the end of the month or early in December.

Mr. McKinnon: Mr. Speaker, to refresh the minister's memory, I will say that he stated on March 18 that he hoped orders could be placed in late 1978 and that he was working to have the actual orders placed before the end of 1978.

Will the minister confirm that the armed forces have made their recommendations on which plane or planes they want, and that what is now holding up this program is lack of funding by the government to meet the $2.34 billion which has been promised for the purchase of the new fighter?

Mr. Danson: Mr. Speaker, I did not quite hear the end of the hon. member's question, but if I may state the status now, there has been a deferment to give the various vendors an opportunity to resubmit. That has been very worth-while time spent for the vendors, for the procurement of the aircraft and, I might add, for the industry of Canada. The dates have slipped because of that. I am looking forward to the final contracts being negotiated and the final choice being made in the new year, but not before late spring of the new year.

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FINANCE

PROPOSED CUTS IN UNCONDITIONAL TRANSFER PAYMENTS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Finance. In his September 8 statement detailing cuts in government expenditures, and particularly in unconditional transfer payments, the minister announced his intention to reduce those payments by some $220 million.

Following the meeting with his provincial counterparts last week, can the minister tell us in what specific programs he now intends to make cuts, and by how much?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we said last week that we would be postponing social service programs which we were planning to introduce next year, and the community services program. We have decided to make some adjustments to the equalization formula. There will be an increase in equalization payments, but not as large an increase as has been predicted. There is a fourth program in which there will be a reduction, the public utilities income tax transfer program.

Miss MacDonald: Mr. Speaker, since the minister's September 8 statement proposed to reduce payments under the Established Programs Financing Act, and since he now finds that because of the five-year agreement under those programs he can no longer make unilateral federal cuts, I wonder if the minister can tell us if it is his intention to compensate for that difference not only by forcing the Minister of National Health and Welfare to abandon her social service financing legislation, but will he also make larger cuts in the equalization program than he originally intended? Further, will the minister try to tamper with the agreed-upon formula under the Canada Assistance Plan?

Mr. Chrétien: Mr. Speaker, I have indicated to the hon. lady the programs we are planning to use in order to take a contribution from the transfer payments. Of course, we cannot exempt the tranfer payments to the provinces. Those account for more than $10 billion. We have been relatively soft in relation to the other cuts in the system. Four programs were discussed with the provinces last week. Those programs will be affected.

In the case of established programs, I tried to modify the formula with the provinces last week. They did not agree, so I have decided not to move in that regard.

Oral Questions

IMMIGRATION

RE-ENTRY PERMIT SYSTEM

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is addressed to the Minister of Employment and Immigration. In view of the fact that the new Immigration Act came into effect in April with a provision requiring that certain steps be taken by landed immigrants who leave Canada for more than six months, would the minister inform this House and the public about the specifics of the re-entry permit system so as to prevent hardships and difficulties for bona fide returning residents?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the returning resident requirement does not apply to Canadian citizens. It was put into effect as an accommodation to permanent residents, some of whom found, as a result of being sent out of the country by their employers or because they had to move back to their homeland to straighten out business or private affairs, that they would have concern about getting back into the country; so as an accommodation to returning residents, that particular rule was put in place. It is not meant to be a hurdle to overcome: it is an accommodation to permanent residents.

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CANADIAN BROADCASTING CORPORATION

REQUEST FOR EXPLANATION OF PRIME MINISTER'S COMMENT ON STATE OF CORPORATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Prime Minister. Last Thursday, admittedly after a rather heavy week, the Prime Minister answered the hon. member for Northumberland-Miramichi about CBC coverage of the federal-provincial conference. In the last part of his answer on page 728 of *Hansard*, the Prime Minister said:

I am sometimes amused when the CBC talks about the terrible state of the country, considering the terrible state of the CBC.

The Prime Minister has been the leader of the government for ten years. The Canadian Broadcasting Corporation is a Crown corporation which spends over half a billion dollars. The president and the board of directors are all order in council appointments. I would like the Prime Minister to explain what he meant by "the terrible state of the CBC". Was he talking about the CBC in total or Radio-Canada? Has he expressed this concern to the Secretary of State, who is responsible? Would the Prime Minister please explain what he meant, as leader of this government, about a top Crown corporation to which he makes all the appointments?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I explained it on television at the conference proper when I commented on the technical difficulties that the CBC had experienced on the first day of the conference. If the hon. member had been following the proceedings, he would have seen that as a rather light reference to the difficulties the CBC had. I stand by my remarks. The CBC is very critical of many institutions in Canada. It should not be without criticism itself nor beyond the scope of criticism. I often hear it from the other side.

[Mr. Chrétien.]

Some hon. Members: Hear, hear!

Mr. Nowlan: Mr. Speaker, then can we assume from what the Prime Minister says today that when he referred to the terrible state of the CBC—this was after the conference—it was about the technical difficulties which we all noticed during the conference, that he was not making a blanket condemnation of CBC and that the fact that $71 million was cut from the CBC budget is not related to the Prime Minister's indigestion?

Mr. Trudeau: Oh, no, Mr. Speaker, I never make blanket condemnations, except sometimes of the hon. member. I think in the case of the CBC I was referring to some specific and recent events. The hon. member knows that I am a great admirer of the CBC and the media in general.

Some hon. Members: Oh, oh!

* * *

● (1452)

FINANCE

DATE OF INTRODUCTION OF BUDGET

Mr. Joe Clark (Leader of the Opposition): I take it, Mr. Speaker, that the response from across the floor is in reaction to the last Gallup poll, and I accept that.

Some hon. Members: Hear, hear!

Mr. Clark: My question is—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Whatever the cause might be, I wonder if hon. members could restrain their enthusiasm sufficiently to enable us to continue the question period.

Mr. Clark: Mr. Speaker, my question is for the Minister of Finance, who said this morning that it was too early in the day for him to know whether or not the government had decided on a budget date. It is now later in the day, and I wonder if the minister can tell us if the government has decided on a budget date and, if so, when the budget will be brought down to the House of Commons.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the day is not over yet.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the day might not be over, but certainly the government is finished.

Some hon. Members: Hear, hear!

Mr. Clark: I wonder if the Minister of Finance could make a radical change in the way he has approached his responsibilities and begin to approach them seriously and tell the House of Commons and the country, which is very much concerned about the uncertainty that has been caused by the mismanagement of economic events, when there will be a budget.

Will he tell us whether a date has been decided, will he tell us whether he will keep his word as to a mid-November budget, and will he tell the House of Commons and the people of Canada when a budget will be presented to this parliament?

Mr. Chrétien: I think the hon. member is getting a little excited. Yesterday I rose in my seat and said I would give an answer tomorrow or the day after. I am sure he could be patient for 24 hours. I said I would give the date on that day or the following day. I am not giving the date at this moment, and I have until tomorrow to keep my word. I usually keep it.

* * *

TRANSPORT

MOVEMENT OF GRAIN TO EXPORT POSITIONS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a question for the Minister in charge of the Canadian Wheat Board arising out of events that have occurred over the last while and questions asked earlier today.

In view of the fact that the People's Republic of China was in the market for six million to seven million tons of grain, and that the Canadian Wheat Board signed a contract effective September 1 for three million tons, not because that was all China wanted but because that was all the Canadian Wheat Board was capable of delivering, and in view of the fact that Canadian Pacific, with a record profit of $233 million, refused to repair boxcars to increase our grain movement capability, I should like to ask the minister what measures he intends to take to require, first, the railroads to repair and return at least 5,000 railway-owned boxcars to the grain movement and, second, to co-ordinate rail and marine shipping so that the Wheat Board can bid and secure contracts in greater amounts than they have been able to because of this lack of capability.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am sure the hon. member will be interested to know that I have not really accepted a final negative from Canadian Pacific on the repair of boxcars. They did indicate they were satisfied that they could move their share of a 23 million bushel movement of export grain. I am a little doubtful about that, so I pressed them again to take up our offer to pay half the cost of repairing 1,000 boxcars.

Of course, we are constantly looking at ways of improving the movement of grain, and a consultant studying the situation might well help in that regard. The one difficulty we still have is in regard to shipping which is essentially under an international regime rather than under our own. A few years ago, the Canadian Wheat Board considered, through an expert committee, whether it should change its system of marketing to improve the shipping as well as the provisions of grain. They might have to look at that once again at this time in the context of the difficulties of ensuring that shipments arrive when they should.

GRAIN NOT BEING MOVED IN WESTERN CANADA

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is directed to the same minister. Notwithstanding the statements which the minister made in reply to the hon. member for Vegreville and the hon. member for Moose Jaw, grain is piling up in western Canada on farms and in elevators—a $500 million loss which farmers experienced last year because of the inability to move the grain.

Can the minister tell the House what time we are talking about with regard to the recent floods and wash-outs of the railway lines affecting shipments of grain to Prince Rupert, and whether he has any alternative in mind?

● (1502)

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, there are no easy solutions to the problems which arise from strikes, landslides or wash-outs when one is trying to move a maximum amount of grain. Again to put the matter into context, I wish the hon. member would not exaggerate. When he said that there was a loss of $500 million worth of grain shipments, he simply misstated the situation entirely. Last year the producers delivered over one billion bushels of grain for the first time in history.

Some hon. Members: Hear, hear!

Mr. Lang: Even though we had an all-time record crop on our hands, we moved the whole of that crop plus a little more. The question is, how much more than that can we move in any given year, and our answer is that we want to be able to move a couple of million tons or another 50 million bushels more than that. That is what we are trying to do.

Mr. Speaker: Order, please. Yesterday the hon. member for Greenwood (Mr. Brewin) gave me notice of a question of privilege which he said he would proceed with when he and the Solicitor General (Mr. Blais) were next in the House.

* * *

PRIVILEGE

MR. BREWIN—CORRESPONDENCE RECEIVED FROM SOLICITOR GENERAL

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I rise for the purpose of raising a question of privilege. If Your Honour rules that there is a prima facie case, I will move the question of whether or not the letter from the Solicitor General (Mr. Blais) to me, dated October 27, 1978, is misleading and should be referred to the Standing Committee on Privileges and Elections.

Privilege—Mr. Brewin

On October 19, 1978, I put a question to the Solicitor General in the House. It arose out of a report that one Corporal Radey of the Royal Canadian Mounted Police was being subjected to a secret trial because of information given by him—

Mr. Speaker: Order, please. May we have less noise?

Some hon. Members: Order!

Mr. Brewin: The question I put to the Solicitor General arose out of a report that Corporal Radey of the RCMP was being subjected to a secret trial because of information given by him to the Laycraft commission in Alberta that he was the victim or one of the victims, or was concerned with a bugging incident by the RCMP.

The minister did not have the information available, but promised to supply it later. On October 27, 1978, I received a letter from the Solicitor General, which letter is the subject matter of my question of privilege. In my view, the letter is false and misleading. It attempts to dissociate the charges pending under the Royal Canadian Mounted Police Act from the matters arising before the Laycraft commission.

The letter indicated that Corporal Radey had been charged with two service offences pursuant to the provisions of the Royal Canadian Mounted Police Act, both of which related to his conduct as a member of the force. It is alleged that he made false statements in writing to his superiors and failed to obey the lawful command of his superiors. The letter indicated that Radey was one of the principal witnesses involved in the Laycraft inquiry, but that the Solicitor General was informed that the service offences referred to did not arise from the fact that he had given evidence before the Laycraft commission or from the substance of his evidence. Then the letter contains the following sentence:

The service offences relate to his conduct pertaining to an internal investigation and his conduct relating to a lawful command.

The clear implication of this letter is that the charges, for which Corporal Radey was being tried by the RCMP, were not connected with the evidence given or statements made by him in connection with the Laycraft inquiry.

I accepted the minister's statement in his letter, and decided, as the charges under the act against Radey were apparently an internal matter of the RCMP, unconnected with the Laycraft commission, that the matter did not require further concern by myself. However, later on, upon investigation of the actual charges against Radey, it was made abundantly clear to me that the letter was false and misleading.

The first charge against Radey related to an allegation that he had spoken to Chief Superintendent Schramm and Inspector Palmer. The matter in question was the evidence as to the alleged bugging to be brought before the Laycraft commission by Corporal Radey.

The second charge more clearly involved the Laycraft inquiry. It was that Radey disobeyed instructions from Inspector Palmer to discuss his evidence only with counsel for the RCMP, and the fact that, contrary to this instruction, he discussed the matters with the counsel for the commission. Inspector Palmer was said to have instructed that he must not consult or discuss with counsel for the judicial inquiry the matters in question, but that he must contact only one Stevens Guille, who was counsel appearing for the RCMP before the Laycraft commission.

The second part of the first charge against Radey employs exactly the same language, word for word, as does the report of the Laycraft commission. I can cite that reference in the report. The statement in the letter indicating the service charges did not arise from the fact that Corporal Radey gave evidence to the Laycraft commission, or did not arise from the substance of his evidence, was and is misleading.

Apparently the purpose of the misleading statements in the minister's letter was to make it appear that the proceedings under the Royal Canadian Mounted Police Act and the secret trial were unconnected with the Laycraft commission. Of course this was false. Evidently someone wishes to discourage any attempt to link the internal RCMP charges with the Laycraft commission. The whole question of the use of the Royal Canadian Mounted Police Act to restrict and restrain an individual police officer from communicating to a judicial commission evidence he planned to present to that commission is raised by this matter.

I do not accuse the minister of deliberately misleading myself or the House, but I suggest that in sending out such a letter the minister was careless, reckless, and sloppy, at the very best.

I will not repeat the general observations of the hon. member for Northumberland-Durham (Mr. Lawrence) concerning the seriousness of misleading members of the House about matters inquired into in the House or connected with House business. Merely I want to emphasize that the whole function of parliament can be defeated if inquiries by members on matters of concern to the House are to be deflected by carelessly drawn or, indeed, intentionally misleading responses in letters. Our duties as watchdogs of the rights and freedoms of individuals will be frustrated if this sort of thing is permitted and becomes common.

If Your Honour rules that I have made a prima facie case of breach of privilege, I will move, seconded by the hon. member for Broadview (Mr. Rae):

● (1512)

That the matter of the alleged misleading letter of the Solicitor General to me, his letter of October 27 relating to Corporal Radey and the charges laid against him under the RCMP Act, be referred to the Standing Committee on Privileges and Elections for inquiry and report back to the House.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have listened with a great deal of interest to what the hon. gentleman has said, and I take his question very seriously. I have no difficulty with the facts the hon. gentleman has advanced in terms of the correspondence being exchanged and the fact that a question was asked in the House. I quite understood the nature of the hon. gentleman's question when it was put in this House, and I replied at that time that I had just been made

aware of the matter immediately prior to coming into the House and that I would look into it and reply to the hon. gentleman.

I quite readily accepted that the hon. gentleman had raised some connection between the charges and the Laycraft inquiry. That is why, contrary to his allegations, I was very careful in the reply that I forwarded to him. It was a reply which I reviewed quite attentively. I would cite again the paragraph to which he has referred. I stated that while this NCO was one of the principal witnesses involved in the Laycraft inquiry, I was informed that the service offences referred to do not arise from the fact that he gave evidence, nor from the substance of his evidence. The service offences relate to his conduct pertaining to an internal investigation and to his conduct relative to a lawful command.

If the hon. gentleman reviews the charges, which were the subject of a writ of prohibition application before the Federal Court, he will see quite readily that the charge under Section 25 of the RCMP Act refers, not to the evidence that he gave before the Laycraft inquiry, but to a statement that he himself made to his superiors quite categorically, and to a directive that had been issued to RCMP officers that was allegedly not followed. That is the pith and substance of the two counts this gentleman faced. Again, I would simply refer the hon. member to the specific counts that are identified in the internal disciplinary charge.

The service corps proceedings that the hon. member referred to were initiated against Corporal Radey in relation to allegations that he had, indeed, made a false statement and that he had failed to abide by the lawful command of his superiors.

An hon. Member: What were the orders?

Mr. Blais: The orders were that he was not to consult with solicitors other than those of the RCMP prior to giving evidence to the commission. Those were orders which were issued by the RCMP in terms of the organization of evidence for the Laycraft inquiry.

Corporal Radey was charged, pursuant to section 25 of the Royal Canadian Mounted Police Act, and the service corps proceedings, which are internal disciplinary hearings in the RCMP and are authorized, are held strictly in accordance with the provisions of the RCMP Act. The procedures provided for the presentation of a full defence to the service charges. The member, subject to the hearings, has a right to be represented by another member of the force, and these hearings are held in camera. Members convicted in service court have a right of appeal to the commissioner and, of course, a right to apply for review under section 28 of the Federal Court Act.

In the case of Corporal Radey, the member representing him made a motion on the grounds that the tribunal lacked jurisdiction in that the proceedings were instituted more than six months after the alleged offence. That motion, which was as a preliminary objection before the hearing tribunal, was denied at the time it was moved. An adjournment was obtained so that the application could be made to the Federal Court. The Federal Court held that the motion was a proper one and that section 721 of the Criminal Code prevailed in terms of disciplinary offences under the RCMP Act. As a result of that, the writ of prohibition was issued.

Before the House last adjourned, Mr. Speaker, I introduced a bill, Bill C-50, to amend the RCMP Act. This bill died on the order paper. However, it is the government's intention to reintroduce the bill at the first opportunity. It will propose certain changes with respect to internal discipline in the RCMP and in essence it will provide for the enactment of a code of conduct which will apply to members of the force. Contraventions of this code of conduct can lead to informal disciplinary action or, in serious cases, formal disciplinary action.

This is why I was pleased that the hon. member for Greenwood (Mr. Brewin) raised his question in the House at that time, because of my intention to introduce Bill C-50. I am sure the hon. gentleman is mindful of the fact that there has been a commission of inquiry set up under Judge Marin, who made a report relating to matters touching internal discipline within the RCMP. The bill which we will be introducing follows very closely the recommendations of the Marin commission.

Formal disciplinary action will require a hearing which will be held in private, under the proposals in this bill. Under this bill, the member whose conduct is the subject of the hearing, as well as all witnesses called to give evidence at the hearing, will be entitled to be represented by counsel. The bill will provide for two levels of appeal, the first being the internal board of review, which will review the proceedings on the record, and a further appeal on the record to the commissioner.

Provision is also being made for review by an external review committee if the member has been ordered to pay a fine. The review committee will examine the matter on the record, receive written submissions, and the member concerned may present argument personally or through counsel, following which the review committee will submit a report with its comments and recommendations to the commissioner.

Because of the general interest that has been manifested by the hon. member for Greenwood in this matter, I thought that it would be informative for him to be made aware of the fact that we are interested in proceeding with this bill. I would reiterate with regard to his question of privilege that I provided what I felt was forthcoming information relating to specific charges, that I had identified and described the nature of the charges. In the last paragraph of my letter I indicated that there was a writ of prohibition that had been filed with the Federal Court and that I felt that it would be inappropriate for me to make any further comment with respect to particulars. Therefore I kept my reply to the essential ingredients which he had addressed, and I feel that I discharged my responsibilities in accordance with those responsibilities.

Some hon. Members: Hear, hear!

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have had the feeling for some considerable time now that if one asks

the question, "who runs the police system in this country, the commissioner of the RCMP or the Solicitor General" that one would, looking at the evidence, have to say that it is the commissioner of the RCMP, rather than the person appointed by the Prime Minister (Mr. Trudeau) and elected by the people to make these decisions. Everything which I have heard in the last month or so has confirmed that feeling.

There was the letter written by a solicitor general to the member for Northumberland-Durham (Mr. Lawrence) and drafted by the RCMP, which was, to say the least, not in accordance with the facts. The direct question was whether mail was being intercepted. Now, we have this question. The minister talks about a bill which he introduced and which died on the order paper, a bill drafted on the basis of an inquiry held by a judge which recommended, among other things, that the RCMP Act be amended so that its members in such a difficulty would have the same rights as any other citizen in Canada, namely to be represented by counsel. The minister is stating a fact when he says that the bill died on the order paper.

• (1522)

Surely if the commissioner of the RCMP knows that inquiry has been held, if he knows that a judge has recommended against a section of the RCMP Act which prevents an RCMP officer from being represented by counsel, then as my colleague, the hon. member for Regina-Lake Centre (Mr. Benjamin) suggested, what you have in such cases is a kangaroo court. If the RCMP commissioner knows that the government has accepted the recommendation of that judge and has drafted a bill, which bill has not yet been dealt with by parliament, surely the commissioner of the RCMP and senior officials of the RCMP do not need any more instructions, despite the fact that the act as written many years ago gives them the right to hold this kind of hearing in camera without the accused being represented by counsel. Surely they could have the decency and the common sense to permit that officer to have counsel there to protect his rights, as would any other citizen—

Mr. Speaker: Order, please. I am a little worried that we are getting off the question of privilege of the hon. member for Greenwood (Mr. Brewin), and perhaps getting on to a question of the privileges of Corporal Radey. I think we have to stick with the procedural aspects of the matter before us.

Mr. Orlikow: Mr. Speaker, I was just coming to that, although I think what I have said is germane to the question.

The hon. member for Greenwood has said that the charges Corporal Radey is being tried on have to do with the fact that, he was instructed not to deal with the counsel for the Laycraft commission. I listened carefully to the Solicitor General (Mr. Blais). It seemed to me that he talked all around the question and tried to suggest that the charges were something else altogether, but he did not say that they were not, because I presume he realizes that eventually the nature of the charges will become public knowledge. The minister would not want to be accused of himself misrepresenting the facts.

[Mr. Orlikow.]

Surely it is wrong for the RCMP or any other agency of government or any other individual to exert pressure, legal, moral or any other, on any person in Canada, particularly a police officer, so that they would not give whatever information they had to a duly constituted royal commission in this country. It seems to me that is the issue. If in fact that is what happened—and the minister has not said it has not happened—if the superintendent or senior officer of the RCMP instructed or directed an RCMP officer not to give information which he had to a duly constituted royal commission, then it is not Corporal Radey who should be on trial but the officers of the RCMP.

I hope that the Solicitor General will take this matter more seriously than he seems to have done, and I hope he will stop the practice which, I think solicitors general have had for so many years, of simply taking the word of the RCMP that what they have done is proper, correct, legal, and everything else. I hope he will look at the role of the RCMP and see that it deals with the problems it faces on a proper, legal, and moral basis, which in my view it has not done in this case.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my comments will be brief. I have taken the matter quite seriously. I have come into it completely fresh as I did not know what the facts were. But I listened very carefully to the minister and to the hon. member for Greenwood (Mr. Brewin). The response contained in the letter read by the minister would suggest to me that it was calculated—I do not say deliberately—to set at rest the agitation, the anxiety of the hon. member for Greenwood, who is disturbed about this issue and quite properly so.

I am concerned here about the issue involving Corporal Radey and the RCMP. I think, as Your Honour has pointed out, that has probably decided our terms of reference.

We hear a lot of talk about ministerial responsibility. The Prime Minister (Mr. Trudeau) has used that phrase quite frequently with regard to the right of the Privy Council and the Prime Minister to be the final arbitor of what shall be the scope of disclosure of documents, for example, in the McDonald royal commission. Ministerial responsibility should be at its highest level in this House. If I, the hon. member for Greenwood, or any of my colleagues on either side of the House, seek to ask a question, and it is then indicated that a letter will come in reply, we are entitled to accept the words in that letter at face value. I am sure the hon. member for Greenwood, receiving that letter, decided not to proceed any further with the matter because of the contents of the letter. I would have been in exactly the same position, saying "this is a good response. It settles my doubts and I am not going to proceed with it any more."

If that is ministerial responsibility, and I am not suggesting nor would I be allowed to suggest that the minister did this deliberately—he wrote this letter on the basis of what was put before him—then this is a sad commentary on this principle of ministerial responsibility.

How can we accept in this House such comments contained in a letter—not the kind of answers that come on the spur of

the moment, in the heat of debate or the cut and thrust of question period, but comments made carefully and deliberately in a letter, calculated to respond to what the member had asked about this very serious issue?

Your Honour may decide the matter does not warrant being taken to a committee, but I think it is a very valid and legitimate complaint which could affect all of us in this House.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I will be very brief because the hon. member for Peace River (Mr. Baldwin) put the facts as I would have put them to you.

I am speaking from memory now and I may be wrong, but I believe a writ of prohibition was granted against proceeding with those charges by the Federal Court. I believe Mr. Bill Gill, QC, of Calgary, appeared in Federal Court. Whether that has anything to do with the facts as set out by the minister or the hon. member for Greenwood (Mr. Brewin) I do not know, but I felt it my duty and my responsibility, being in the House now and hearing this matter argued, to bring this to your attention.

Mr. Bob Rae (Broadview): Mr. Speaker, it is with some hesitation that I speak on this matter, not only because of my relative inexperience in the House but also because I was not sworn in at the time the original question was asked by my colleague, the hon. member for Greenwood (Mr. Brewin). I agreed to second his motion, however, and therefore I feel I should speak on the matter.

The letter which was addressed by the Solicitor General (Mr. Blais) to the hon. member for Greenwood raises very serious questions about the frankness with which questions are being answered in this House. The hon. member for Greenwood asked a question of substance dealing with the rights of a member of the RCMP in relation to an inquiry which was going on at the time. I understand the charges against Corporal Radey relate directly to his involvement in the Laycraft inquiry. The minister is as aware of those facts as we on this side of the House; in fact he is even more aware of them than we are.

It was at this point that the minister wrote the letter to the hon. member for Greenwood, to which the minister has referred and which will be put before the committee. The only conclusion one can draw from the letter on its face is that the charges being laid against Corporal Radey have nothing to do with the Laycraft inquiry. That is the prima facie reading of the letter. If that is not misleading, I do not know what it is. It is a fine point Mr. Speaker; it is a fine lawyer's point to say this letter does not specifically say that, but nevertheless it leaves that distinct impression because of what the letter omits to say and because of what it covers by its language.

To give you one example, the letter specifically refers to the fact that the allegations against Corporal Radey relate to the fact that he failed to obey the lawful command of his superior. Are we not then entitled to ask what the lawful command of his superior was? As I understand it, and I stand to be corrected, the lawful command of the superior was that the corporal involved should not speak to any commission counsel, even the counsel for the commission itself. That is not mentioned in this letter.

I think that when a member of parliament such as my colleague, the hon. member for Greenwood, raises a question in good faith with respect to the rights of an individual charged by the RCMP, he is entitled, in a letter, certainly something written after some deliberation, to something which is completely frank and open, not something which is, with great respect, devious and dissimulatory at its best.

• (1532)

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I would hope that this particular matter would induce the Solicitor General (Mr. Blais) to be a little more forthcoming in the type of explanation he gives in the House to avoid this type of situation. If he had been as forthcoming with the hon. member for Greenwood (Mr. Brewin) at the relevant time, we would not be in this situation. I cannot help but remind him and the House that in 1976 when I asked his predecessor why they had the same people investigating l'Agence de Presse Libre du Quebec break-in who did the break-in, everybody more or less shrugged their shoulders. The minister at that time did not see fit to elucidate the matter in the House.

It seems to me that what the Solicitor General has been doing, and which is causing this problem, is that he has not been forthcoming enough in the House. He could easily have made available to the hon. member for Greenwood, who is a very intelligent legal counsel, some of the background documents. The case was being tried in Ottawa, and documents were around. While I do not know whether Your Honour will find a prima facie question of privilege, I would hope that in dealing with the matter that you would urge the Solicitor General to refrain from this specious doctrine. Every time a question is asked having anything whatsoever to do with police matters, he is using the coy doctrine of brushing it aside on some imagined ground of national security or super confidentiality. Surely matters of police and security are of vital concern to members of the House and, by the very nature of the subject, require complete and full disclosure by the minister.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I was moved to participate in this debate by some of the comments made by my seatmate, the hon. member for Peace River (Mr. Baldwin), who pointed out quite accurately that there are two points involved here. One is the question as to whether or not the letter itself can be considered as part of a proceeding of the House so that it would be within the purview of your jurisdiction. I think he has dealt with dispatch with that particular excuse, if it may be termed an excuse, quite well. The fact is that it was something which flowed out of the exchange in the House during question period. It was part of the response to be given to the hon. member for Greenwood (Mr. Brewin) as a result of questions raised in this House.

To put it into perspective, I think the issue is simply this. If it was a clear case that a minister of the Crown in answering question in this House lied, that he gave a falsehood knowing

it to be false—and I am not suggesting for a moment that that is what the situation is here—but if he did that, sir, you would be entitled to find, if you were able to determine that was the fact either by admission or otherwise, it would be the basis for a prima facie case of privilege, and then it should be investigated. I do not think there is any question about that.

I think the next step down the road must be: can the minister, under our system of ministerial responsibility, continue as has been the practice now which has developed over the past few years, can he, and may he indeed, according to our parliamentary tradition, fail to accept responsibility and not have this matter looked into, not on the basis that it is a lie with malice or forethought and so on, but somehow that the information given to them was false? I can give you a number of instances, sir, where that same argument has been brought up over and over again, unfortunately by members of this particular administration. The Minister of Supply and Services (Mr. Goyer) on two different occasions, to my recollection, used that same doctrine that, while the information he gave he thought to be true, it was based upon misinformation given to him either by somebody in his office or a departmental employee.

I say to you, sir, that it is not good enough for the Solicitor General to stand in this House and suggest that there was a misunderstanding by him on the basis of information given, if that is what he said, or rather that he got information provided to him which tended to mislead the hon. member for Greenwood. I think the matter should be investigated because it is a fundamental question of ministerial responsibility. I simply submit, sir, that as I understood the excuse of the Solicitor General, it should not be enough to discount the matter, and for you to overlook it, but rather we should have the matter investigated to determine precisely what we mean in this House by ministerial responsibility and ministerial accountability to this parliament.

Mr. Speaker: Order, please. I have given very careful attention to the question of privilege raised by the hon. member for Greenwood (Mr. Brewin). As he will be aware, I have directed my attention already to many of the principles that have governed this question. They have been argued in a similar way, although in much different circumstances, only a few days ago in the question of privilege to which reference was made often this afternoon, raised by the hon. member for Northumberland-Durham (Mr. Lawrence).

However, there is one very important difference that I am sure all hon. members will recognize in this instance over that other case. There are several differences, but one is quite fundamental to our procedure. That is to say, in his intervention today the Solicitor General (Mr. Blais) did not in any way alter or change the content of his reply, or in any way indicate that he was dissatisfied with the reply he had given on an earlier occasion. In other words, in his intervention today he said, "Having had the question of privilege brought to my attention, I reviewed my reply. I stand by it; it is the reply I made at the time. It was on proper information at the time, and it is the reply I should have made under the circumstances at that particular time." Now whether that is right or not, it is not for me to judge. I am not the one in this situation to judge the accuracy of the facts involved.

I am certain there will be considerable disagreement, and interesting discussion is possible as to whether or not one side has merit or the other side has merit in these particular circumstances. However, that does not alter the basic fact that a question of privilege is essentially a procedural argument, and, once the minister has said that this is the reply he intended to give, and upon reviewing his information, he feels that it is the proper reply in the circumstances, it seems to me that that takes it out of the area of procedure and perhaps puts it into an area of debate or may raise it into the area of other remedies. Once the minister stands in his place and says "I have reviewed the reply, that reply was accurate and proper," I am bound to accept that, and the House is bound to accept that, no matter how violently the House may disagree with the interpretation the minister puts on that. It may pursue that violent disagreement another way, but in any case that seems to me to take the matter entirely out of the question of procedure and leave it in the realm of debate and disagreement, which is a different matter altogether.

Therefore, with that fundamental difference in mind, I really do not think at this moment, on the information that has been put before me today, that I can pursue this matter as a question of privilege.

[Mr. Hnatyshyn.]

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 67, 164 and 279. I ask that the remaining questions be allowed to stand.

[*Text*]

IVOR WYNNE STADIUM IN HAMILTON

Question No. 67—**Mr. Beatty:**

1. On the weekend of February 3, 4 and 5, 1978, did the Minister of Labour use government aircraft to fly to Vancouver and other places in Western Canada to convince owners of Canadian Football League teams to block the sale of the Hamilton Tiger Cats to Mr. Harold Ballard and, if so (a) what was the cost to the taxpayer for the minister's trip (b) who were the other members of the minister's party (c) in what way did the trip to western Canada relate to the official duties of the minister?

2. Does the Minister of Agriculture intend to make a grant to the owners of Ivor Wynne Stadium in Hamilton to cover 90 per cent of the cost of new seating as urged by the Minister of Labour and, if so (a) from what existing fund, if any, does the Minister intend to make such a grant (b) is the Minister of Agriculture and/or the Minister of Labour reconsidering making the grant in view of the fact that Mr. Ballard now owns the Hamilton Tiger Cats?

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): 1. See Beauchesne's Parliamentary Rules and Forms, citation 171 (11).

2. The Minister of Agriculture has not received an official application for assistance from the owners of Ivor Wynne Stadium in Hamilton. Any decision to assist this or any other project in the Hamilton area will be judged on its merits in line with service to the community and the general context of loans made to agricultural societies.

S. FREIFELD

Question No. 164—**Mr. Roche:**

1. Was a contract for $10,000 awarded on behalf of the Department of External Affairs to S. Freifeld, 606 Churchill Avenue, Ottawa, Ontario, to screen restricted files in Ottawa?

2. What is the nature of the files?

3. Is this sort of work usually contracted out and (a) if so, for what reason (b) if not (i) for what reason (ii) for what reason is an exception being made in this instance?

4. What qualifications does one have to have to screen the Department's restricted files?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. Yes.

2. Restricted files for the period 1950-1963 on Canada's relations with the United States, Federal Republic of Germany, Italy, The Netherlands and Middle East.

3. Yes. (a) In order to utilize the expertise and experience of former senior officers of the department in determining whether previously restricted material has in the interval lost its sensitivity, thereby allowing its release to the public without endangering the conduct of Canada's international relations.

4. A thorough knowledge of the file subjects being screened, and their relationship to current international issues, plus a valid security clearance permitting access to restricted files.

U.S.S.R. EMBASSY—MOTOR VEHICLES

Question No. 279—**Mr. Cossitt:**

1. To the knowledge of the government, how many motor vehicles were licensed to the Embassy of the Soviet Union or to the employees in each of the past five years?

2. Does the government and specifically, the Department of External Affairs, have an up-to-date list of such vehicles and, if so, what is the current license plate, registration, etc. of each vehicle?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. License plates for automobiles owned by the diplomatic, consular and foreign-based administrative and technical members of missions are issued by the provincial authorities. The list of the plates issued in Ottawa is sent every year to the Department of External Affairs. It is not however kept from year to year.

2. The following has been extracted from the 1978 list received from the motor vehicle bureau (Ottawa) of the ministry of transport and communications of Ontario:

Motor Vehicles Licensed in 1978 in Ottawa to the Embassy of the Union of Soviet Socialist Republics or to the Employees

Owner	Licence Plate	Colour	Make	Year
Amb. Yakovlev	CDA-088	(black)	limousine	1977
Amb. Yakovlev	CDA-188	(black)	Pontiac	1977
B.A. Soukharev	CDA-222	(silver)	Chevrolet	1977
Embassy	CDA-223	(beige)	Chevrolet	1977
Embassy	CDA-224	(blue)	Chevrolet	1977
Talanov	CDA-225	(brown)	Chevrolet	1977
Danilinive	CDA-232	(blue)	Chevrolet	1978
Souvorov	CDA-233	(blue)	Pontiac	1977
Ivanov	CDA-234	(red)	Chevrolet	1977
Borishpolets	CDA-235	(blue)	Pontiac	1977
Embassy	CDA-236	(brown)	Pontiac	1977
Embassy	CDA-237	(blue)	Chevrolet	1977
Skofenko	CDA-238	(yellow)	Fiat	1975
Vartanian	CDA-239	(blue)	Pontiac	1978
Meechulayev	CDA-240	(blue)	Chevelle	1977
Enguibarov	CDA-241	(yellow)	Chevrolet	1978
Enguibarov	CDA-242	(brown)	Mercury	1977
Enguibarov	CDA-243	(red)	Chevrolet	1978
Enguibarov	CDA-244	(red)	Buick	1978
Enguibarov	CDA-245	(tan)	Plymouth	1978
Embassy	CDA-246	(silver)	Pontiac	1977
Enguibarov	CDA-247	(beige)	Chevrolet	1978
Embassy	CDA-248	(blue)	Chevrolet	1977
Krioutchenov	CDA-249	(silver)	Pontiac	1977
Aleksansan	CDA-250	(blue)	Chevrolet	1978
Embassy	CDA-251	(tan)	Chevrolet	1978
Plavinski	CDA-252	(blue)	Chevrolet	1977
Movikov, Alex	CDA-274	(blue/green)	Chevrolet	1977
Press Office	CDA-282	(blue)	Chrysler	1977
Embassy	CDA-283	(yellow)	Chevrolet	1978
Embassy	CDA-284	(blue)	Chevrolet	1978
Embassy	CDA-285	(blue)	Chevrolet	1978
Plavinski	CDA-286	(red)	Plymouth	1978
Embassy	CDA-287	(beige)	Chevrolet	1978
Press Office	CDA-288	(red)	Plymouth	1978
Embassy	CDA-294	(brown)	Pontiac	1978
Krioutchenov	CDA-295	(silver)	Pontiac	1978
Bragin	XTR-013	(black)	Pontiac	1977
Palladin	XTR-004	(silver)	Ford	1978

Total: 39

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

Point of Order—Mr. McGrath

● (1542)

POINT OF ORDER

MR. McGRATH—COMMITTEES MEETING WHILE HOUSE SITTING

Mr. James A. McGrath (St. John's East): Mr. Speaker, before orders of the day are called, I want to raise a point of order which I hope will not overtax your seemingly infinite patience, because we have had a number of procedural points of order raised in the House in the last couple of days. I am sure this point of order will commend itself to Your Honour because of the difficult if not impossible position in which it places the House.

The next order of government business calls for the House to go into committee of the whole to consider Bill C-10. The problem I want to put before you, Mr. Speaker, arises from the fact that as of this moment, 3.30 this afternoon, we have meeting the following standing committees of the House:

The first is the Standing Committee on Finance, Trade and Economic Affairs. That committee happens to be dealing with a finance bill which is keeping the Minister of Finance (Mr. Chrétien) out of this House on a bill for which he has responsibility in this House, namely, Bill C-10, an act to amend the Income Tax Act with regard to family allowances. I could base my whole argument on that fact alone, but there are other committees meeting this afternoon as well.

There is the Standing Committee on Labour, Manpower and Immigration. A number of people on that committee, two for sure, have a special interest in Bill C-10 which the House is now considering in committee of the whole, but feel they have to be at that committee meeting this afternoon. As well, we have the Standing Committee on Broadcasting, Films and Assistance to the Arts meeting later this day, as well as the Standing Committee on Veterans Affairs.

I raise this at this time because the House will be dealing later today or on Thursday, as the case may be, in committee with amendments. This will tend to dramatize the dilemma in which the House finds itself.

First, there is the paradox of the House sitting in committee of the whole. That in itself would seem to exclude any other committees meeting at that time. When the House is in committee of the whole, that by definition seems to exclude any other meetings of committees of this House. The fact is there are committees of the House meeting today and will be meeting on Thursday while the House is in committee of the whole on a very important bill.

The problem is that when there are votes in committee of the whole there is no division bell. There is no way to alert members attending to their duties in committee that there are important votes taking place in the House. I submit this question should be of some importance to the government because the gap between the combined opposition and the government is closing as a result of the recent by-elections.

I have raised this matter before. I refer Your Honour to the *House of Commons Debates* for Monday, February 22, 1971, at page 3601. Apart altogether from the fact that we are thwarted in our efforts to be able to direct questions to the Minister of Finance on an important bill dealing with the Income Tax Act because the minister is present at a meeting of the Standing Committee on Finance, there is the fact that members are precluded from attending to their duties in committee of the whole with respect to divisions that may take place, and probably will take place. I anticipate there will be amendments to this bill. Therefore this is a problem with which the Chair should certainly be seized.

I realize what is going through Your Honour's mind at the present time, that there is nothing in the standing orders to cover it. That happens to be the case. However, when we did away with the committee on supply and established standing committees of the House to deal with supply and legislation, that reduced the number of times the House was in committee of the whole. I do not believe it was envisaged at that time that committee of the whole would be competing with standing committees of the House either on questions of supply or on questions of legislation, as is the case we are faced with this afternoon. I leave that with Your Honour.

I raised this last night when we got on to this bill. The Standing Committee on Finance, Trade and Economic Affairs was meeting last night at a time when we were in committee of the whole on Bill C-10. That committee was hearing evidence from the Governor of the Bank of Canada and the Minister of Finance on another important finance bill. That placed the House of Commons in an impossible position, one which was never intended by the rules.

I submit with great deference that this is a situation where Your Honour should intervene. I leave it at that, and hopefully the Parliamentary Secretary to the Deputy Prime Minister and President of Privy Council (Mr. Pinard) will bring this to the attention of the government House leader and, if we are seized with the question on Thursday, Your Honour will be able to deal with it.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I listened to the point being made by the hon. member for St. John's East (Mr. McGrath). I think it is fair to point out that the meeting of the finance committee last night was requested by the hon. member for York-Simcoe (Mr. Stevens), who at the same time decided to be in the House to accuse us of not having the Minister of Finance (Mr. Chrétien) here. Surely the opposition has a responsibility in this.

Mr. McGrath: The hon. member denied that last night.

Miss Bégin: The hon. member was here last night instead of, as he requested, at the meeting of the finance committee on which he is the critic for the Tory party.

I say to the hon. member for St. John's East that the Minister of Finance would be pleased to come here to participate in this debate. At the moment he is at the meeting of the finance committee. However, he spontaneously offered to be with us for all of this evening. That was rejected by the hon. member for York-Simcoe who said he could not be here tonight. There is no meeting of the finance committee tonight.

[Mr. Speaker.]

It is unfortunate that the bill is being dealt with in his absence. However, I repeat that the Minister of Finance is willing to come here as soon as he has finished with the finance committee which is his first responsibility. I am piloting the bill as co-sponsor.

Mr. McGrath: His first responsibility is to be here.

Miss Bégin: The opposition members should make up their minds. They do not know what they want. They should not play games with this bill.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, the minister entirely misses the point. I support completely what the hon. member for St. John's East (Mr. McGrath) has said. This is not the first time this has happened. In fact while Your Honour was in the chair, and on one or two occasions when your predecessor was in the chair, members moved the adjournment of the House, a procedure which very soon stops meetings of committees and forces a vote.

The government should have the brain capacity to arrange that when the House is sitting in committee of the whole, standing committees do not meet. Surely a committee of the whole House has some priority over several standing committees meeting at the same time. The government chose to have this legislation dealt with by committee of the whole. Therefore standing committees should not be meeting at the same time.

Why were the committee meetings called? Some were called for organizational purposes and some of us should be at them. Some members will not be there because we have given this chamber priority while the House is sitting in committee of the whole. There are clauses members want to speak on, or vote for or against. The bells do not ring. How can you possibly attend a standing committee meeting in another building and at the same time take part in a committee of this whole House, something which should have priority?

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I do not want to get into the generalities of this discussion on the point of order raised by the hon. member for St. John's East (Mr. McGrath). However, I would like to deal with the particulars he mentioned.

First, may I again clarify the situation with regard to last night, as I did when the hon. member for St. John's East raised it last night. Indeed, the reason there was a meeting of the Standing Committee on Finance, Trade and Economic Affairs last night was because it was specifically requested by official opposition members on that committee, led by the hon. member for York-Simcoe (Mr. Stevens).

There was no intention of having a meeting last night. As I indicated in the House last night, it was foreseen to be a problem to both sides of the House if that committee were to meet. However, in order to accommodate the official opposition and the official opposition finance critic, the chairman of the committee, the hon. member for York Centre (Mr. Kaplan), decided to go ahead with the meeting.

● (1552)

As for the meeting today, the only reason the Minister of Finance is at the meeting of the Standing Committee on Finance, Trade and Economic Affairs and not in this House is that the official opposition, again led by the hon. member for York-Simcoe and, I believe, by the Leader of the Opposition (Mr. Clark), insisted that there be three successive meetings. The meeting of today was not set up by the government. It was set up by the standing committee, as are all standing committee meetings. That meeting was set up some time ago, and it is a coincidence, unfortunately, that we are still sitting here in committee of the whole considering an item of social legislation which I believe at least some hon. members opposite support and want to see passed.

Mr. Speaker: There are two others who want to contribute. In essence we are discussing a point over which I have no control. I think there is, therefore, a limit to how far we can go.

There have been contributions from both sides regarding the scheduling of meetings. Perhaps the point is properly raised. It is an advertisement to those who organize and agree upon the organizing of the scheduling of these meetings that perhaps more care should be taken to avoid conflicts. However, in the final analysis I do not have the power to arrange the scheduling of meetings or to cancel meetings, so therefore in the end, if the conflict cannot be resolved in the way which has been suggested this afternoon, there is nothing I can do about it.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on a point of order regarding a statement made by the parliamentary secretary. I want to contradict his statement because of facts set out in the proceedings in this House last night.

At page 853 of *Hansard* the hon. member for York-Simcoe (Mr. Stevens) is reported to have said:

> Mr. Chairman, I rise on a point of order. I do not want to delay to committee, but I cannot allow the parliamentary secretary to go misinformed. The fact is we were put under a guillotine with regard to Bill C-7. I said initially we could hear Governor Bouey of the Bank of Canada. The governor informed us today that the only time he could be here was at eight o'clock tonight, because he goes to Vancouver tomorrow. I said we would not be difficult and if we could accommodate him tonight at eight o'clock, we would.

I think that should be on the record because it is not in accordance with what the parliamentary secretary said.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Monday, November 6, consideration in committee of Bill C-10, to amend the Income Tax Act

to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: Clause 1 is under consideration.

On clause 1—

Mr. Martin: Mr. Chairman, if I may, I would like at the outset of our proceedings today to amplify one or two points which were raised last night. The hon. member for York-Simcoe pointed out that 1.9 million families will gain as a result of this legislation, and 1.7 million will lose. That adds up to 3.6 million families. The hon. member then stated that taxation statistics show that only 1.7 million tax filers reported family allowances. In fairness to the hon. member for York-Simcoe, he may inadvertently have misread the taxation statistics which show that some 3.3 million tax filers reported $1.7 billion in family allowance benefits. In addition, there are about 300,000 poorer families who receive family allowances but who do not file tax returns.

Another point I would like to clarify is in relation to a request made by the hon. member for York-Simcoe for information on the financial implications of the proposed child benefit changes over the next four fiscal years. I indicated last night that indeed it is not a common practice in the House to provide revenue and expenditure projections beyond one fiscal year, but I should like to assure the hon. member, and all members of the House, that child benefit changes will be more or less self-financing in 1979-80 as well as in future years.

● (1602)

The expenditure savings through reductions in family allowance will remain constant in real terms over the course of time. The real value of child tax credits will also be maintained through indexing. Tax savings resulting from changes in exemptions for children aged 16 and 17 will also grow in line with inflation. Therefore the net impact of the proposed changes on financial requirements will really be marginal. The absolute dollar magnitude of each of the individual measures would depend upon the rate of inflation, incomes, and population growth, as well as other factors, as I indicated last night. I am not in a position to provide this breakdown beyond 1979-80.

Mr. Hnatyshyn: Mr. Chairman, at this stage of the consideration of the bill I should like to raise with the minister, who is now answering our question, some of the concerns which I think have been enunciated in a number of areas but which have been brought into focus in a press release which was recently sent out by the National Anti-Poverty Organization. I am not sure whether the minister has had an opportunity to see that press release today, but this organization, of which, I am sure, the minister is aware, has raised some very legitimate question with respect to the effect of this legislation on an unfortunately large element of our society, namely, the poor. I want to put some of these questions to the minister at this time in the hope that she will be in a position to give us some information and guidance on some of the points that are raised in the press release, and then perhaps the minister will be in a position to answer the points at the conclusion of my remarks.

One of the points raised by the organization is with regard to the method of paying the refundable tax credit in one lump sum. The organization points out that this could adversely affect welfare recipients' cheques, depending on how individual provinces view this tax credit. The organization points out that welfare recipients are also restricted as to the amount of money they may have in the bank, so it may prevent them from saving money. So the organization does not know what effect this will have on provincial programs such as GAIN in British Columbia, or on GIS payments to the elderly. It points out that there are many senior citizens who receive family allowances.

It is suggested in the press release that an option to permit quarterly payments would benefit some, while still allowing others to receive a lump sum payment which would give them the money they would need to make a major purchase. People who choose to have quarterly payments could use it to coincide with school vacation, the start of school, Christmas, etc.

The organization goes on to point out that the new benefit is of concern to NAPO because of lack of consumer protection, affordable financial counselling services, and the need for legislation to prevent exploitation through the policing of tax rebate discounting. This point has been raised on previous occasions—as I know from having heard it in the House and from reading *Hansard*—by many of my colleagues in the House. I would simply like to point out to the minister again this concern of the organization.

There is another interesting point whch the organization raises, that is, that there are some groups of people for whom no policy has as yet been established. The organization refers to foster children, for example. For some foster children, it states it has been the policy to place family allowances in trust for their future. This income will now be reduced. The organization feels that losses sustained by these children should be compensated.

The minister will remember that during the question period I raised some questions with respect to social insurance numbers. NAPO makes some observations with respect to that.

Mr. Rae: Living in SIN.

Mr. Hnatyshyn: Living in fear of SIN would be the more appropriate phrase. The fact of the matter is that status Indians and the Inuit, as is pointed out by NAPO, are not required to pay income tax. There are many other Canadians who do not require a social insurance number at this time. The organization, therefore, questions whether or not these people will qualify for the refundable tax credit and whether the obtaining of SIN is a prerequisite for participation in this scheme. Another question in the whole debate about social insurance numbers is where precisely status Indians and the Inuit fit into the scheme.

The minister has told us on a number of occasions, both in the House and privately, that although she has no direct

responsibility for SIN, she is interested in the operation of this bill which she has taken upon herself to guide through the House as one of the co-sponsors. So I hope the minister can answer some of the questions that are raised here and can let us know how the government intends to operate this scheme in so far as status Indians and the Inuit are concerned.

The organization makes a technical point about children born in November who have reached the age of 18 and are not eligible for the tax rebate, while those born in December who have reached 18 reap a double windfall by qualifying for the tax credit and a higher exemption. Here I wonder what the minister's attitude would be toward the suggestion of the organization that a more equitable solution would be to allow parents of all 18-year olds to qualify for a portion of the rebate, or one-twelfth a month.

Finally, one of the most important questions they raise, as they put it, concerns lack of information regarding this program. The organization states in its press release:

> We feel an all out program must be instituted to inform family allowance recipients of their entitlement and what they have to do to get it. We have also recommended to the Minister of National Health and Welfare that the outside of family allowance envelopes containing the statement of income form be marked with a special warning not to throw it away. We also recommend post offices keep a supply of extra forms together with income tax forms usually available there.

The point the organization is making is that there is a great number of people who will possibly be entitled to benefit from this program who should have more information regarding the availability of those benefits.

The minister has explained that the whole process will go through some kind of giant sophistocated computer in the department so that if the computer works properly, so will the system. But the initial concern, of course, is that those people who might be entitled to the benefits, who qualify for them—they are the most vulnerable in our society—might not be aware of this program because they do not follow the proceedings in parliament on a daily basis, do not read *Hansard* and do not necessarily read the newspapers. I would be interested to know from the minister what plans the department has to inform those people of the availability of benefits.

Those are the concerns expressed by the National Anti-Poverty Organization—

Mr. McGrath: And the official opposition.

Mr. Hnatyshyn: I do not even have to add that they are also the concerns of the official opposition, because it is known that these concerns, based on compassion, have been raised very articulately by the hon. member for St. John's East and the hon. member for Kingston and the Islands, who are concerned about giving the best effect to the plan, which the minister is now introducing in the House.

I think these are legitimate questions which require some explanations, some elucidation and enlightenment from the minister so that we can be sure that the plan as presented by the government at this time will be as effective as possible.

Miss Bégin: Mr. Chairman, I think I have enough information with me right now to enable me to answer all the points raised by the hon. member for Saskatoon-Biggar. Of course I am aware of the press release put out by NAPO. My last meeting with them was held on October 16 during which we discussed the proposed bill at length. Whenever I have had a chance to be in another Canadian city in the last two months, I have made a point of meeting the local associations which are members of NAPO and, which represent those whom we want to help on a priority basis. Therefore, I can repeat here what I said to them.

The question of the annual payment which might eventually affect people adversely if provincial governments do not pass on the new allowance in its entirety to families, is one on which I have spoken often in the House and, I have stated what we have done. I want to stress in particular that older people receiving family allowances for their children, or for children whom they have in legal custody, will not be penalized under GAIN. I have said that often. The hon. member was probably absent from the House. The province of Ontario as well as the province of British Columbia have confirmed that. Therefore, the new child tax credit will not be considered as income. I can assure the hon. member that that applies also to veterans' programs and other programs. There is no problem on that front. I am still awaiting a reply from my provincial colleagues with a formal commitment. I have received it informally more than once, but I want a formal commitment that they will pass it on and that provincial governments will not recover that money either directly or indirectly.

The second point which the organization made, and which is particularly valid in the western part of the country, is the social problem of tax discounters. I have spoken in the House on the matter of tax discounting, but this will permit me to make my views public once more. I will do everything I can, in terms of making it known, to discourage mothers from cashing in their anticipated credit ahead of time. Under the new bill passed by the House a few months ago, no tax discounter can take more than 15 per cent of the child tax credit, including interest and other charges. However, some mothers might decide they want 85 per cent of the credit ahead of time. I will discourage mothers from doing so, and I hope to have the help of all hon. members in that. The abuses we have witnessed in the past, particularly in British Columbia, will I hope, be under control when this provision on child tax credit is in effect.

The third point referring to the need for information is a point which I would like to reserve for the end.

The fourth point deals with the treatment of foster children, in other words, children placed in foster homes, who do not receive family allowances. Let me give hon. members a legal answer. Those children receive a special allowance, similarly to children placed in institutions. That special allowance will be continued and is not diminished. Not only will it be $25.68, but with the indexation it will amount to $28.80 as of January. I think this answers the fourth point raised by the hon. member.

● (1612)

The fifth point referred to SIN, which is something I discussed with the hon. member privately. The hon. member wants to know where it is going to stop. He referred to the eventual abuses of the use of SIN. Apparently some ambiguity concerning this infiltrated our debates in the last weeks. The hon. member for Saskatoon-Biggar several times indicated that he was not pleased with some of the things we were going to do. We are going to implement a new child tax credit, but by my reading of the press I conclude that his fears were not associated with that. He was concerned about the penalty on cashing bonds or other financial assets without providing social insurance numbers to the taxation people.

It is a requirement of the Income Tax Act that social insurance numbers be provided. Sections 234 and 237 provide for that requirement, and for the penalty. The hon. member referred to the penalty clause which is contained in a law passed by the House.

The child tax credit provision is a use of the taxation system. In that system people are required to obtain social insurance numbers by law. Mothers who do not have social insurance numbers will be invited to apply for one. We in the department have observed that a great number of mothers who have submitted social insurance numbers have given us their husbands' numbers. Possibly they have done so because of the practice established by credit card companies where wives use their husbands' credit cards. We invite people who do not have social insurance numbers to apply for them. They can go to post offices to pick up application forms which must be filled out.

The sixth point raised a question regarding Inuit and Indian children. We have not had an opportunity to clarify that yet. Clearly these children have the same rights as other Canadian children. Therefore they will receive, through their mothers, the new child tax credit. One must remember that the child tax credit uses the taxation system, under which Indians do not file. In this case it was clearly decided that Indian mothers will apply in the same manner as other Canadian mothers and will receive the credit for their children.

Some benefits and tax privileges are prorated in the tax system. Others are given as per status on December 31 of the tax year. The child tax credit will go to children who are below 18 years of age as of December 31 of the tax year for which people are filing.

The last point is a very important one. It concerns the needed information campaign to make sure all eligible mothers apply for and receive the benefit. Of course this applies more to mothers on welfare and working mothers of poor families who do not pay taxes, or are in no way related to the tax system. There are hundreds of thousands of such people. We are making maximum use of cheque inserts. There was one in October. There will be one in December and in January, together with the one-page new form. Also there will be one in February. In addition, we intend to have a special mailing to all family allowance recipients who do not have social insurance numbers. This special mailing will instruct them on how to receive their numbers.

I have written to all my provincial colleagues asking for their assistance in permitting social workers or professional field staff to assist all the people they meet in their daily work. Since most of these people are on social assistance programs, they will be provided with the required assistance in filling out forms. I would welcome suggestions from members of the House as to using voluntary organizations which are connected with women. I am referring to such organizations as those fighting poverty and to other women's organizations. They could be of assistance in the establishment of an information program. Also we are training our own field staff in every income security office in the country. In addition to their training on GIS, they will be trained to assist mothers and parents in general in filling out forms in January, February and March. I stress the importance of getting the mothers, particularly of families in need, to apply for this program.

Mr. McGrath: My question arises out of those posed by the hon. member for Saskatoon-Biggar, but first I should like to clear up a misconception which was placed on the record by the Minister of National Health and Welfare when I raised a point of order. She accused us of playing games with this bill. I am sure she was implying that some kind of a filibuster was taking place. Nothing could be further from the truth.

The record will show that we first received this bill in committee of the whole on Thursday, November 2. On that occasion we had two hours to deal with it. On Friday, November 3, we were provided with one hour and 40 minutes in which to debate this bill. Yesterday, because of the procedural debate brought on by the government House leader, we were provided with approximately 30 minutes. Thus, we have spent a total of four hours on this very important bill, which is the equivalent of less than one day. The minister should not throw out irresponsible accusations of that kind. If anyone is playing games, certainly it is the government, as evidenced by the procedural argument of the government House leader yesterday and the failure of the Minister of Finance to be present in committee to answer questions on this bill for which he has responsibility.

Some hon. Members: Hear, hear!

Mr. McGrath: The minister made replies to my colleague respecting no formal agreement or undertaking by the provinces regarding this bill, and that perhaps it stands a chance of being discounted respecting social welfare payments paid by the provinces.

I should like to refer to the case of my own province. This bill was brought in coincidental with a bill now before the House to amend the Unemployment Insurance Act. That will mean a number of people in the Atlantic provinces and other parts of the country who heretofore would qualify for unemployment insurance, will now have to fall back on the overtaxed welfare agencies of our provinces and cities. The absence of a formal agreement or undertaking to deduct the amount of

the tax credit from the amount payable in social welfare obviously will be irresistible to some of the provinces. When that is taken into account, together with the fact that universal family allowance payments have been decreased by the terms of this bill from $28—which would be the case in January under indexation—to under $20, then the very result of this bill could be opposite to what the minister is trying to achieve, namely, a net reduction in the total income to low income families.

● (1622)

Why has the minister proceeded with this bill without a formal undertaking from the provinces? We know that the provincial ministers, when they met in Nova Scotia in September, complained publicly of the fact that there had been no consultation with them on this bill. Surely, given the concern expressed by these ministers, and given the fact that the minister knew that she would be presenting this bill to the House in October or November, she could have made some effort to meet with the ministers and extract from them a formal commitment that they would not deduct the amount of the child tax credit from the amount now payable under various social welfare programs by the the provinces and the cities. Would the minister tell the committee why she is proceeding with this bill without such a commitment?

Miss Bégin: Mr. Chairman, what has been suggested in terms of a filibuster by the loyal opposition may have some truth. The hon. member did not even say that we sat on Thursday afternoon and Thursday evening regarding this bill. He missed two hours there. Then he repeats the question he asked me just the other day. Every one of these questions has been asked several times now.

The hon. member knows very well that, contrary to what the NDP say, the government has no choice in dealing with this bill other than through committee of the whole. We do not have the choice of going to the standing committee on finance. The opposition appears to be wasting time, but what they are waiting for I do not know.

Mr. McGrath: You don't understand the system.

Miss Bégin: The Minister of Finance will be here tonight, but the opposition does not seem to want that. The hon. member knows full well that the provinces have developed in recent years the bad habit of taking back from their citizens what is given to them through federal programs, be it old age pensions or family allowances.

Mr. McGrath: What are you going to do about it?

Miss Bégin: The hon. member for St. John's East should be putting that question to Charlie Brett in Newfoundland. I have written to the minister in Newfoundland, and we will be meeting on November 20 and 21. What the hon. member is attempting to do is to appear to be giving me hell in order to obtain a provincial agreement on something which is to go directly to the Canadian people from the federal government.

Mr. McGrath: The minister just doesn't understand what we are trying to do here, Mr. Chairman. First of all, she misleads the House. I would remind her that we started in committee of the whole on this bill last Thursday, and that we sat for 20 minutes before six o'clock. If the minister does not want to listen to the truth, I cannot help it.

Let me deal with what she is talking about. The minister is asking this committee to pass a bill the net effect of which will be, first, to reduce the universal amount of the family allowance by $8 as of January 1, and second, of reducing the income to low income earners in Canada in the absence of a formal commitment from the provinces that they will not subtract the amount of the child tax credit from the amount they are currently paying out on welfare. That is our concern, and it is the minister's responsibility to obtain that undertaking from the provincial ministers, not ours.

She was warned about this situation when the provincial ministers met in Nova Scotia in September, when they complained at that time that there was no consultation. She knows that the province of Quebec, which has its own family allowance plan, was not consulted, that the province of Alberta was not consulted, and that there has been no consultation with, or undertaking or commitment from the provinces that they will not in fact subtract the total amount that would be payable to a low income family under the tax credit provisions of this bill, the net effect of which will be the very opposite of what the minister is trying to do, and the result will be to reduce incomes for low income families. If she cannot give us some kind of undertaking in that regard, then she might very well have a filibuster on her hands, and rightly so.

Miss Bégin: We should not be debating in this House problems which are to do with the behaviour of the provinces. The Leader of the Opposition says that he will let the provinces do what they wish, but the member for St. John's East says that he does not trust the provinces. This government trusts the provinces. Many provincial officials have met with federal officials and told them that they will pass on the benefits. I am confident that I will receive a formal commitment from them.

We are doing this to help the people of Canada. I would suggest to the hon. member for St. John's East that if he knows anything about democracy he should write to his riding, if he will not go there, and ask the groups that represent mothers and poor families to lobby their provincial government in order to obtain something which is of provincial jurisdiction. The hon. member implies that I am linked to a provincial-federal agreement. I am not, because this is a federal program. The hon. member knows that, and it is dishonest for him to pretend that there is any link inherent between this proposal and the behaviour of the provinces. They have many ways of recovering the money if they wish. For example, they could do it through day care fees, a program classified as being under the education department, not a social program.

We must ensure that this money goes to the parents and does not become an indirect transfer payment to the provinces,

but it is not a case for a federal-provincial confrontation, as the hon. member would define the situation. It is a federal program, and the government is giving it directly to Canadian families and asking them to lobby their provincial governments to make sure that their elected representatives leave it with their citizens.

If members would follow the development of social policy in this country they would know that the provinces instructed the federal government, through my predecessor two years ago, to explore tax related programs such as this one to help, on a selective basis, groups that are in need. The three groups which were identified specifically around that time as needing help were families with children, including single parent families, people between the ages of 64 to 65 who lose their jobs and can no longer work, and older people. This bill addresses the problems of one of these three groups. The provinces know that, and there is no opposition to it. We all want to see this bill passed and to make sure that it is respected by the provincial welfare programs.

Mr. Epp: Mr. Chairman, I do not wish to interrupt my colleague, but I think it is important that we keep the record straight. The minister has given the impression that we have been sitting in committee of the whole on this bill for a long time and that they have been answering questions. I have reviewed *Hansard*, and on Thursday we spent approximately two hours and 20 minutes on this bill in committee of the whole. On Friday there was a point of privilege raised by the member for Northumberland-Durham immediately after question period, which went through the morning session and into the afternoon session. We started in committee of the whole at 15 20 on Friday afternoon. I was here and wanted to ask questions of the minister. That was my first opportunity. Yesterday we started at 21 25 p.m. I am simply saying that the red herring the minister pulls across the trail that she does not want to answer questions may be true, but her reading of the time is wrong.

● (1632)

The Chairman: Order, please. I think we should drop that question. It is not the way to make progress. It is a point of debate more than anything. I will allow one last question to the hon. member for St. John's East. The hon. member for Athabasca, the hon. member for Cape Breton-East Richmond, and the hon. member for Edmonton West have indicated they want to contribute to the debate.

Mr. McGrath: Mr. Chairman, I want to put this question to the minister once more, and I will ask it as directly and simply as I can. Given the concerns that have already been expressed in this House, by the Anti-Poverty League and others, that the amount of the child tax credit will be deducted from the amounts payable by the provinces and municipalities for welfare, and given the fact that the provincial ministers of welfare, meeting in Nova Scotia in September, complained that there was no consultation, why is the minister proceeding with this bill without a formal commitment from the provinces that they will not allow the amount of the child tax credit to be discounted from the amount payable by welfare.

Miss Bégin: Mr. Chairman, I fail to see why the hon. member repeats three times a question to which I have given the answer. Even on second reading it was quite a long answer. I want to say to the hon. member that even if he opposes the child tax credit, non-taxable, going to mothers in the months of March and April of next year, of $200 per child if the family makes less than a certain ceiling, I do not oppose that. we are in favour of that on this side. I do not understand the ambiguous position of the hon. member.

This is a federal program that goes directly to the mothers of the country wherever need exists. It is quite urgent that this program be passed by the House, be implemented, and the cheques delivered to the families in order to make sure that the period of waiting time for the mothers of families in need will be as short as possible without them facing a relative deduction in the family allowance.

This has been said often. There will be a reduction in their family allowance cheques in the months of January and February. We would like them to get the new cheque as soon as possible, and that will be in March, but it will more than offset the other loss. It is going to be a net increase of around $140 per child per year, which means that cheques will go out in the hundreds of dollars for each family in the province of the hon. member because it is an under-privileged and poorer province. That being so, it will benefit from this new money as soon as this bill is passed. I think it is quite clear that this has nothing to do with the federal-provincial mood of the country.

I repeat to the hon. member, who is not listening, that this is a federal program. If it requires provincial adjustment we will be happy to help the provinces to come to an understanding of the new program and make the adjustments.

Mr. Yewchuk: Mr. Chairman, I am pleased to have the opportunity to ask the minister a few questions on this important subject. The minister claims she is very concerned about poverty and those people living below the poverty line, yet since the government of which she is a member has been in power, countless mothers live as have mothers of past generations—in a web of poverty. The policies implemented by this government over the past 15 years have not improved the situation at all.

The hidden community of the poor in this country remains in relatively the same state as it has been for some time—victims of circumstances beyond their control, victims of a totally insensitive and poorly informed government about the things that need to be done to correct poverty.

In short, Mr. Chairman, I am concerned and upset by the persistence of widespread poverty in our modern, prosperous society. Depending on which definition you use—I know the Prime Minister chooses to use the definition which makes it look better than it is, but if we take the definition of poverty used by the Senate committee, which I think is the best definition, we see that 20 per cent or more of Canadians are living in conditions of poverty.

To try to come to grips with the problem of poverty, it is crucial to understand the causes and effects of it. Contrary to popular belief in some circles, today's poverty is rarely caused simply by laziness. If we look at statistics we will realize that the greatest number of people living below the poverty line are working full time, but their full-time work does not produce enough income to meet their needs. There are loggers, fishermen, farmers and others who are seasonally employed, and then there are the elderly, the blind, the disabled, mothers of deserted families, and the young who are becoming more and more important in this category of poverty while this government is in charge. Perhaps less than 3 per cent of the people living in poverty are in that condition as a result of what might be described a laziness.

I am particularly concerned about the increasing and obvious evidence of the failure of welfare programs, which are increasingly costly and less and less effective, as weapons against poverty in Canada. That may be because the gradual development of poverty programs in this country is not guided by any over-all strategy or consistent goal. Rather, we have a jungle of programs developed in a patchwork manner, helter-skelter and unco-ordinated, and as a result nothing works.

The bill the minister has placed before the House is just another example of juggling a small patch in this patchwork of anti-poverty programs which, as far as I can tell, will do very little to come to grips with poverty. The minister has not said anything to make me believe differently.

We believe that reforms are required in the whole approach to poverty. As a party, we have stated this on many occasions in the past. Incentives need to be built into the anti-poverty program, and there is a need to emphasize the necessity of income development for individuals below the poverty line, as well as a need to assist all Canadians to develop the ability and the confidence to achieve greater income earning potential. Incentives are needed to encourage recipients to seek further employment or retraining. Programs which too often discourage such efforts must be reformed.

In the past we have spoken about an income development program the principles of which must be to create new incentives to encourage recipients to seek further employment or training; to establish a system which is fair for all those in need and perhaps re-assess completely the concept of universality. Some of these universal programs have become ineffective when applied to those in greatest need. I am glad to know the minister heard my last comment. She has spoken with liveliness and conviction of the program presented in this bill, saying that it will solve the problems of the poor. She specified particularly single mothers and elderly individuals.

● (1642)

If we look at the statistics again, we note that the poor have become poorer while the rich have become richer, and the gap is ever and ever widening. I want to ask the minister some questions in this particular regard. We know for example that in 1951 the lowest 20 per cent of income earners took 4.4 per cent of national income, while the highest 20 per cent took 42.8 per cent of the national income. After the implementation of the various welfare policies for which the minister, and for which the government she is part of is responsible, the 1976 comparable figures show that now 3.9 per cent of the national income goes to the group with the lowest 20 per cent of national income, and for the highest group the figure is 44 per cent.

If we are to believe these figures and I have no reason not to believe them—they are produced by a reputable body known as the National Council of Welfare, I ask the minister whether she can inform the House what she expects the effect of this particular measure to be on this income distribution to which I have made reference? That is what will be the percentage of national income going to the lowest 20 per cent as opposed to what it is now? Can she give us some idea what this figure would be and how she arrived at such a calculation? I will let the minister answer before asking the next question.

Miss Bégin: Mr. Chairman, on the description of poverty given by the hon. member for Athabasca, basically he is right except for one fact when he says, although he be saying it from his heart, that the gap is widening between the poor and the rich. Technically, that is not the description of poverty in Canada. If I take a scientific approach, at a time when some members use their heart, it is because the best way to attack poverty is to talk figures.

The gap is described as this: a constant trend over the last 30 years shows that the 20 per cent at the top of the socioeconomic scale live out of some 40-plus per cent of the revenues, and 20 per cent at the bottom of the scale live out of 4 per cent of the revenues.

As to the need to continue to fight poverty, I hope all hon. members agree in this House that is an urgent matter. However, in the last ten years absolute poverty in Canada, as given by the indicators of Statistics Canada, has been reduced from 20 per cent to 12 per cent. So there has been progress, and that is important to note. However, there is still a lot of work to do. The member refers to it quite properly when he speaks—I think he said it was hidden poverty. It is less flagrant, but it is still alive.

What it does in terms of redistribution is this. It will bring to families with children—and this is something which we have identified as one of the three most vulnerable groups in Canadian society—an additional $300 million, to about 700,000 families who are living below the poverty line. In terms of a particular subgroup of this group, it will give $106 million to single parent families. In other words, 87 per cent of all single parent families will receive some credit benefits, not necessarily the full credit because we have a decreasing scale. It is not a cut-off point at one level of income only. I think that is very important for both the subgroup of the single families and the families with children living below the poverty line in Canada.

As to a point which has nothing to do with the bill but which has to do with the social policy of the country, namely, the need to build in incentives to work in our welfare program, I do not know if the hon. member was referring to the problem

we have in the provinces and under the federal CAP program by which for every dollar earned the person on welfare loses a dollar of welfare. This is a problem I find particularly in urgent need of being tackled. I am very pleased to announce to the House that some of my provincial counterparts are ready now to put that on the agenda for discussion.

Miss MacDonald: I am glad to hear it.

Mr. Yewchuk: Mr. Chairman, as usual the minister spoke at length but did not at all address herself to the question which I put to her. She has just repeated things which I have heard her say before, and that is why I did not ask the question she answered.

My interest was to determine whether in fact this particular bill would in any way at all shift the income distribution for Canadians in any significant way from the way it is now in existence. She also seemed to misunderstand my comments about the ever widening gap in the income classification between those who are poor and those who are rich, and I will enlarge on that in a minute. But before doing that, I am rather curious as to why she insists on using Statistics Canada as a measurement for description of poverty. Perhaps it is just because their description happens to be the one which makes the government look best, instead of the description developed under the chairmanship of one of her colleagues in the Liberal party who headed up the Senate committee. If we look at his description of poverty line, it is quite clear that still more than 20 per cent of Canadians are below the poverty line. If we use Statistics Canada figures, it is something like 11.5 per cent.

It seems to me the minister is rather shamelessly trying to juggle figures to make a situation look a lot better than it really is. I am sure she should apologize to the House and to the poor people of Canada for that kind of shameless display of juggling statistics. In regard to the gap to which I referred, the same report, namely, the National Council on Welfare report, shows that in 1951 between the lowest 20 per cent income and the highest 20 per cent income, the gap in their income was $3,060. In 1976, adjusting for inflation, the gap was increased the $18,000. In other words, it had multiplied several-fold.

● (1652)

While the minister might claim that more welfare programs have been put in place, and the Prime Minister might claim that his redistribution of income policies have been effective, the fact is they have indeed been gross failures. The minister should admit that and dedicate herself to taking new steps which will come to grips with this problem in a meaningful way.

In addition to answering the first question about what the effect of this might be on income redistribution, I would ask her whether she knows what the effect of this bill will be on the gap in income between the lowest 20 per cent and highest 20 per cent in terms of real dollars.

[Miss Bégin.]

Miss Bégin: Mr. Chairman, I thought the hon. member was in the chamber when we went through second reading of this bill. Possibly I was misinformed. I then refer him to *Hansard* for October 31 where there are two graphs describing the income and natural distribution of child benefits. I said graphs, not statistical table. The hon. member will find them appendixed to *Hansard* for October 31. That shows the before and after situation of what the new child tax credit does to correct the tax system as far as child benefits distribution is concerned.

As to the last question on how this new program will affect the bottom 20 per cent of the Canadian population with regard to poverty, we do not have any figures for that.

Mr. Yewchuk: Mr. Chairman, the situation that exists today is that while the cost of welfare programs has escalated to a multibillion dollar security program, the gap between the rich and the poor has grown dramatically. Part of the reason, as I already stated, is that the programs have generally been universal. Some 80 per cent of all expenditures are on universal programs. The consequence of this universality has been a substantial dilution of the effectiveness of these programs. Therefore the target population, the poor, receive a substantially lower amount than if this program had been tailored in a specific manner.

To some extent this bill establishes a means test. Is this an indication that all current universal welfare programs will be changed in such a way that a means test will be applied and the target population, the poor, will be given substantially greater assistance in all ways and not just by way of handouts? We know that handouts do not solve anything. In fact people are often trapped in perpetuity by them. Does the minister plan to stick to the past Liberal policy of universality in all these programs, thereby diluting them and making them less useful, or does she feel that if these programs are specifically target-oriented they are perhaps more useful in terms of dealing with the poverty problem?

Miss Bégin: Mr. Chairman, there is something that surprises me very much. With regard to the hon. member's third question, I think I am justified in reminding him that approximately a year ago he gave me hell, to say the least, and issued a press release because he had interpreted some of my speeches as questioning the universality of social programs. I am not sure where the hon. member stands today. He seems to be no longer in favour of universality.

We said in the House last week that this program gives us what I portray to be the best of selectivity and universality. It is clear to those on this side of the House that the family allowance program, like the old age pension, should be of a universal nature for all Canadians. In one case, we have added the GIS. In the case of children, we are making a correction through the tax system in order to eliminate two tax privileges which do not benefit those it should benefit. We are introducing instead a new child tax credit on a selective basis.

We are not implying any means test. I do not know why the hon. member brought that in. This will be a declaration of

income of the two parents in order to provide families below a certain level of income with an additional $200, non-taxable, per child per year. We on this side stand very firmly on relative universality for every child in Canada.

I have difficulty in answering the hon. member more fully until I know where he stands. I do not understand if he is in favour of or against universality in family allowances.

Mr. Yewchuk: The minister is obviously confused about the question I asked her last spring. I thought at the time she was rather confused because of the answers she gave. I will try to clarify it for her. At that time I took no position whatsoever on universality or anything else.

Mr. Nystrom: Where do you stand now?

Mr. Yewchuk: All I was trying to do was establish her position. At that time she had made some public statements to the effect that she would adjust or juggle some of the existing programs in order to get funds from that juggling to establish a guaranteed annual income.

Miss Bégin: Here it is.

Mr. Yewchuk: I asked her to tell us what programs she was going to juggle. I did not tell her not to juggle. I simply wanted to know which ones would be juggled. I took no position on universality.

Mr. Nystrom: What is your position now?

Mr. Yewchuk: I simply wanted to know where she stood, and she refused to tell us. Today she seems to be waffling again.

Mr. Nystrom: Mr. Chairman, I rise on a point of order. I wonder if the hon. member for Athabasca is willing to answer one quick question before we call it five o'clock?

The Deputy Chairman: Order, please. It being five o'clock p.m., it is my duty to rise, report progress, and request leave to consider the bill again later this day.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Public Service—Indexing of pensions; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Airports—Winnipeg international—Facilities to assist handicapped persons; the hon. member for Ottawa West (Mr. Francis)—Public Service—Relocation and retraining of employees whose jobs declared redundant.

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

[*Translation*]

Mr. Pinard: Mr. Speaker, there is agreement among all parties to proceed with consideration of Bill C-211 and accordingly to stand all bills that come before it. This has been unanimously agreed to.

Some hon. Members: Agreed.

• (1702)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CRIMINAL CODE

AMENDMENT TO OUTLAW CHILD PORNOGRAPHY

Mr. Jake Epp (Provencher) moved that Bill C-211, to amend the Criminal Code (pornography), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, in introducing Bill C-211, to amend the Criminal Code, I seek support from all quarters of the House. A similar bill was studied extensively in the House in the third session of the thirtieth parliament. Its subject matter was studied by the Standing Committee on Justice and Legal Affairs, and a unanimous report of that standing committee was the result. The bill was incorporated in a government bill, Bill C-51, in the third session. That bill died on the order paper at the end of the third session, so I intend today to raise this matter again.

In view of the work which has already been done, I hope there will be unanimous consent to proceed with this subject matter. Hopefully we will receive from the government a commitment that the amendments to the Criminal Code which were incorporated in Bill C-51, specifically the amendments to sections 159 and 166, will be proceeded with and passed in this session.

Those amendments are endorsed by all hon. members on this side of the House, and it is with that in mind that I introduce this bill today.

In the last session hon. members on both sides of the House presented private members' bills on the subject of pornography. As I have already said, this subject matter was referred to the Standing Committee on Justice and Legal Affairs. The bills of the last session, and Bill C-211 which I introduced today, had their geneses among the Canadian people, not in

the House of Commons. There was a ground swell of public opinion against what people saw when they went into corner grocery stores, walked past marquise or wherever they might have been. They were confronted with explicit sexual material, with which they had to be content.

When various members of this House presented their bills, other hon. members were highly skeptical. The ominous threat of censorship was immediately raised. It was suggested that these members were trying to bring back the nineteenth century. While members of parliament might have been slow coming around, the evidence is that the public has been demanding that we take action. The public has been appalled at the sexually explicit material which has become readily available at outlets throughout our country. That material is available not just in our large cities but in almost every community across this land.

Calls for action came from community leaders, church leaders, parents and police departments. The calls were for amendments to the Crimical Code, not to stem the flood of this material, but at least to reduce its impact.

Often in the history of mankind it has taken tragedy to awaken people to what has been happening, and so it was in the last session of parliament. We were not receiving support from a number of members of parliament. We faced innumerable questions about censorship. Then something happened in Toronto which changed everything. It is so difficult for people to learn the lessons of life that it often takes tragedy to force us to face the stark realities of life. The tragedy to which I refer was that an 11-year old boy had to give his life to spark public consciousness about what was happening in our streets. I refer to the death of Emanuel Jaques. That highly publicized event suddenly raised the level of consciousness in the public and in members of parliament. Yes, something had to be done.

I and other hon. members were pleased that the government allowed this subject matter to be referred to a committee. After hearing reports on both sides of the issue, the all-party committee reported that a dramatic increase in the amount of sexually explicit material had become available in Canada. That finding was substantiated. Traditionally this material was in the form of magazines, but it became more sophisticated. In addition to magazines there were home movies, cassettes, and sexual paraphernalia which defied description.

In its findings the committee stated:

> A close examination of this development has revealed the emergency of a number of unhealthy social tendencies which are unacceptable to the vast majority of Canadians.

The committee found that too often the material involved was exploitive of women. The result was degradation not just of women but of all humanity.

The committee observed that there was an increasing amount of material vividly depicting the participation of children in sexually explicit acts. This material portrayed children involved in sexual acts individually, with adults, with animals, and with inanimate objects. What I found interesting was that this so-called "kiddie porn" was condemned by all witnesses who said that adults should have the right to decide what to read or view. When it came to "kiddie porn" all were appalled.

Even pornography peddlers said that this material should not be on the stands. But when pressed further they said they did not peddle it. If they do not peddle it, how can it be on the stands? When pornography peddlers—many of whom are fathers—were confronted with what this material is all about and its ravages on young minds, they were appalled. However, I assume the dollar speaks louder than their apparent disgust.

Bill C-211 addresses itself specifically to child pornography or "kiddie porn". I am dealing today with the most sordid element of pornography which is now in this country. According to studies, and also evidence before the standing committee, this material is almost totally imported into this country. It is estimated that between 80 per cent and 85 per cent comes from the U.S., and almost the entire remainder comes from Europe. Very little of it is Canadian made.

● (1712)

The customs and excise branch of Revenue Canada is authorized, under the Customs Tariff Act, to prohibit the importation of goods which are described as pornographic. The difficulty with the importation regulations, I suggest, is not a legislative problem but rather one of administration. What is interesting is that ministers of national revenue have been lax before, but the public outcry has suddenly toughened their resolve. Nevertheless, the smut still comes into the country. However, at least there is now a recognition that under the Customs Tariff Act much of this material can be kept out of the country.

The definition under section 159 of the Criminal Code is not totally clear, and so Bill C-211 attempts to define obscenity more precisely, thus giving our customs officers and other officials a clearer understanding of what this House means and how it defines obscenity.

What was pointed out also was that the material of which we are now speaking is produced almost totally by organized criminal networks which, as I said before, have their basic operation in the United States. It is organized crime that is involved in the production, transportation, and distribution of this material.

The Vancouver police department, in co-operation with two other metro police departments, in its presentation to the Standing Committee on Justice and Legal Affairs on February 21, 1978, stated the following:

> The Vancouver police department expresses a concern that the pornography industry has a major influence on crime. Pornography cannot be looked at in isolation. The city of Vancouver has a very cosmopolitan population, it is a seaport city with the largest drug addiction problem in Canada. The major prostitution problem involves both males and females and young children who have found the homosexual market to be a means of supporting themselves. It is our contention, that the pornography industry aids and abets the social problem of prostitution.

It is understandable why the purveyors of this filth would oppose any type of restriction on their trade. It is because their trade is highly lucrative. Mark-ups of 500 per cent to 5,000 per cent are common. But is it not an indictment of our society

that we can grovel so low that we will even use children, some of them as young as three years of age, to depict sexual activity in order that a profit can be turned? What an indictment of society it is that a profit can be turned because someone is willing to exploit a three-year-old!

Section 166 of the Criminal Code is a section which my bill would amend. At present it pertains to female children only. I suppose that when that section was first drafted and passed in the House it was thought that only female children needed to be protected against rape or sexual exploitation. Well, the world in which you and I live is not the same any longer, and we find now that male children are as much depicted in these magazines as are female children. The exploitation of these magazines by the homosexual market is on the increase, and whether or not we like to raise the topic, it is with us, and it is we who will bear the blame if we allow it to continue. So Bill C-211 amends section 166 of the Criminal Code to include not only female children but also male children.

I was pleased to see that the standing committee in its seventh recommendation supported this bill. This is what the committee stated in its report:

Section 166 of the Criminal Code should be amended to make the procurement of children for the purpose of prostitution or to participate in the production of sexually explicit materials offences punishable by ten years in prison and the following or similar terms—

Those who are opposed to legislation such as I have introduced will argue that obscenity cannot be defined. They will refer, for instance, to the Hicklin test and say that it failed, or they will say that the Hicklin test has been relegated to a secondary position because section 159 of the Criminal Code takes over and there have been judgments where community standards have become the measuring stick. They will say that obviously community standards vary from place to place, from judge to judge, from jury to jury, or from courtroom to courtroom.

I find that in one area, no matter how you want to define obscenity, no matter what measurement you want to use, there is general agreement that there is a common measuring stick, and that is that child pornography is an abhorrence to people in this country. So I hope we will not get hung up again on legal definitions when we refer specifically to section 166 because we are dealing with children. We spend so much time defending the rights of Canadians, and so we should, but is there any greater exploitation than using mechanisms not to come up with a definition or with an amendment, thus preventing these children from having the protection of the law which they so rightly deserve?

I am the first to admit that amendments to the Criminal Code will not end this trafficking and human degradation, but I am convinced that members of the House can show leadership and that changes in the nation can take place and will take place if action such as is proposed today becomes part of our criminal law.

I want to commend the minister of justice who, after the committee reported, came up with the omnibus Bill C-51 in the last session. At page nine of the bill the minister amended section 166 along very similar lines to those proposed in Bill C-211. I want to say to the parliamentary secretary to the minister, who will be replying, that that amendment is totally in accordance with my views and is totally acceptable to me.

What I want to do today is to encourage the government to give us a commitment that either the amendments, as I have proposed in Bill C-211, or the minister's amendments in Bill C-51 in the last session, or a refinement of both, or even another one, would be acceptable. I believe it is utterly necessary that we receive a commitment today that this legislation, which has already received first reading in the previous session, will come back to the House and that, before this parliament ends, we will have an amendment to section 166 of the Criminal Code. I hope we receive that commitment from the government today.

• (1722)

I believe the time for action has come. We made progress in the last session, but we cannot allow this amendment to die on the order paper. The good words and good will of the previous session are still awaiting legislative action and passage.

In conclusion, I thank the House for its co-operation on this subject in the past. I hope that co-operation is still forthcoming. If strides cannot be made on the larger question of pornography, I see no reason why we cannot make the strides we want in the area of pornography as it relates to children and the exploitation of our younger citizens.

Some hon. Members: Hear, hear!

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, the essence of the bill before us really is in two parts. The all-party committee which reported on this subject accepted in principle the proposed amendment to clause 166.1 of the hon. member's bill, but it rejected the amendment which he proposed to subsection 159(8).

The reason the committee rejected that particular amendment and replaced it with one of its own was to continue to permit this subject to be examined in a subjective way by a jury. The reason the committee in its wisdom felt that is: once one attempts to define specifically what is obscene between two consenting adults, one will define out of our literature a significant number of books which form a very important part of the heritage of western culture, including the Holy Bible, Finnegan's Wake, and a series of literature which was not written for the purpose of pornography. When one moves with this type of shotgun approach to the subject, instead of correcting the abuse in terms of pornography and permitting the free expression of someone with good intentions in the literary field, then the poverty in our literature would be extreme, particularly if this amendment should pass. Hon. members should be cautious when they approach this particular subject.

On the subject of child pornography the committee decided that it was a special area requiring special attention. It decided to provide an objective rather than a subjective test, which is something with which I agree. In fact we have a very special

problem in terms of protecting those who cannot protect themselves.

Subsection 159(8) of Bill C-211 contains the following definition:

"obscene thing" includes any explicit representation or detailed description of a sexual act—

Then it goes on to define sexual act, and refers to one of those as being vaginal intercourse. There are a number of works of art and literature in our society which suddenly could be removed from the shelves of the libraries of Canada. We do not want to be some kind of cultural backwater in this country. With the best of intentions, the hon. member presented a bill which would be counterproductive if it were passed. If it passed, the objections to this bill would be overwhelming from a vast sector of our country.

In terms of the specificity under clause 166.1, I have no objection to that. We need special protection, but we cannot take away from a jury the question of what is undue exploitation. Lawyers, draftsmen and other people have attempted to define this for the last hundred years, and it just does not work. There has to be some value judgment about what the purpose was.

The hon. member had much to say about the promotion of pornography. The movie entitled "Deep Throat" cost approximately $25,000 to produce, and now it has grossed $50 million. That is the good old free enterprise system. If someone can make $50 million by investing $25,000, of course he will go into the business. There has to be some judgment, which judgment must be exercised by one's peers in a jury democratically. When one attempts to define that out of a jury by saying that a specific act shall be pornographic, with no questions asked or answered, and with no judge or jury looking into it, then one would impoverish the culture of Canada. I cannot agree with that, but I have no problem agreeing with the second part of the bill.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I congratulate the hon. member for Provencher (Mr. Epp) for once again coming forward with this bill. Bill C-211 indicates his profound concern about pornography. As he well knows, members of the Standing Committee on Justice and Legal Affairs dealt with this matter and prepared a report. He quoted from the report by referring to recommendation No. 7 which he said in effect referred to his bill.

I was one of those who prepared the draft report, along with the hon. member for New Westminster (Mr. Leggatt), the hon. member for St. John's East (Mr. McGrath), and several others who had bills which were considered at that time. There has been a great deal of input from all parties on both sides of the House regarding the whole question of pornography. It is still of tremendous concern. There is a great deal of difficulty in attempting to resolve this, not only from the point of view of what is or is not pornographic but in defining terms like obscene and others. Apparently that appears to be impossible at this time.

[Mr. Leggatt.]

According to the Oxford dictionary, the word "impossible" merely means that it is difficult; but I must say that it is so difficult that we have not yet been able to come up with a definition. The committee found the same difficulty. It was somewhat rushed in preparing a report before the House adjourned, and it came up with the best report it could under the circumstances. But certainly the report did not contain everything we wanted it to contain. In particular, subsection 159(8) of the Criminal Code probably should have been restated, if possible, so that we would have a much more definitive definition than the one we are still working with today in the Criminal Code.

A difficulty exists regarding the balance between the right to see, use, have, or even read pornographic material. On the other side, there is the whole question of censorship which might be involved, if an attempt is made to take such material away from people who wish to use it.

I should like to refer to an article which appeared in the *Sunday Sun* of October 22, 1978. It is entitled: "MD: Sex Never Corrupts Anyone", and reads as follows:

● (1732)

Caught junior looking at pornographic pictures or a sexually explicit film?

Don't worry, says leading sexologist Dr. John Money, of Johns Hopkins University in Baltimore.

"If a youngster has been brought up with healthy attitudes he will suffer no harm," says the doctor. "Moreover, sexually explicit material never corrupted anyone."

In the same article they also talk about the question of censorship. So we have this balance that we are trying to adjust to, the question of having pornographic material being made available to those who wish to have it, while at the same time trying to deter others from using pornographic material when it is felt that it is not to their benefit.

I agree with the hon. member for Provencher when he refers to the whole question of kiddie pornography in his bill. It is something which I personally find absolutely reprehensible. It is the worst form of pornography and it is the most extreme form. I agree in part with the hon. member for New Westminster (Mr. Leggatt) when he says that we must take a look at it in depth to determine how far we should go. There could in fact be historical works, works of arts and so on to consider. I have looked at works of art in libraries, and there is no question that according to some standards they would be considered obscene and pornographic. On the other hand, art has been there for years and nobody seems to be too concerned about it, and I suppose this is because it is not on the shelves in the grocery store.

There are some other points I would like to put on the record. As I understand it, the purported aim of this bill is, according to the explanatory notes accompanying the legislation, "to outlaw child pornography and spell out clearly the term "obscene" so that the courts may apply a more objective test than the present one that relates to the "undue exploitation of sex." It attempts to do so by repealing the definition to be found in section 159(8), which reads:

—a dominant characteristic of which is the undue exploitation of sex, or of sex and any one or more of the following subjects, namely, crime, horror, cruelty and violence—

This bill substitutes in its place a definition of an "obscene thing". As is evident, an obscene thing includes any explicit representation or detailed description of a sexual act and any pictorial representation tending to solicit partners for a sexual act.

The so-called objective basis for assessing whether or not an act is sexual is said to be ascertainable by determining whether or not the act in question involves (a) masturbation, (b) any act of sado-masochism, or (c) any act of anal, oral or vaginal intercourse, whether alone or with or upon another person, animal, dead body or inanimate object, and includes an attempted or simulated sexual act.

Notwithstanding the desires of the author of this bill to limit and define obscenity with reference to objectively demonstrable acts, the descriptions and representations sought to be covered by the legislation are such that they will nevertheless be discoverable only by reference to a multitude of subjective considerations.

It is open to serious doubt that a workable standard of obscenity can in fact be an "objective standard". In an excellent "Study Paper on Obscenity" prepared for the Law Reform Commission of Canada by Professor Richard G. Fox, the following comments appear at page 3:

There is no tangible or verifiable reality corresponding to the label "obscenity". It is an expression of opinion rather than of fact. It is a value judgment based upon the emotive responses of individuals or groups to stimulation by exposure to tabooed materials. The emotions expressed are usually those of disgust, anger and indignation, but the elicitation of these responses is always relative, subjective and variable—

Professor Fox goes on to note that obscenity is an "inescapably subjective phenomenon." He also notes that one of the difficulties with the epithet "obscene" is that for some it "encompasses popular erotica such as the glamour of a pin-up magazine, while for others it is confined to written or photographic portrayals of bizarre sexual or scatological behaviour." Previous attempts which have been made to identify and categorize under the heading "obscenity" vary in approach. Some focus on format while others tend to examine content. Approaches of this nature usually suffer from the deficiency that they do not identify obscene material in a sufficiently distinct form to warrant their use as a basis for differentiating licit from illicit publications. The provisions of Bill C-211 suffer from this shortcoming as well.

It is quite clear that phrases such as "tending to solicit partners for a sexual act" or "detailed description of a sexual act" are vague enough in terms of the phraseology employed to ensure that subjective considerations will enter into the decision making process and thus render the intent of the legislation nugatory.

Before leaving this issue of the subjective nature of determinations of obscenity one should be aware that section 159(3) is untouched by Bill C-211. That subsection provides that no person shall be convicted of an offence under section 159 if he is able to establish that the "public good was served by the acts that are alleged to constitute the offence, and that the acts alleged did not extend beyond what served the public good". Therefore, notwithstanding the absence of the term "undue exploitation", there seems little reason to believe that such matters as "literary and artistic merit" and "contemporary community standards" will fall by the wayside in the event that Bill C-211 should become law. The bill impliedly retains and endorses both concepts. In the result it seems quite clear that the provisions of Bill C-211, which seek to replace section 159(8), hold little promise of providing a more manageable, more objective, or more effective basis for guiding judicial determinations on the question of obscenity.

Furthermore, if one contrasts the provisions of the proposed subsection (8) against those in the present section 159(8), it is clear that certain matters presently potentially included within the definition of obscenity will conceivably be excluded by the new proposals. Apart from the reference to "sado-masochism" there is no express concern in Bill C-211 for the undue exploitation of violence, crime or horror.

With respect to the provisions contained in Bill C-211 concerning child pornography, this ministry is in agreement with the intent of the proposals but not with its specifics. Bill C-51 which was tabled in the last session of parliament addresses the issue of child pornography in a somewhat different fashion. As hon. members are aware, the proposals in Bill C-51 were the result of the labours of the Standing Committee on Justice and Legal Affairs and those proposals first appear in the committee's unanimous final report to parliament on this subject. I would point out that the hon. member for Provencher was a member of that committee and had a tremendous input into what the report contained.

While the government expressed the caveat, in tabling the legislation, that the provisions of Bill C-51 were to be subject to possible future change as a result of public discussion and debate, it has nevertheless clearly signalled its intention to move in this area with new, provocative and far-reaching legislation. Certainly constructive suggestions for change, even to the proposed provisions of Bill C-51 dealing with obscenity, are welcomed by the government. Such suggestions for change, if meritorious, can easily be incorporated into the legislation at the committee stage once Bill C-51 is reintroduced during this session of the House.

One may also question the degree of punishment which has been selected for the new offence of child pornography contained in clause 2 of Bill C-211. That section creates a dual offence whereby the prosecutor can either proceed by indictment, which results in liability to imprisonment for two years, or on summary conviction, which carries liability only for a fine in the discretion of the court. The punishments which have been selected are therefore, to a certain extent, lesser punishments than those which are presently available under the general obscenity provisions of the Criminal Code.

The indictable offence punishable under the Code by section 165 possesses liability to imprisonment for two years—the same as Bill C-211—while the summary conviction penalty provided for by the Code results in possible liability to impris-

onment for six months plus a fine of $500, or simply to a fine in the amount of $500.

If, as this bill presupposes, child pornography is a problem which has reached proportions justifying the creation of separate penalty and offence provisions in the Criminal Code, then one would expect that such an offence would merit greater maximum penalties than more general obscenity convictions would suffer. Instead, under the legislative scheme of Bill C-211 the penalty provisions are roughly comparable. This being the case, one wonders what the basis is for the provision at all inasmuch as the general provisions of the Criminal Code, or even of Bill C-211, dealing with obscenity appear to be equally applicable to obscene things and sexual acts involving the use of children.

• (1742)

To recapitulate, the validity of the premise upon which Bill C-211 is based is certainly open to serious question and substantial doubt. The bill proceeds on the basis that its authors have formulated an objective standard, but close examination reveals that this ideal has not been realized. Once again it is a question of the difficulty of trying to define the terms. I am sure the author of the bill realizes the difficulty still exists. Conceptually, one must acknowledge that there are great difficulties in attempting to formulate any workable objective standard. Finally, it must also be admitted that even a standard which on its surface appears to be objective is nevertheless subject to the subjective interpretations of judicial decision-makers. We all know how the courts can go from one extreme to the other. From court to court there can be a difference in the view that is taken.

With reference to the specifics of Bill C-211, there is serious reason to believe that both the content and the potential effectiveness of the bill are gravely deficient. Alternative schemes for dealing with child pornography have recently been before this House and will shortly be again. The penalty provisions of the bill are somewhat inconsistent with the intention of the legislation and consequently the passage of these measures would be ill-advised. Rather than proceeding further with Bill C-211, it is desirable that we maintain the status quo until clarification and redefinition of the existing law can take place on a better basis.

It should not be forgotten that there are those in the Canadian public who have argued that the existing law is satisfactory both as formulated and in practice. If there are problems, these people contend that they arise from discrepancies in enforcement. Enforcement decisions are discretionary matters for police officers and prosecutors who, as we all know, are individuals who have to act according to the climate of opinion in their local community. I suppose in this context we are taking the local community standard, although as we all know the standard can vary from community to community. Proponents of the status quo further contend that these local discretions provide a useful buffer between legislation which can only by defined in broad principles and which, because of its very subject matter, cannot provide elaborate, unambiguous guidance in specific cases.

[Mr. Robinson.]

As mentioned, the government has a commitment to the clarification and redefinition of the existing law. This, I understand, is the kind of request the hon. member was making and I am quite sure it is the intention of this government to carry out this kind of commitment. We are concerned with more than a mere "tidying up" of the present Code provisions and are of the view that major policy changes are necessary. We are also mindful of the fact that it would not be useful to permit obscenity laws as presently written to be swept out lock, stock and barrel. The present approach as evidenced in Bill C-51, an approach which, as we have mentioned, is subject to possible change, is to extend and expand the present legislative framework.

Our concern over child pornography is manifest and we recognize particularly that new provisions for dealing with this problem are urgently needed. While saying this, however, we are of the view that the provisions contained in Bill C-211 are not sufficient for this purpose.

To a certain extent, while we are aware that this problem must be tackled, we must also realistically acknowledge that it is unlikely that it will ever be totally solved. The subject matter which constitutes obscenity and the circumstances in which such material is regarded as being justifiably exposed to, changes over time.

While we as a government share the author's views with regard to the bill, we feel that existing law has been unable effectually to moderate the flow of pornography and that Bill C-211 does not change this situation substantially. A great deal more work has to be done with regard to the whole question of pornography.

A further point I should like to mention concerns the report submitted by the Standing Committee on Justice and Legal Affairs on the whole question of expert witnesses. This seems to me to be a real problem. I find it rather difficult to see why there should not be expert witnesses, whether psychologists, psychiatrists, other professionals or lay people with a great deal of experience, or members of the cloth. It seems to me that to deny the right for people to appear as expert witnesses is one shortcoming of the report prepared by that committee.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I should like to begin by extending my compliments to the hon. member for Provencher (Mr. Epp) for bringing this legislation forward. I feel it is necessary for this House to consider it and pass it to committee stage so that it may be enacted into law.

Once again we see that some members of the House would rather preserve the sanctity of the purveyors of pornography than the sanctity of children who become victims of it.

Some hon. Members: Oh, oh!

Mr. Friesen: Is it not so? Listen to them. I hear the hon. member for New Westminster (Mr. Leggatt) say "oh". He now becomes the authority on art and wants to preserve the Bible. He contends that the Bible could not be read if this bill

were passed. I have read the Bible most of my life and have studied it extensively. The hon. member argues that if the proposed changes in clause 1 of the bill were passed it would mean that subsection 159(8) of the Criminal Code would prevent him from reading the Bible. If this bill fails—and I hope it does not—and if the hon. member's view prevails, I hope it will give him reason to keep on reading the Bible. I hope he will read it from cover to cover and not just those explicit sections to which he referred.

The issue of censorship is brought up every time we discuss this bill. I am sure there is not a member in this House who does not believe in censorship. Everyone here, including you, Mr. Speaker, believes in censorship. The only thing we differ about is what is going to be censored. If someone proposed that we legalize anti-Semitic literature, I think all of us would be horrified that we should go through that holocaust again. Every one of us would decry that type of publication and want it stopped.

We all agree there are some things that ought not to be published and which some people should not benefit from. What we disagree on is what is destructive. I maintain that the publication of anti-Semitic literature is destructive. I maintain also that the kind of literature referred to in this bill is destructive and that those who profit by it are even more destructive. So, Mr. Speaker, I ask hon. members whether they believe in censorship and whether they should not include in their definition of what is destructive some other elements in society which try to destroy us.

We want freedom of choice in this country and I want to see that preserved. But how are we going to preserve freedom of choice for the next generation if we allow these sordid people to influence the future thinking of today's children, to program them in such a way that in future they will not have freedom of choice?

The purveyors of this filth load it on to the newsstands. Ironically the drugstore newsstands, those areas that are supposed to be preserving the health of our country, are loaded with the kind of so-called literature that is destructive and is now programming the thinking of children who, when they become adults, will not be able to make rational and informed decisions. Children of an impressionable age have a high curiosity level, but they have a low level of information on the consequences of their decisions and a low level of experience upon which to draw. Now we have them being bombarded with this kind of material and they are programmed in such a way that they can no longer make a firm, rational decision later on in life.

● (1752)

What we are looking for is a freedom of decision making process in our society. What people who want to make money from the exploitation of these children want is to program them so that in years to come they have a ready market. It is ironic that this House several years ago passed Bill C-58 which was designed to close the borders to television from the United States. Whether or not we are for that bill is either one thing or the other. It is ironic that we should close off television from the United States but keep it relatively open for this kind of material. We cannot have it both ways forever.

One of the popular terms today is "sexual orientation". It is said that this should be a matter of individual choice. Individual choice has become such a buzz word, such a matter of sanctimonious discussion, that we really do not adopt a consistent attitude toward it. We do not allow individuals to express their individual choice when it comes to the handling of firearms, as the hon. member for New Westminster well knows because he supported the gun legislation. In that case we do not want to have individual choice because that would become destructive. A guy could take a "Saturday night special" and go to a store or bank and shoot somebody. We do not want individual choice in that area. Why is it, then, when it comes to sexual orientation, when it comes to sexploitation, when it comes to "child porn," that we all of a sudden become sanctimonious about the matter of individual choice?

I come back to my original statement, sir, that we are not in disagreement on freedom of information or freedom of publication; what we are agreed on is that we want to preserve choice, but we cannot preserve choice in our society if children are already programmed to think in a certain way before they are ready to make an informed decision.

I compliment the hon. member for Provencher for bringing this matter forward and allowing us to speak and make a decision on it. I ask hon. members to give passage to this bill so that it can go forward to the committee stage. If hon. members wish to make some changes to it, if they think there is merit to it, as the hon. member for Toronto-Lakeshore (Mr. Robinson) says there is and as the hon. member for New Westminster agreed, let them make amendments to the bill there. But let the bill go to committee so that we can discuss it further.

[*Translation*]

Mr. Raynald Guay (Lévis): Mr. Speaker, I want to congratulate the hon. member for Provencher (Mr. Epp) for introducing this bill, and I want to give the House my first reflections after reading it. First of all, I find it does not go far enough in its definitions. The definition it gives of an obscene thing does not seem complete or large enough to me, as several members who took part in this debate pointed out. I see the definition of an obscene thing not only in the area of sex but also in the exploitation of hatred, anger, false heroes in movies that lead young people to imagine a false society of false heroes.

A big thing has been made out of sex but when talking about sex I think we have to go further and after reading this bill and listening to the debate in the House this afternoon I wonder what kind of society we want to build for our young people if they are exploited even before they are part and parcel of society, even before they are of age and responsible within society, even before they have the right to vote, because the bill defines a child as being under 16. Those young people are being exploited not only in the area of sex but also by

giving them false heroes, but showing them a future altogether different from reality. We do not show young people how to live. We do not take them through the normal steps of youth so they can become mature. They have been taught an idealized notion of love which has quite simply been reduced to sexual acts when love, Mr. Speaker, is quite simply the respect of the other person. They have shown obscene movies and literature—and I do say "obscene" and not only "sexual". They are not being respected. So it is up to us the responsible people in society who have to pass legislation, build that society for the people of tomorrow, to orient them. I was asked earlier if I was in favour of censorship. Well, yes, I am for censorship because there must be limits in our society, because, as we can see, some want to copy a type of society. The hon. member for New Westminster (Mr. Leggatt) or the hon. member for Provencher said earlier that 85 per cent of hate or obscene literature comes from other countries. Do we want to build a country like France, Sweden or Norway or do we want to build our own country with our own young people? If we politicians do not respect them in the legislation we pass, I think we will have missed the boat. The only people responsible are not the young but we, politicians, who must asked themselves the following question: Have we built for young people who still have as I say, a lot of ambition in life, we are still at the age when they are shown a bit of joy and hope in the future but what are we through our legislation or too much freedom going to do? I will now refer to Gustave Thibon who while taking a walk in Paris saw in the window of a bookstore the works of leftists among which one was entitled *Comment bâtir l'avenir* by the socialist party while another advocated freedom for women to dispose of her body and abortion on demand. And this is the inconsistency: on one hand they stated that we must build the future, on the other hand they maintained that a child must be killed before birth. Such is the policy of the party, I will not say of the NDP but of the socialist party or socialistic countries, that is to grant every freedom to the young people, to give much—

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The hour provided for consideration of private members' bills has now expired. Perhaps the House will permit our going back to the committee of the whole before the Chair calls it six o'clock. Is that agreed?

Some hon. Members: Agreed.

[Mr. Guay.]

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed consideration in committee of the whole of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: Order, please. It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the committee took recess.

• (2002)

AFTER RECESS

The committee resumed at 8 p.m.

On clause 1—

Mr. Smith (Churchill): Mr. Chairman, I represent a constituency which is two-thirds the size of the province of Manitoba. Within that constituency are some 25,000 status Indians. A large majority of them, through no fault of their own and not by choice, are recipients of welfare on an annual basis. I have a number of questions. First, who is responsible for the payment of welfare to status Indians in Canada? I would like to establish that, please.

Mr. Martin: Mr. Chairman, I would like to consider that question a little more and get back to the hon. member later in the debate.

Mr. Smith (Churchill): Mr. Chairman, I find it rather odd that a simple question like that cannot be answered when we are debating a bill that will involve the status Indians of Canada probably more than anyone else.

Mr. Martin: Mr. Chairman, I do not particularly have any apology to make for not having an answer at this point as to who makes payments to status Indians, when we are dealing with a bill to amend the Income Tax Act. However, I am prepared to determine that information for the hon. member and get back to him in due course.

Mr. Smith (Churchill): Mr. Chairman, this answer has a direct bearing on my questioning. I would like an answer to this very simple question. Either the parliamentary secretary or the officials who are here should be able to give me that information. It is relevant to the information I need for the balance of my questioning. If he cannot answer it, I will attempt to go on. However, with his officials sitting there, I find it odd that he cannot answer a simple question like that.

I will ask another question to see if I can get an answer to it. In determining welfare payments to status Indians, is the

family allowance income figured in the amount of welfare that would be paid to a status treaty Indian or an Inuit?

Mr. Martin: Mr. Chairman, the first point I would make perhaps relates more to the first matter raised by the hon. member. It deals with a matter directly before the committee at this time, namely the income tax provision of the $200 credit. The credit will indeed be payable to status Indians.

I will have to take the second question in reserve. The Minister of National Health and Welfare will be in the chamber shortly. As well, the officials are looking into this. I will get back to the hon. member. However, I want to make it clear that the $200 credit, which is part of the bill in front of the House at the present time, will be payable to status Indians.

Mr. Smith (Churchill): Possibly I should turn the questioning over to someone else. There is no point in my continuing my line of questioning when I cannot get an answer to a simple question. I will take my place until someone is here who is qualified to answer my questions.

Mr. Martin: Mr. Chairman, I would like to make a point in connection with the matter raised by the hon. member for Churchill. I know his questions are well put. On the other hand, I do not think when we are dealing with an income tax amendment—

Mr. Smith (Churchill): On a point of order, Mr. Chairman, we certainly are.

The Deputy Chairman: Order, please. The parliamentary secretary has the floor.

Mr. Martin: I do not believe any question related to any matter that might come before the House of Commons can be considered to be necessarily relevant. However, I have indicated that an answer will be obtained. This has been done on two or three occasions when questions have been raised in the committee and we did not have immediate answers. I assure the hon. member that we will indeed have an answer for him.

Mr. McGrath: Mr. Chairman, I rise on a point of order. The hon. member's question was really very relevant and very much connected with the bill before the House. It raises the question, where is the Minister of National Health and Welfare who has a responsibility for piloting this bill, and where is the Minister of Finance? Because this is a finance bill, an act to amend the Income Tax Act. We were told there was a possibility that the Minister of Finance might just favour the committee with his presence tonight. Is he going to be here?

Mr. Martin: Mr. Chairman, I would like the hon. member for St. John's East, who has been up on three or four points of order, to relax a little. Just relax. First, the question that was asked should more properly be put to the Minister of Indian Affairs and Northern Development during question period.

Some hon. Members: No, no.

Mr. Martin: I now have an answer, if hon. members are interested in hearing it. Is the hon. member for Churchill interested in hearing the answer?

Mr. Smith (Churchill): Mr. Chairman, if the parliamentary secretary can give me an answer, I will be very much interested in it. However, it seems he cannot give even a simple answer. The answer I am looking for pertains to this particular bill.

Mr. Martin: Mr. Chairman, I was trying to indicate that I had an answer. I was wondering whether members opposite were prepared to listen.

Mr. Smith (Churchill): It's a good thing the minister has just arrived.

Mr. Martin: I have not had an opportunity to say a word to the minister yet. The answer to the question put to me a little earlier as to who is responsible for welfare payments to status Indians is this. The Department of Indian Affairs and Northern Development is responsible for Indians on reserves. The responsibility for Indians off reserves rests with the provinces.

• (2012)

Mr. Smith (Churchill): Mr. Chairman, I would now like an answer to the second question I asked. Are family allowance payments to status Indians on reserves taken into consideration when welfare payments are made?

Mr. Martin: Mr. Chairman, I understand that in this particular case it is up to local band councils as to how that matter is handled.

Mr. Smith (Churchill): That is an easy cop-out, but it is not that simple because many bands are under joint administration. Many bands to not look after their own welfare administration. In many cases this is handled by the federal government. Goodness knows, most Indians on reserves are living on welfare, and I want to know whether family allowance payments are taken into consideration in determining the amount of welfare. This relates to this bill because it involves family allowances.

Mr. Martin: Mr. Chairman, the answer is yes.

Mr. Smith (Churchill): Mr. Chairman, that sets the tone for the remainder of my questions. I will tell the committee exactly what will happen. Most of the Indian people in my constituency who are on welfare are on welfare because they have no choice. The parliamentary secretary says that the family allowance an individual receives helps determine how much welfare that individual receives. As of January 1, 1979 there will be a reduction in the monthly family allowance payment going to an individual on a reserve in receipt of welfare of at least $8. In order to retain the same level of income this individual has been accustomed to, there should be a welfare payment increase of $40 per month. This calculation applies to a family with five children.

Will welfare payments be increased by $40 per month to make up for this reduction of $8 per child per month? What will be done at the end of the year regarding the $200 payment for each child? That amounts to $1,000 for a family with five children. Such a family will receive $1,000 at the end of this year. Will $480 be deducted from that in order to recoup the $8 per month per child welfare payment increase? I would like to know whether the family in this calculation will receive a cheque for only $520. The people in some of the communities in my constituency do not understand what this government is trying to do. There must be an answer to such a simple question, and I hope I can receive that answer right now.

Mr. Martin: Mr. Chairman, I think we are wandering a long way from the bill we have before us.

An hon. Member: No.

Mr. Smith (Churchill): Mr. Chairman, we are not straying from the bill at all. My question relates to family allowances, and that is what we are discussing here.

The Deputy Chairman: Order, please. The parliamentary secretary has the floor.

Mr. Martin: I repeat that I think we are wandering quite a long way from the bill. However, my understanding is that the mix of payments received by status Indians will perhaps undergo some change, certainly in the early months of the new year before the credit becomes due, as a result of the reduction in family allowance payments.

Mr. Smith (Churchill): Mr. Chairman, that is no answer at all. The parliamentary secretary says this has nothing to do with this bill. That might wash with some people, but it certainly does not wash with me or anybody else on this side of the House. The government is asking for passage of this bill. Today the minister said we are filibustering, but the government cannot supply a simple answer to a simple question. I think my question is very relevant.

Miss Bégin: Mr. Chairman, I would like the hon. member to clarify whether his question deals with the source of welfare payments to Indian mothers because of deductions which will reflect on the family budget, or whether he opposes the child tax credit being granted to Indian children.

Mr. Smith (Churchill): I will go through it again.

Miss Bégin: That is very easy to answer.

Mr. Smith (Churchill): As hon. members know, most Indian people on reserves are living on welfare because they have no choice. I estimate that on the reserves in northern Manitoba 75 per cent of the people live on welfare. They have no hope whatsoever of getting jobs in the communities in which they live, so they will never earn more than $18,000 per year. Indians on reserves do not pay income tax on incomes earned on reserves.

[Mr. Smith (Churchill).]

I will try to explain my question carefully again. After indexation Indian families on reserves should receive $28 per child per month, but if this bill passes they will receive only $20 per month per child. Family allowances received are included as part of the unearned income of families living on welfare. For an Indian family living on a reserve to receive the same amount it received prior to this bill, its welfare payment will have to increase by $8 per month per child. What I am asking is whether families with five children will have to pay back $480 at the end of the year in which it gets a $200 per child tax credit, or will the government deduct that from the tax credit before the cheque goes out? That is my concern. I hope I have explained it clearly, and I hope I get a clear answer.

Mr. Martin: Mr. Chairman, I think I understand the problem which is being raised by the hon. member for Churchill. Basically the aim is to see that no one receives less as a result of this bill. I think no one will. How the mix will be made up and how this will actually be done is still under consideration, but certainly the idea will be that people will not suffer in terms of the net amount they receive.

Mr. Smith (Churchill): Mr. Chairman, that is all well and good, but I have not heard any explanation. I would like to hear a clear and precise explanation, because if I cannot explain this point to the people I represent, on January 1 there will be hundreds of telephone calls. Hon. members should realize that most of the people in my constituency do not receive daily newspapers, and I know I will be inundated with questions as to why family allowance cheques have been reduced. Before this bill passes committee stage I would like to have this matter clarified. I would like that clarification tomorrow, if I can get it, or even tonight. I would like to have something in writing so that I will have something to present to the people I represent.

● (2022)

Miss Bégin: Mr. Chairman, we can clarify that tonight. Photocopies of *Hansard* will provide the hon. member with what he wants for distribution. I have put that exact problem to the Minister of Indian Affairs and Northern Development. I wrote to him requesting the co-operation of his staff in setting up a special information program. I made the same point with him that I made with the provincial ministers. The role of the Minister of Indian Affairs and Northern Development in providing welfare for Indians on reserves is similar to that of provincial ministers of welfare for all practical purposes. We want the child tax credit to be passed on to the families. The increase will be $200 per year per child, minus the reduction in family allowance. As the hon. member said, the incomes of Indian families mostly come from welfare.

In the first two or three months, Indian mothers with large families will suffer to a degree because of a reduction in their family budgets. That decrease in budget will be supplemented by additional welfare whenever it is needed from the usual source, the Department of Indian Affairs and Northern Development. I am referring to Canadian Indians on reserves.

Outside the reserves they are treated similar to other people who receive welfare payments from the provinces. I took the same position with the Minister of Indian Affairs and Northern Development as I took with the provincial ministers. I want to make sure that the tax credit is passed on to these families. As yet I have not received a reply, but I will continue to press for one.

The hon. member is correct when he indicated that Indians are the most vulnerable group because they do not pay taxes and they are not connected to the tax system. I will be meeting with the National Indian Brotherhood in approximately one or two weeks and this point is on the agenda of that meeting. Of course, I would like to have the co-operation of the National Indian Brotherhood. I will discuss with them a mechanism to reach the people in those communities.

Mr. Smith (Churchill): Now that I have received the reply of the hon. minister indicating that she has spoken with the Minister of Indian Affairs and Northern Development, I should like the assurance that there will be no time lag in the payment of supplements to individuals who will lose $8 per month effective January 1. I want the assurance that it will not take the Department of Indian Affairs and Northern Development four months to catch up and provide that supplement.

There are many families on reserves in my area who have seven, eight or nine children. Those families are living on welfare. I want to make sure that there is no time delay. That is the guarantee the minister should receive from the Minister of Indian Affairs and Northern Development. We want to be assured that the system will be in place as soon as possible to assist families affected by this reduction. Will the minister assure us that she will receive such a guarantee from the Minister of Indian Affairs and Northern Development before January 1, so that I can tell the people I represent that they will suffer no loss of income whatsoever?

I am not clear what the minister meant by saying that there would be a loss of income in the first three or four months of the program. I understood that the $200 per child payment was to be made at the end of the year. Is my understanding correct?

Miss Bégin: No, it is not. Dealing with the first point raised by the hon. member, perhaps there will be administrative delays between a notification of a change in financial or family circumstances being sent to the Department of Indian Affairs and an actual readjustment to the funds being received. But surely the delay will not be as long as four months.

The first loss of revenue for families with more than two or three children will be at the end of January. Family allowance cheques arrive in homes usually on the twenty-first day of the month. For the first year the program is implemented there will be a loss of revenue at the end of January, February and eventually March. March is tax time and people will start filing their returns. At that time the first of the child tax credits will be sent to mothers.

Indian mothers should be the first group to receive cheques in payment of the child tax credit. So we are talking of a period of approximately two months from the end of January to March when there will be reductions in family budgets, reductions which will be supplemented by additional welfare payments.

The program will start at tax time this coming spring for the taxation year 1978. It will not start at the end of this year. Once in place, families will receive lump sums of a substantial nature. For example, in the case of a family consisting of five children, it will be in receipt of a $1,000 cheque. Mothers can decide to allocate that cheque over the coming months to make up for the reduction in family allowance, or the total amount can be used for a major purchase by the family. Families could purchase washing machines, refrigerators, or perhaps bicycles for the children. The payments will be used according to the lifestyles of the families. The families will decide how to invest the money. I am sure I have given hon. members the schedule of payments.

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Hogan: Mr. Chairman, I should like to make a few comments before I ask any questions. Deliberately I refrained from taking part in the debate on second reading, but I want to assure the minister that I am well aware of what is going on here. I do not like clause 10 at all because of the reduction in baby bonus or child allowance from $25.65 to $20. This was not necessary in order to accomplish the tax credit for children, which the minister was successful in getting through cabinet. Over the last three or four years, since most cabinet ministers apparently have become strongly right-winged and conservative, she must consider this a victory. Nevertheless, I join with my Conservative colleagues in making that suggestion to the minister.

It is not my intention to filibuster this piece of legislation. I realize this is a federal bill. I have no ulterior motives. I know the Minister of National Health and Welfare cannot receive an ironclad guarantee from the provinces.

A considerable number of her constituents are below the poverty line. Having worked in a poor district in Montreal and as a member of the House of Commons, I am sure she realizes the provinces can play tricks with federal legislation and money, directly and indirectly. I accept the minister's challenge as a member of the House. I will do my part to make sure that volunteer agencies, social workers and the provincial government in my area will not use this legislation in order to prevent a real distribution of income to those families below the poverty line.

● (2032)

Having said that, let me point out that we should not exaggerate what has been done here. From a philosophical point of view, this is a small but important step toward the adoption of a negative income tax. But I, too, am concerned—and here I am repeating myself—because from my practical experience as a member of parliament in the last four years I know that unless great pressure by the federal government is

put on the provincial ministers, there can be no guarantee from them, and unless we use our influence, this will be nothing more than a paper change in distribution, not a real change. I am terribly concerned about that.

I am not making these points to filibuster the bill. I repeat that if I were the minister, there is no possible way I could accept these promises as a guarantee. To be fair to her, I admit that if I were in her place I do not know that I could get the ten provincial ministers to guarantee that either they or some of the bureaucrats in their social assistance departments would not be tempted to use this money for some other purposes which might be of assistance to people but which would not help the most needy group, those who live under the poverty line.

One of the things about which I am concerned is the definition of income as given by the minister in a statement at second reading of the bill, and also in the speech she gave in St. John's in September, when she said:

The new program means—

Referring to the tax credit of $200 for children under the poverty line up to an income of $18,000, this amount being reduced as the income increases. She went on to say:

—that next year in Ontario a two child family making $7,000 will get $264 more, a family making $15,000 will get $229 more, while a family making $30,000 will get $52 less.

Surely the minister believed that when she said it. Accompanying the October baby bonus was a schedule according to which families making $26,000 to $30,000 will receive nothing. This was signed by the Minister of National Health and Welfare. However, when the income tax people got to it, they changed the definition of income which she had spelled out so that deductions from income, for example for the registered retirement savings or registered home ownership plans will allow people making $30,000 and over to get as much as $200 per child in certain circumstances under this bill.

I am saying to the minister that if she has not yet corrected that, it should be corrected now, because by deducting registered retirement savings or registered home ownership contributions from income tax, people with much higher incomes than those specified by the minister will be able to get the full benefit of $200 per child. Can the minister tell me whether or not I am correct?

Miss Bégin: I think there are two points in the question. First I should explain the apparent disparity between the information contained in the insert mailed with the October baby bonus and that contained in my speech in St. John's regarding net income. In fact there is no disparity. The insert which went out with the baby bonus in October contained a chart of the amounts of the child tax credit according to family income and number of children. In the quotation read by the hon. member from the speech which I gave in St. John's, I gave as an example the situation of a family at the end of the year. It showed the loss of the tax exemption of $50 and the reduction in family allowance, and it expressed the net result at the end of a given year, while the insert in the family allowance envelope simply provided a table specifying the amounts of credit under the new program. It did not do the accounting for the whole year in a family's budget.

The second question asked by the hon. member was why net income was used and not any other measure. We had the choice between three measures of revenue used in the income tax form. We could not choose—and that is understandable because it would have created insurmountable problems as to what the definition should be. On the tax form first you state the total income, from which you subtract employment expenses and other expenses provided for under the Income Tax Act and whatever is subtracted from your pay cheque. Thus you arrive at the take home pay or, in other words, the net income. In order to arrive at this, one must subtract UIC payments, CPP payments, Quebec health insurance payments, payments under the registered retirement savings plan or under the registered home ownership plan, and so on. Also, depending on who gives what to whom, you have to subtract alimony and child maintenance payments, before arriving at the net income.

So the measure we have chosen is the take home pay. Another third possible definition could have been the taxable income, which is the net income minus personal tax exemptions and other tax exemptions per se. We decided that the net income—in other words, the take home pay—was the best measure because it reflects the real family budget; and second, it is the measure used in figuring out the GIS and the measure used by provincial welfare programs of all sorts. Also, it was the concept used in the federal proposal of two or three years ago for supplementary benefits. It permits many small, middle class families in need of financial help to obtain these benefits.

When the hon. member criticized the exemption of the registered retirement savings plan or the home ownership plan, which in practice has benefited people with some money as opposed to those who are really poor, I might say that he is partly right. But let me point out also that it benefits many average Canadians. I do not have the chart with me but this can be checked. I think this will really help many low and middle income families, those in the grey area which, to our regret, are not covered by the GIS. In our opinion this is the best measure and it is in line with the one used in all the social programs.

● (2042)

Mr. Hogan: Mr. Chairman, maybe I just do not understand the minister. In order that the financial people around her can confirm this, let me put the question in this way. We have a bill now before us which provides a reduction in the amount of credit for some families with an income of over $18,000, while allowing the full credit to other families with incomes approaching $30,000 because of the effect of the deductible provision in our income tax system. Is that right or wrong? This deductibility provision allows people who are in the higher income brackets to take advantage of such things as the registered retirement savings plan and so on.

Let me remind the minister of what the hon. member for Athabasca said earlier about the various percentages of people in the different income categories. If she looks at the statistics she will find that of the families with incomes of $6,000 or less only 2 per cent have taken advantage of the registered retirement savings plan in this country. What I am saying is that the impression should not be left that there is a cut-off point at the $26,000 income level. In fact, people with higher incomes can gain the benefits of this program because of the deductibility aspects of income tax. Those people with higher incomes in Canada, perhaps even in the top bracket, can still take advantage of this $200 tax credit for each child because of the deductibility provision. They can get, if they have two or three children, $200 or $400 extra. I do not call that redistribution in favour of the poor.

Miss Bégin: Mr. Chairman, if one studies the items that can be deducted from gross income to arrive at net income one finds that the only items that can be questioned as not benefiting the "poor" or "small income" people are the RRSP and the RHOSP, the registered retirement savings plan and the home ownership plan. The other items, including the Canada Pension Plan contributions, unemployment insurance, dues to unions, child care, etc., are not questionable items.

The hypothesis which is put forward by the hon. member for Cape Breton-East Richmond regarding RRSP and RHOSP is that many people can benefit because they can deduct contributions under these programs from net income and suddenly become eligible for the child tax credit. That will not be the case. We have studied this very carefully, and for each dollar in savings under these two programs that is deductible in arriving at net income there will be only a five cent credit under the child tax credit. As a result, someone who can contribute the maximum under home ownership or a savings plan, which is $1,000, would receive only $50 maximum in child tax credit, which is limited to $200 per child. This means that families with two or three children, the average in Canada, would get $50 maximum. This would qualify a family with two or three children for $400 or $600 under the child tax credit. In other words, a very small proportion of the child tax credit would be "acquired" by a family with enough money to contribute the maximum under the home ownership or retirement savings plans. I am convinced that we are not opening the door to people who should not be receiving the money.

Mr. Hogan: Mr. Chairman, I thank the minister for that answer; I think I understand a little better now. I hope she is right in what she says because her last explanation made it a little more clear to me, and made a little more clear her intentions in this regard. I hope this turns out to be the case with members of the Department of Finance.

The only other observation I want to make, to be followed by a final question, has to do with the total social budget of the minister. I know that one minister in government can have no control over this type of thing because of cabinet pressures, particularly in a time of restraint. I am sure that the provinces will try to get around this. The minister has indicated that she intends to carry out an educational program, and I am sure that those of us who believe in that tax credit system will do what we can to help out, mainly because we think this system is somewhat better than the situation we now have, and perhaps a step toward a guaranteed annual income when the economy picks up.

At this time our biggest problem results from slow growth or what the AIB has called a sluggish economy. It is comical to hear that body refer to the fact that an increase in interest rates such as the one just made will help inflation while at the same time it talks about restraints and a sluggish economy. If you substitute slow growth plus higher unemployment for the phrase "sluggish economy", then the board is praising the fact that the government is allowing this increase in already high interest rates along with increased restraint in order that we can have higher unemployment and slower growth. That is just an aside, but that is convoluted economy if I have ever heard it, and certainly poor social philosophy.

One of the things I am concerned about is the fact that at a time of government restraint CMHC is cutting back on such programs for the poor as the residential rehabilitation assistance program to the tune of $29 million, and now the minister has indicated cuts in respect of co-op housing, all of which will hurt the poor and those on low income. What I am afraid of is that the totality of these things, in addition to changes in unemployment insurance which will make it tougher for young adults to enter the labour force, will have a negative effect on what the minister is trying to do.

As my final question I would ask what percentage of the total social sectoral budget, if I can put it that way, which is under the minister's care—and she mentioned something like $300 million—is represented by this type of expenditure, what percentage does the total sectoral budget represent of the GNP, and what percentage is involved in this tax credit scheme?

Miss Bégin: I am not sure I have understood the question fully, but in the totality of the decisions made in August regarding the government budget, the result in respect of programs under national health and welfare, in what one could call the social sector under my responsibility, will be an increase in expenditure, but not an increase in taxes, of about $290 million or $300 million. That is the cost of the GIS increase. The child tax credit will finance itself within the system in the sense that it uses the savings through the cancellation of the $50 child tax exemption, and the savings from the cancellation of the special privileges for the 16 and 17 year olds and from the reduction in basic family allowance. In this way it is self-financing within the system.

An hon. Member: What about the budget for social expenditures?

Miss Bégin: I think the important question is, does it reduce the percentage of social commitment or social expenditures in the total budget of the government, and it does not. The distribution is changed slightly in that we have changed the

tax privileges. I suspect it will slightly increase the budget for social expenditures within Canada within the total budget, but I do not have the exact figures.

● (2052)

Mr. Lambert (Edmonton West): Mr. Chairman, I would like to intervene to refer back to the debate we had the other day on my private bill, Bill C-203, which was aimed at curbing the expansion of the illicit use of the social security number concept. I can recall when social security cards were introduced on a voluntary basis in 1964. The Minister of National Health and Welfare, for whom I have a great deal of personal respect, has become an innocent victim—

[*Translation*]

—of the civil service.

Miss Bégin: Do I look innocent?

Mr. Lambert (Edmonton West): Listen, you could be told something else, at another time and place, in other circumstances, but—

[*English*]

The President of Privy Council said in March, 1964 that the social security number would not be used for income tax purposes. The Prime Minister in April, 1964, in the same debate, said that it would not be used for purposes of income tax. In 1966, however, there was a very subtle introduction of the social security number for identification purposes on the income tax return as established under section 237 of the Income Tax Act.

I am concerned about the "Catch 22" situation I described the other day, that under the guillotine in 1976 there was passed a requirement under section 234 whereby a declaration of ownership should include the social security number of owner. I do not know what good it does because there is no way of checking on the number. There are people in this country who hold at the present time 30 to 40 numbers, albeit illegally. There is nothing to say when a person goes to a bank, trust company or any other institution that cashes Canada Savings Bond coupons issued prior to 1977 that the number on the ownership certificate is the right one. The ownership certificate, for example, could be that of my wife, and I may have filed it for her as her agent. It is not necessary for her to have a card.

There are many people in this country who refuse to have a social insurance card. If it is the government's intention that everybody shall have a national identification number in the concept described in George Orwell novel "1984", then let the government come forward and say so. It does not have to do it under the guise of the Income Tax Act.

I have in my possession letters from the Acting Minister of National Revenue written for her by her officials, and they are complete nonsense. There is a woman in this city who owns some Canada Savings Bonds, a gift to her from her husband. Under the requirement of attribution of income, the coupons were being credited to her husband's income, but ownership of the bonds is in her name. When she went to cash some coupons the bank insisted on her providing a social security number, and she refused to do so because she does not have one and does not need one. She felt that it was not necessary since she was not qualifying for the Canada Pension Plan and she was not employed. For not complying with the regulation there was a 25 per cent penalty imposed on the coupons of the bonds. The bonds were given to her at a time when these conditions did not apply.

The government through the Department of National Revenue, for which the Minister of National Health and Welfare is acting minister, has imposed a new rule on the game, and it is a breach of agreement with the purchasers and holders of Canada Savings Bonds prior to 1977, because bonds purchased prior to 1977 were never part of the game.

The Parliamentary Secretary to the Minister of Finance and others on the government side said in the debate on my bill, that it was an easy matter to pay the 25 per cent penalty and then claim a refund on the income tax return the following year. There is a "Catch 22" situation here, however, because under sections 150 and 237(2) of the Income Tax Act the form requires a social insurance number. When the lady in question went to claim her money, she was told she would have to file an income tax return and that they required a social security number. She has no need for a social security number, but the income tax department through the bank was insisting, improperly and immorally, on a 25 per cent penalty on coupons prior to the 1976 bond issue. After receiving her money they turned around and said that she could not have the 25 per cent refund because she was not able to file a proper return. She complained that she had no need to file a return because this was her sole outside income and, it was being declared every year on her husband's return, according to the guidelines of the Income Tax Act.

This lady was not required to file a return because the income was being declared under her husband's name. The bank for this reason would not refund the 25 per cent penalty.

Finally, there was a weasel. The Department of National Revenue replied in a letter dated September 13, 1978:

> The social insurance number is required as an identifier of contributions and benefits of Canada Pension Plan and unemployment insurance.

Neither category is applicable to her.

> It is required to be reported on information slips and on individual income tax returns.

Once again, it does not apply to her, with the exception of ownership.

> It has become an integral part of my department's linkage in the processing of assessments and reassessments of individual income tax returns.

This is totally contrary to the undertakings of the minister of labour and the prime minister of the day in 1964.

> My department's computer system has been designed to automatically request a social insurance number where one does not appear on the return.

In other words, it is the computer that determines whether you need a social insurance number.

This policy has been the subject of an in-depth review by my senior officials. Although several arguments can be made for not requesting a social insurance number, the use of social insurance numbers is a great benefit in properly identifying the taxpayer.

It is merely bureaucratic convenience and expedience.

● (2102)

For this reason, the decision was made to continue requesting social insurance numbers where one has not been provided. If a social insurance number is not provided upon request, under certain conditions, the return may be processed; however, in all cases, a further request for a social insurance number will be issued.

In your case, my officials at the Ottawa district taxation office will be processing your 1977 return without your social insurance number but a further request for a social insurance number will be issued. I might mention that if your circumstances in respect of future taxation years are similar to those for the 1977 taxation year, your returns may be considered incomplete—

That is, under section 237(2). The letter continues:

—and not suitable for final processing until such time as a social insurance number is provided.

This is bureaucratic nonsense of the worst kind. This is what I want to bring into perspective with the requirements of this bill, particularly clause 7 which reads as follows:

(2) Every person who, knowingly, or under circumstances amounting to gross negligence in the carrying out of any duty or obligation imposed by or under this act,—

This refers to the Income Tax Act:

—has made or has participated in, assented to or acquiesced in the making of, a false statement or omission in a return,—

The omission referred to is the social insurance number from the form that has to be signed by the two spouses, because there are joint statements of income. There are hundreds and thousands of married women and mothers in this country who do not have a social security number and who do not need it, yet a 25 per cent penalty is imposed on a family unit where one spouse does not have a social insurance number. That is a big club, Mr. Chairman. Children who may have received a Canada Savings Bond from a grandparent for a birthday or for Christmas cannot get full value for it, because a child cannot get a social security number and would have to pay the 25 per cent penalty. But they are not taxpayers and therefore cannot file a return. It is a "Catch 22" situation all over again.

I am told on the quiet that this provision is included on the insistence of officials at the Department of National Revenue, so I am addressing the minister in her capacity as Acting Minister of National Revenue.

This provision is immoral. It is a breach of an undertaking of this House to the people of Canada that this would never happen. I see some hon. members laughing at this use of the word "immoral" in regard to the social security number. They should see some of the letters that have been written to me about their performance on television during debate on my private member's bill, Bill C-203.

I make this final plea to the minister, that this insistence on and extension of the use of the social security number is dishonest. If it is a question of ultimately getting total identification of all individuals, step by step and surreptitiously, then we must protest.

The other day the minister said quite candidly that she was responsible for the administration of $14 billion of social security legislation. I fully agree that was the purpose—and unemployment insurance—but nothing else.

Miss Bégin: But this is social policy.

Mr. Lambert (Edmonton West): It is within taxation. These are amendments to the Income Tax Act and there will be no bootlegging through the back door. Perhaps I can emphasize this by taking my argument to absurd limits. I can see that the Department of National Health and Welfare will soon try to obtain sufficient information to put in their computers so that the minister will be able to engage in the mating game. She will have information on all males and females in this country and through her computers she will be able to match them up and perhaps send out little suggestions. So through the Department of National Health and Welfare the ultimate use of this information that is slowly being compiled will be for what I call the national mating game. I will not say this particular minister will do it because I do not see her future in this ministry for very long.

Miss Bégin: Where am I going?

Mr. Lambert (Edmonton West): I do not know but not over on that side of the ministerial benches. For the life of me, Mr. Chairman, I cannot see why we must have this extension, under penalty, of the use of social security numbers.

Mr. Martin: Mr. Chairman, I know the hon. member for Edmonton West has some slight concern in the area of social insurance numbers. This was the subject of his recent private member's bill on which a number of members on this side participated, as well as in a question of privilege raised by the right hon. member for Prince Albert. The hon. member for Saskatoon-Biggar also brought the matter up on one or two occasions.

I know from discussions publicly in this House and privately with the hon. member for Edmonton West recently that he is exercised about the relatively few Canadians who are themselves concerned about the law this parliament passed a year or so ago. It had nothing to do with bureaucratic nonsense; it was a law of this parliament. I am sure the hon. member for Edmonton West is as anxious as anyone that the laws passed in this House be obeyed throughout the country.

We are moving around in a wide circle in the course of discussions tonight, and I suppose we might as well continue that way. We are now talking about the use of social insurance numbers as a requirement for cashing bearer bond coupons.

In order to insist on proper compliance with our income tax laws, this parliament considered it appropriate to pass a law, which was enshrined in subsection (5) of section 234 in January, 1977, which said in effect that when you cash bearer bond coupons in the future, in order that the income tax department may have some hope of tracing unreported

income, you must produce a social insurance number. I believe I am correct in saying that figures recently published show that about 80 per cent of Canadians now have these numbers. In any case, a large proportion of Canadians have social insurance numbers and it does not seem to be a matter that is creating a great deal of concern.

● (2112)

Nevertheless, if, as the right hon. member for Prince Albert indicated, you do not have a SIN number and simply cannot stand to have a number for that purpose, even though you will have numbers if you have any kind of a charge account card, a department store card, a bank account, a licence or a telephone, a mailing address etc., if you insist that you will not, under any condition, have a social insurance number, then fine, you are not obligated to get one. The Department of National Revenue says "All right, we will not be able to trace in your case, under normal circumstances, whether you declare that income or not; what we will do is withhold 25 per cent of the interest that is otherwise payable to you. You can then have that interest back at the time you file your income tax return."

I know the hon. member for Edmonton West is concerned that some people may have recieved bonds from their husbands, or husbands from their wives, and under certain provisions in the Income Tax Act which have been there for a long time, the income is deemed to fall in the hands of the donor, but they may not be subject to income tax and never ordinarily have to file an income tax return.

The point is that this 25 per cent deduction is not a penalty, it is a withholding tax. The hon. member for Edmonton West knows there is quite a significant difference under the Income Tax Act between penalties and withholding tax. They are entirely different things. A penalty is something that you have to pay because you have done something wrong in accordance with the requirements of the Income Tax Act. A withholding tax is something that is deducted and later returned to you if you are eligible, either in the form of a reimbursement or as a deduction from your tax otherwise payable.

In raising this issue here, I suggest the hon. member for Edmonton West is confusing two entirely separate issues. I have been speaking of the requirements under the Income Tax Act for a withholding tax under section 234(5) for bond coupons that are cashed. There is also, as he mentioned, a requirement in the Income Tax Act under subsection (2) of section 237 that requires you to use your social insurance number when you file an income tax return. That provision has been in the act for ten or 12 years, passed by an earlier parliament and enshrined in the laws of our country. He is confusing these two things with two other requirements under the Income Tax Act which have nothing whatever to do with social insurance numbers. He is relating the problem to clause 7 of the present bill.

I would be delighted to get to clause 7, but we are talking about it on clause 1. Be that as it may, the requirement under this particular bill has nothing to do with social insurance numbers. Indeed, it does speak to a penalty, not a withholding tax, and it provides a penalty if you make false statements.

Mr. Lambert (Edmonton West): Or omit to fill in a form.

Mr. Martin: That is already covered in the Income Tax Act under section 162, subsection (3)—failure to provide complete information. Also, I believe section 163, subsection (2), which is statements or omissions in filing returns applies. It is clearly indicated in the literature that accompanies clause 7 that all we are attempting to do in this particular clause is to extend the penalty provisions under section 163, subsection (2). In other words, if you make false statements under the Income Tax Act you have a problem and you are subject to a penalty of 25 per cent; not a withholding tax—a penalty, a fee, a fine. All that is being said in clause 7 of this bill is that that kind of a fine will also be applicable if you make false statements when applying for this new child tax credit.

Mr. Lambert (Edmonton West): Or omit to fill in a form.

Mr. Martin: It is as simple as that and nothing more. It has nothing whatsoever to do with the issue of the social insurance numbers, which I know still concerns the hon. member for Edmonton West. His concern may or may not be appropriate; I do not think it is. I do not think the argument has any place in this bill, particularly clause 7 which, as I say, has nothing to do with the particular problem relating to social insurance numbers.

[*Translation*]

The Chairman: Order. I must point out to the hon. member that the time allotted to him has now expired.

[*English*]

Mr. Epp: Mr. Chairman, I would like to place some questions before the minister and the parliamentary secretary and follow up questions put by the hon. member for Churchill. I do not think we have yet had the answers we need. First, respecting status Indians living on reservations, are they liable to the payment of income tax?

Miss Bégin: No.

Mr. Epp: In view of that fact, will status Indian mothers living on reservations have to file income tax returns to collect the child tax credit?

Miss Bégin: The child tax credit to be received will involve one form or more in connection with the income tax system. That is one of the points I intend to take up with the National Indian Brotherhood.

Mr. Epp: The Minister said this afternoon that we have spent too much time on this bill. I think we pointed out quite conclusively that this was not the case and in fact that two days had gone by without debate on Bill C-10 other than for some 40 minutes on the one day and 35 minutes on the other. Now the minister says she wants to meet with the National

Indian Brotherhood to discuss certain aspects of the bill. And yet we are asked to pass the bill. The minister has comfirmed that status Indians living on reserves do not have to file income tax.

Second, the minister has said that she has no answer, no answer at all, as to how status Indians living on reserves will collect the $200 tax credit, or Inuits in federally administered territories. Is the minister telling us now that she has not discussed this with her officials and that she has no plan to pay these people the tax credit?

Miss Bégin: Of course not, Mr. Chairman. The hon. member for Provencher is getting excited without any reason whatsoever. The status Indians do not pay taxes for income earned on the reserves. They do pay taxes like any other Canadian on income earned outside the reserve even if they come back to live on the reserve regularly. I hope this is clear. We are talking now of another bill which will provide $200 more per child to each mother whenever the income is low enough. If the technicality to obtain that money is to be connected by a form to the income tax system, the Indian mothers will file that form. I do not see what is wrong with that. I would like the hon. member to tell the House what is the crime behind what he is making in terms of sous-entendus submissions and things that nobody understands. Would the hon. member be clear?

Mr. Epp: The point I want to make to the minister—and I am not excited—is that the minister has come in with a half-baked proposal that she herself has no answers to. That is the point. It has been a long-standing agreement between the status Indians and Governments of Canada that there would not be changes in the payment of income tax without full agreement between the two parties concerned. The minister does not have that agreement. She has not even sought the agreement. In fact, she has not even met with the National Indian Brotherhood. Now, suddenly the problem has developed and she says yes, I must meet with the National Indian Brotherhood.

● (2122)

She has no answer; she has evaded the question totally. I ask again: Will status Indian mothers living on reserves have to file income tax in order to get the tax credit?

Miss Bégin: Mr. Chairman, I am, rightly or wrongly, suspicious of people who start taking as their victims the Indian mothers. I do not know why they speak only of them.

Some hon. Members: Oh, oh!

Miss Bégin: Where is it hurting? I would like to know if they are in favour of or against the child tax credit for Indian and Inuit children. They have never answered me. I wonder why that sort of question always comes from the same party, suggesting there will be misuse. I have heard it said more than once.

This bill will provide mothers with a child tax credit. In order to do that, it will connect them to the tax machinery. It has nothing to do with making them pay tax, and I hope the hon. member understands that.

Mr. Epp: What about filing?

Miss Bégin: If they do not pay tax, they will not file. That is pretty clear. Therefore, I would ask him not to throw in that kind of red herring. It is similar to the other one to frighten mothers who will be entitled to the new child tax credit.

Indian mothers will file, with the help of other Indians on the reserves, a form that will entitle them to a child tax credit of $200 per child. It will bear the name "child tax credit". It will bear the name "tax". However, hon. members know it has nothing to do with a tax in the sense of income tax. The hon. member knows that, so why play games? I do not understand his question. It does not have anything to do with income tax for Indians living and earning money on reserves.

Mr. Epp: Mr. Chairman, the minister knows full well that the official opposition has endorsed the $200 per child. I therefore suggest to the minister, in her frustration of not having looked at this bill carefully, that she not try and pull that kind of a stunt, making the allegation that a member on this side of the House gave her the impression that he was not in favour of the $200 per child credit for children who are status Indians. The minister should know that.

Miss Bégin: Good.

Mr. Epp: I am glad she finally understands it; it has taken a long time. The point we are trying to make is that there are certain procedures that native people have not had to fulfill vis-à-vis the Income Tax Act as have other people, or the Inuit people living in federal territories.

The minister has now said that a child tax credit form, or whatever she wants to call it, will be developed whereby mothers of status Indian children will apply for the $200 credit. I would like the minister to explain to which department that will be sent, her department or the tax department.

Miss Bégin: As I have often said in the House, and the hon. member for Provencher may have missed it, the 1.5 million mothers in Canada, including Indian mothers living on reserves, who are non-filers will send the form to the tax address which will be on that form. What is the difference between a mother who is on welfare or one who makes so little money that she is a non-filer, and an Indian mother in that regard? That is why I asked the question. I am very pleased to have clarification of where the official opposition stands.

Mr. Epp: May I then ask the minister whether native people need a social insurance number.

Miss Bégin: Mr. Chairman, everyone connected to the tax system will need a social insurance number as per the act.

Mr. Epp: Has the minister checked with her colleague, the Minister of Indian Affairs and Northern Development, whether the native people of Canada approve of that move?

Miss Bégin: I have nothing to report, Mr. Chairman. We have no suspicion of a problem there.

Mr. Epp: Can we have an assurance from the minister, before we complete committee of the whole stage of Bill C-10, on the position of the Minister of Indian Affairs and Northern Development as to the requirement of status Indians who will apply for this tax credit with regard to whether they will need a social insurance number?

Miss Bégin: Mr. Chairman, I can give that assurance to the committee tonight. In the discussion of and decisions taken on this bill, the Minister of Indian Affairs and Northern Development was particularly pleased with the fact that it will cover the Indian mother in the way that it will cover other Canadian mothers. I have his whole support, I can assure the committee of that.

Some hon. Members: Hear, hear!

Mr. Epp: The minister this afternoon spent a fair amount of time hurling a good bit of invective at members on this side, arguing that they should approach the provincial ministers of health with regard to the tax credit to ensure an equivalent amount will not be removed from the provincial welfare payments. She became excited about the possibility of provinces in fact reducing the provincial welfare payout commensurate with the amount of the tax credit. The hon. member for Cape Breton-East Richmond raised the same spectre—that provinces have done this in the past.

Status people are a direct responsibility of the federal government. I am speaking about those living on reserves and in national territories. I am not speaking about those who have left the reserves. Does she have assurance from the Minister of Indian Affairs and Northern Development that the amount of welfare now paid to status people will not be reduced by a commensurate amount of the tax credit?

Miss Bégin: I answered that question earlier tonight, Mr. Chairman. As to the analogy of the provincial governments, I would be pleased if the hon. member for Provencher were bringing me a reply to my letter from the hon. Bud Sherman. I do not have any news from him as to the way he will treat the new child tax credit, but I anticipate the Manitoba government will follow good politics at no cost, except the cost to federal taxpayers, and pass that credit on to the children in the province.

Mr. Epp: Mr. Chairman, I can ask the Manitoba minister of health and social development for that assurance. I am not sure whether the minister needs me as a mediary, but if relations are that bad, I am willing to perform that duty. The same can be said about her reply from Prince Edward Island.

The point I am trying to make with this minister is that while she has made the point about the provinces, this government has direct responsibility for status people. She cannot blame the provinces for not taking their responsibility. She cannot blame any organization. The buck stops right here with this government. Has the Minister of National Health and Welfare discussed this matter with the Minister of Indian Affairs and Northern Development—yes or no? If she has, did she receive the assurance that the amounts payable to native people will not be reduced by the amount individual families will receive pursuant to the tax credit?

• (2132)

Miss Bégin: Mr. Chairman, I said earlier tonight—I thought the hon. member for Provencher was here—that I did write to the Minister of Indian Affairs and Northern Development about this very matter.

Mr. Epp: The minister says she wrote to her colleague. We write many letters to this government, but we do not get answers. Did the minister receive an answer relating to this matter?

Miss Bégin: I answered earlier.

Mr. Epp: Is the minister choosing not to answer that question? Has she no answer? Has she not received an answer?

Mr. Railton: You are off the bill.

Mr. McGrath: That is a proper and very important question.

Mr. Epp: I am right on the bill. The point of the matter is that hon. members opposite do not want to answer questions. All this government wants is a rubber stamp for its legislation. I say to the minister and to the hon. member for Welland—especially to the hon. member for Welland—that they have no concern for native people. In fact, the Parliamentary Secretary to the Minister of Finance gave the impression today that in his mind Indians do not count.

Mr. Martin: Mr. Chairman, I rise on a point of order. I would like to describe that as being a very cheap shot. I am sure the hon. member for Provencher knows that what he says is not the case. I put forward the argument—which I know was not acceptable to the hon. member for Churchill who was posing the question at the time—that getting into the matter of how best to handle welfare payments to Indian children was not perhaps related to any one of the clauses in this bill. However, we did go into further debate, and I believe every question put by the hon. member for Churchill was quite adequately answered.

Mr. Smith (Churchill): No, not yet.

Mr. Martin: I hope the hon. member for Provencher will take back the comment he made relating to my position on Indians. I have never made any such statement.

An hon. Member: Withdraw.

Mr. Railton: Mr. Chairman, I rise on the same point of order. I would like to correct the hon. member for Provencher, who intimated or made the accusation that because I was trying to keep him on the bill, which he wandered away from for a long time—

Mr. McGrath: Who woke you up Doc?

Mr. Railton: —I was not interested in Indian people. I happen to be very fond of the aboriginal people of Canada. I think they need our support until they make the transition to a more lucrative or prosperous way of life. However, this has nothing to do with the bill in question. This bill is clearly about family allowances and how they are going to be administered. Having made that correction, I hope future questions will be about the bill.

The Chairman: I must say that the point raised by the parliamentary secretary is accepted as a point of clarification. As to the point raised by the hon. member for Welland, I am sure hon. members will accept the doctor's faith and beliefs.

Mr. Epp: Mr. Chairman, I intend to continue my questioning despite the intensity of hon. members opposite, who obviously do not want to answer questions in this area.

Mr. Boulanger: You are wasting time and you know it.

Mr. Epp: As long as Your Honour will allow me to continue questioning, which obviously means your Honour feels my questions are related to the bill, I will not listen to the hon. member for Welland, whether he thinks my questions relate to the bill or not. As long as Your Honour thinks my questions relate to the bill, that is good enough for me.

Mr. McGrath: Doc is on the record. That is the important thing.

Mr. Epp: The question I am trying to raise with the minister is simply whether native people will receive the same benefits to which everybody else is entitled. That is one point. The second question relates to whether they will receive their benefits in a manner which will not violate agreements held or understood. Third, the minister has chosen not to answer the question about an assurance from the Minister of Indian Affairs and Northern Development as to what his department will do when these tax credits go to the mothers of status Indian children.

I suppose we will have to wait and see whether we can ask that question of the Minister of Indian Affairs and Northern Development directly, but I want the record to show clearly that the Minister of National Health and Welfare has either chosen not to answer that question or does not have an answer.

Mr. Harquail: She has answered it twice already.

Mr. Epp: I will simply leave it at that. I would like to get to another point. Speaking at second reading of this bill on October 31 the Minister of Finance mentioned that there would be a $35 million saving in the next fiscal year over and above the amount of money which would have had to be expended if the present family allowance plan had remained in place. I would like to ask the parliamentary secretary or the Minister of National Health and Welfare about the annual administrative cost of paying out 12 monthly cheques on each account. A family receives 12 family allowance cheques per year. What is the administrative cost per family at the present time under the present plan?

Miss Bégin: Mr. Chairman, I want to say very clearly to the hon. member, who acts like a Crown attorney, that I have not refused to answer. That is a pure fabrication in his mind.

I am suffering from a sore throat. That has been obvious to my colleagues for two weeks. I wish there was a rule providing that I should not have to repeat answers to the same questions. However, I will repeat once more. I have given this answer fully at least twice earlier tonight.

Mr. Harquail: This is the third time.

Miss Bégin: The hon. member for Provencher either does not listen or he is having fun instead of doing his work. The new child tax credit will not violate any agreement with Indians. Does the hon. member think we would present legislation to parliament which would violate agreements with Indians? That is a very strange question. I said quite clearly to the hon. member, who was killing time, that the treatment of the child tax credit for Indian children will be the same as for any other Canadian children. I want to repeat that. I hope the hon. member understands. I could put it in writing for him. In this regard I wrote to my colleague, the Minister of Indian Affairs and Northern Development, in a way similar to the way I wrote to my provincial counterparts. I have not received a written reply from my colleague. I hope that is clear to the hon. member now.

On the question of the administrative cost of sending out family allowance cheques, I will have to check the question to see how the hon. member wants it answered. If he wants to know the cost per family of sending out family allowance cheques, I know it is the lowest administrative cost of all programs but I will provide him with exact details.

• (2142)

Mr. Rae: I do not have many questions and those I have will not, I think, strike fear in the hearts of members on the other side or cause much surprise because they have been raised by my leader and by other hon. members here. However, for purposes of clarity, I should like to state, first of all, that while I agree with the minister that the discount rate is 15 per cent, when we talk about that rate on an annual basis it is 60 per cent. The government requires under Bill C-46—I would refer my friend to schedule 1 under the bill, and in particular to the last column to be filled out by the tax discounter—that the discount rate as an annual rate be 60 per cent. That is what I was saying in my comments earlier. I would be interested to hear the minister on this, but I want to make it perfectly clear for the record. I was accused by some hon. members of not knowing what I was talking about. There are many times when

I do not know what I am talking about, but this time I think I do.

An hon. Member: Are you sure?

Mr. Rae: I am sure this time. On a Master Charge or a Chargex account we pay the rate of 1.5 per cent a month. That is an annual rate of interest of 18 per cent. Similarly, the discount rate of 15 per cent expressed as an annual rate of interest is 60 per cent. That is what the government is telling discounters to charge, and that is what they have to state. That is the first part of the point I wanted to make.

The second part of the point I want to make is that when Bill C-46 was first drafted and brought before the House—let me say again that I do not say this in a spirit of antagonism toward my friends opposite but in a spirit of conciliation in order that we get the most we can for the people for whom this money is intended—it did not anticipate, I suggest, the creation of this tax credit scheme. According to the minister's own figures, about 1.5 million people will be filing a new tax form which they have never filled out before, and they will be in receipt of a sum of money which they have never received before.

What I am saying to the minister and to her colleague is this. If the government is not prepared under this bill to look seriously at this problem—and this is not a fictitious problem but a very real one—it will be in trouble. I say to the minister, with respect, that when she is asking me to tell my constituents to please not get their $200 less a discount of $30 in January or February but to please wait for their payments until March or April, she must recognize that these are not the wealthiest people in the world. I do not have the right to tell these people to hold off, nor does the minister. We are dealing by and large with people who are on welfare, who do not file income tax returns. Although I have been accused of assuming too much knowledge about the circumstances in which these people live, I think I am entitled to say that people living on welfare will certainly be interested in getting hold of $200 or, as it is now magically reduced, $170, as soon as possible.

I say to the government very seriously that I know they have special economic reasons for having to raise the interest rate to the usurious rate of 10.75 per cent, but in the name of heaven let them realize they have no obligation to subsidize the tax discounters in our country to the tune of several millions of dollars, which will be the result of this legislation. I would like some indication from the minister as to the government's willingness, if the government is not prepared to move on this front now, to at least give serious consideration to the payment of this money in quarterly instalments, not as an annual payment.

I think it was my friend—the hon. member for Saskatoon-Biggar who raised this as an issue brought forward by the national anti-poverty organization. I made that point in my comments at second reading and I repeat now—I do not say this in order to score points with the minister—that I am concerned that government money is paid out to people who need it, not to the tax discounters.

I think the government is hung up on this criminal rate of interest which is getting it into many problems and, with which I do not agree. But quite apart from this, when Bill C-46 was passed, the government did not anticipate the legislation before us now. Under this bill the government is creating a subsidy for these people which was never anticipated at the time it allowed income tax discounters to charge 15 per cent. I am saying to the minister that giving speeches and asking people to please hold off for three months will not work. Once she has found it will not work, I hope she will come back to the House and say: "Let us send out payments to those people every quarter." At least this would ensure that people will not have to wait for large chunks of money from the government, 15 per cent of which, in my opinion, is guaranteed to go into the hands of the usurers in our major metropolitan centres.

Mr. Martin: Mr. Chairman, the hon. member raised a couple of points in connection with the tax discounting bill. The first point which should be made is that, whether or not all members of the House consider Bill C-46 perfect, it did indeed address itself to a particular problem which many people were facing in recent years, when they went to these people in the tax discount game and paid large interest rates on the advance payments which they received. This bill does limit the rate that the tax discounters charge to 15 per cent of the total amount being claimed. If that amount is outstanding for a year, it is a higher rate of interest. But let me point out that it is not being paid as a rate of interest but rather as a charge, and the point to bear in mind is that the charge cannot be greater than 15 per cent of the amount involved.

I do not think that when a bill is passed in the House members can anticipate what the future legislation will be in years to come. When the tax discount bill was passed, it was meant to deal with a particular problem at the time. I know the hon. member represents a riding that is adjacent to mine but for one riding between us, and we have a similar mix of constituents. I am very hopeful that people in his and in my constituency, as well as those in all constituencies throughout the country, who will be benefiting from this new tax credit, will avail themselves of the services of some of the professional accounting houses or of voluntary groups which offer services at a minimal fee, to assist those who have difficulties in filling out the very simple form which will be required under the circumstances.

The only analogy that I can draw is in the present situation in Ontario. Both of us represent Ontario ridings where people can apply for a property tax credit, and I believe that credit applies in some other provinces as well. In terms of the calculation required, this particular credit will be easier for the individual making the claim and, the form will be simpler to fill out than the one which people in Ontario are presently required to fill out in order to obtain the Ontario property tax credit. So far as I know, taxpayers generally have found they can cope with the Ontario property tax calculations, and indeed many people are receiving that credit who would not otherwise be income tax filers. So I think the same sort of thing will apply here.

I am sure all hon. members hope that, as result of this bill or any future legislation involving credit of this kind, we will not be faced with an offshoot of the tax discounters business which Bill C-46 last year attempted to address. I am sure that is the hope of all hon. members. Obviously, in the first year this credit is applicable people will run into certain difficulties. Once they have had one go at it, it will be a very routine procedure in subsequent years. It is similar to what happened when the Ontario property tax credit was introduced. Now that is a simple ritual which people go through year in and year out. Many people receive the credit even though they are not otherwise taxpayers.

• (2152)

Miss Bégin: Mr. Chairman, perhaps I can comment on this. To make certain that no tax discounting is possible, the cheques are non-assignable. We have looked into that. I am familiar with non-assignability because when I was minister of national revenue the province of British Columbia asked me to look into that matter very closely. For instance, family allowance cheques are non-assignable and therefore cannot be cashed at tax discounting offices. A tax rebate cannot be non-assignable. Under the present system in Canada it is impossible. In the eyes of the income tax system, this payment is considered to be a tax refund. From that point of view, non-assignability is a technique of controlling tax discounting.

The possibility of several instalments rather than an annual lump sum in future years will be looked into. I will monitor these lump sum payments very carefully. I should like mothers to express their viewpoints. The two major factors which could lead us to reconsider this in future years would be the budget difficulty which is being created eventually for families and tax discounting practices. It is up to mothers to tell us whether they prefer a lump sum payment once a year or several instalments. In future years—not this year—we could move toward a system of several instalments.

Mr. Rae: Mr. Chairman, I do not share the optimism of the Minister of National Health and Welfare and her parliamentary secretary, but I appreciate that they are willing to look carefully at the administrative repercussions of this measure.

Referring to the matter of non-assignability, surely where there is a sovereign parliament anything is possible, provided the will is there. I do not accept the argument that it is not possible to make this form of credit a non-assignable security or something which cannot be borrowed against.

I think my second point has been talked to death, but I should like to give an example. The hon. member for Egmont was the first member to raise this on the first night of the debate. He was concerned with the fact that the chairman of the Human Rights Commission wrote a letter to the minister dealing with the possibility of this provision being discriminatory. Then we received the opinion of the Minister of Justice which indicated that the Income Tax Act was not an infringement of the Bill of Rights. That should come as no surprise, since the most recent supreme court decision in this matter was that the Bill of Rights has no cutting edge. If the Bill of Rights has no cutting edge against the Unemployment Insurance Act, surely it will have no cutting edge against the Income Tax Act. That does not mean it is not discriminatory; it means that we do not have an entrenched Bill of Rights.

I should like to refer to a common law relationship in which the woman earns $13,000 and her male friend earns $20,000. Under this scheme, their children would qualify, whereas the children of a wife and husband in similar circumstances would not qualify. I am not here to score any particular points. The minister has expressed her opinion, which I suggest was somewhat offhand. She suggested that the submission of the chairman of the Human Rights Commission was invalid. I do not think it was invalid. If my example is true—and I see that the minister is nodding—

Miss Bégin: No, I am not nodding.

Mr. Rae: Is the minister going to sleep?

Miss Bégin: Absolutely not.

Mr. Rae: If my example is incorrect, perhaps the minister can correct it. It is my distinct impression that a couple cohabiting in a different form of sin than that referred to by the hon. member for Edmonton West is able to claim a benefit for their children, whereas if a joint income tax return is filed as required by the act by a married couple, their children will not benefit.

This seems to be a common problem. In the spirit of conciliation, perhaps we can receive an agreement from the minister that she is prepared to look at it again, rather than dismiss the point out of hand because it comes from this side.

Miss Bégin: I am so concerned about the status of women that I would not dismiss it lightly. As I indicated the other night, from a legal point of view the opinion of the Minister of Justice is that this bill has no discriminatory features. The hon. member for Broadview referred to the Income Tax Act, which is a bill in itself and another matter altogether. It is not for me, the House or the commissioner of the Human Rights Commission to judge a bill in terms of a common law situation. I repeat that the letter of Mr. Gordon Fairweather is very ambiguous. People are still reading it and wondering what he actually meant.

Mr. Baker (Grenville-Carleton): No, they are not.

Miss Bégin: Well, the hon. member for Kingston and the Islands referred to one sentence in the letter, and other members have referred to other sentences.

Some hon. Members: No, no!

Miss Bégin: In the second paragraph of the letter Mr. Fairweather referred to marital status. Since it is ten o'clock, perhaps I can continue tomorrow.

The Deputy Chairman: Since the minister has not completed her remarks and hon. members are questioning those remarks, perhaps it is a good time to call it ten o'clock.

Progress reported.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

PUBLIC SERVICE—INDEXING OF PENSIONS

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, on March 9 last the President of the Treasury Board (Mr. Andras) announced that the government plans to introduce a bill to amend certain elements of the public service pension plan as concerns the indexation of pensions to the cost of living. A lot has been written about the special study on the provisions of public service pensions in the context of the government expenditure restraint program. In its publication *Consensus*, the National Coalition of Citizens said that it was abusive or exaggerated to index the pension plan of public servants, suggesting that federal public servants have a better pension plan than most employees in the private sector, and even saying that indexing these pensions would lead the country into bankruptcy.

• (2207)

The National Coalition of Citizens was firmly against indexing public pension plans. However, there is no need to prove that this Liberal government is aware that it must protect our retired people against the thief of inflation. Inflation takes away the assets of those who are on a fixed income. Inflation also affects the various groups of pensioners and widens the gap between the income of those who work and those who are retired. The indexing of pensions protects pensioners by readjusting their income according to the increase in the cost of living. This does not increase their purchasing power, but simply maintains it at the same level.

The financing of public service pensions is perhaps the most badly misunderstood aspect of the plan. This is not surprising since the financing of pensions is complex and very technical in nature. To better understand the present financial provisions, it should be remembered that they are governed by two separate and very different sets of rules. One applies to the financing of basic pensions and the other to the financing of indexation payments.

Basic pensions are fully funded, to use the terminology of actuaries. In other words pensions are financed in such a way that if the plan were suddenly discontinued the pension fund, without any additional contribution but with future interests, would indeed meet pensions payments to all present pensioners or their survivors as well as all pension entitlements of present employees earned before discontinuation of the plan.

Mr. Speaker, I do not have the time to explain in detail the source of funds which allow the financing of the plan. To put it briefly, funds come first from contributions of employees who pay 6.5 per cent of their salary, second from the employer contribution which is equal to that of the employee, third from an employer contribution to make up any actuarial deficit like a wage increase and so on, and fourth from the interest accumulated on amounts credited to the account.

In other words pensions are financed along the same actuarial principles as those usually used for pension plans in the private sector. So it is untrue that the whole public service pension plan is financed on a day to day basis. On the contrary, basic pensions are fully funded in a government account; both employer and employee pay enough into that account to keep it on a sound actuarial basis.

Furthermore, the pension account is increasing every year thanks to the significant accumulation of interests.

The matter with which we are dealing tonight concerns the financing of pension indexation which is based on completely different rules. Since April 1, 1970, all federal civil servants have been contributing one half of one per cent of their salary to the supplementary retirement benefit account. Honourable members will recall that in January, 1977, this contribution was raised to 1 per cent of the salary. It is the indexation issue which interested public opinion and which, we must admit, has been violently criticized by several observers. Mind you, Mr. Speaker, it is true that a real problem exists with regard to the automatic clause on pension indexation. Being aware of it the government asked that a study be made with a view to obtaining an independent opinion on the various aspects of pensions in the civil service.

The Tomenson-Alexander Associates study, tabled in the House by the minister on March 9 last, showed that if the pension plan were based on full funding, the non-capitalized actuarial debt would be very high. Bearing in mind the hypotheses formulated by the consultants, specially on interest income, full integral funding based on anticipated interest income proved to have actuarial weaknesses since the indexation was a continuous and automatic legislative commitment. In other words, doubts were expressed about the capacity of the program to generate sufficient funds to pay a continuous and automatic indexation. Last March, the President of the Treasury Board (Mr. Andras) announced that he would be tabling a new bill limiting the legislative commitment on continuous and automatic indexation. He added that the rate of indexation would be reviewed on a three-year basis and that

in October he would announce the rate that would apply to the years 1979, 1980 and 1981.

Last October 19, I asked the minister, first, whether the weighted interest rate, now on the increase, would be productive enough to pay full indexation and, second, what the rate of indexation applying to pensions would be for the next three years. The President of the Treasury Board answered that he hoped to be able to announce, in October as promised, the rates proposed for the next three years. Well, we are in November and no announcement had been made to date.

I admit that the problems exist and I do not like to push the issue but I would appreciate it tonight if the parliamentary secretary could give us the assurance that within a few days the minister will be making that announcement indicating firmly the rate of indexing of pensions for the next three years.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, once again I must congratulate the hon. member for Ottawa-Vanier (Mr.Gauthier) for raising once again a problem affecting closely his constituents who include, of course, those who have retired from the Public Service of Canada.

As you know, this principle of maintaining the purchasing power of pensions to allow those who have retired to be able to continue to have access to the same food basket and the same services is one to which the government is and remains committed. However, would the government be also committed to the principle that the provisions dealing with pensions in the public service should be fair and equitable considering their incidence on Canadian taxpayers? The government does not believe that those two principles are incompatible. The March 9 statement by the President of the Treasury Board explained how the indexing could meet those two objectives. This is contained in Bill C-12 which the hon. member mentioned and which amends the statutory right to retirement pensions.

The hon. member for Ottawa-Vanier also asks how the pensions of those who have retired from the public service will be adjusted for the next three years. I hope he can understand that I am not in a position tonight to tell him that but I would like to explain that the estimates and calculations that will have to be done before a decision is made are very complicated and require a lot of time. I can reassure him that this is being considered and the President of the Treasury Board (Mr. Andras) hopes to be in a position to make a statement very soon on the pension adjustment which will be proposed for the years 1979, 1980 and 1981, and I assure the hon. member that the remarks made tonight will be brought to the attention of the President of the Treasury Board.

[*English*]

AIRPORTS—WINNIPEG INTERNATIONAL—FACILITIES TO ASSIST HANDICAPPED PERSONS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, yesterday I directed a question to the Minister of Transport (Mr. Lang) in which I pointed out that in 1980 the World Congress on Rehabilitation will hold a meeting in Winnipeg, that 4,000 to 6,000 of the delegates attending the congress will be handicapped persons in wheelchairs, and that the organizers of the congress had stated that the national airport will be an embarrassment to the city of Winnipeg unless facilities are built to handle the large number of handicapped people expected to attend.

• (2212)

The minister's answers were less than satisfactory. They were very evasive. The hon. member for Winnipeg North Centre (Mr. Knowles) posed a similar question later in the question period and the minister stated the objective was to provide facilities. The answer is not satisfactory, Mr. Speaker.

Organizers of the congress have stated that Winnipeg International Airport will be an embarrassment to the city unless facilities are built to handle the large number of handicapped people who will attend the 1980 World Congress on Rehabilitation. Many will be disabled persons confined to wheelchairs.

I wrote to the Minister of Transport on September 19 regarding the problem faced by handicapped persons at Winnipeg International Airport customs area, on escalators and in other areas. We realize that the airport was designed in the 1950s and was not completed until the 1960s, when unfortunately we did not give much thought to handicapped persons and how to handle them. I hope the parliamentary secretary will give a firm commitment tonight that some temporary or permanent measures will be taken to facilitate the handling of handicapped people at the airport before 1980.

Mr. Ruffner, the director of communications for the United States president's commission for the handicapped was in Winnipeg to help local organizers plan the 1980 World Congress and he pointed to the very serious problems they had to face. Of the 6,000 or so delegates attending the congress there could be 500 or 600 in wheelchairs. The organizers are facing problems with hotels in the city as well.

The Department of Transport has assigned $174 million for improvements to the Winnipeg airport but the program will not begin until 1982. I suggest to the parliamentary secretary that some of these funds should be allotted immediately to implement the needed improvements for the handling of handicapped persons at the airport.

I find it most disturbing to read articles in the Winnipeg newspapers about the airport, which is referred to as "bush league." An article in the Winnipeg *Tribune* quoted a reader, who often accompanied sick or handicapped people to and from the airport, as saying it is a disgrace to Canada. Mr. Speaker, we do not want it to be a disgrace.

In the 1950s and 1960s handicapped persons did not receive the priority they do today. Instead of suggesting we spend more funds to expand Mirabel airport, which is a white elephant, I think we should direct funds to a problem area like Winnipeg airport. Concerned citizens of Winnipeg point out that tourists arriving from overseas or from the United States are faced with long waits at the customs and immigration areas. Staff are often not ready for the flights or perhaps there is not sufficient staff on duty. These problems must be dealt with.

I am disappointed that I have not received a reply from the minister to my letter of September 19. The hon. member for Winnipeg North Centre has been writing letters to which he has received no satisfactory answers. I hope the parliamentary secretary will give us some assurance tonight that some definite action will be taken. Never mind wanting to meet the objectives in the future; this is a very serious matter. There are hundreds and hundreds of people in wheelchairs attending this congress and they want some assurance that at least when they arrive in Winnipeg they will be properly handled. That will take a great load off their shoulders. As I say, there are problems with the hotels and other facilities around the city. I am patiently waiting and I ask the parliamentary secretary to please give us some assurance that immediate action will be taken in regard to this serious problem at the Winnipeg International Airport.

● (2217)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, as the minister stated yesterday, the long-range planning for Winnipeg International Airport will produce major changes which might not be complete or in place in time for the 1980 World Congress of Rehabilitation International. This does not mean however that nothing will be done by that date. Quite the contrary. Transport Canada is giving every consideration to accommodating handicapped people attending the congress in the most comfortable manner possible and to facilitating as much as possible their transfer from the aircraft to the terminal building and inside the building.

Unfortunately, details concerning the type of aircraft and the number of wheelchair passengers attending the congress are not yet available and final arrangements to accommodate these passengers cannot be completed until this information is available.

At a meeting of the Congress Planning Committee, held in Winnipeg on May 2, 1978, it was determined that 7,000 to 10,000 delegates might attend the congress. Of this total, it is anticipated that some 400 persons will be physically handicapped. In addition congress delegates will be using various modes of transportation including train, automobile and aircraft. This means then that they will not all come through the Winnipeg airport. Furthermore the majority of delegates are expected to come from Ontario and the United States and it is anticipated that many delegates will combine the congress with holidays and travel by car. It should be emphasized again that not all delegates are handicapped and of those handicapped not all will be using wheelchairs.

With this in mind, Mr. Speaker, a number of proposals are being considered for Winnipeg International. For those aircraft that are not able to connect to the terminal loading bridge, hydraulic lift vehicles can be used. They can be raised to the level of the aircraft door and lowered to ground level. The people arriving would then be transported to the first level of the terminal building. For those aircraft that can connect to the terminal loading bridges, and therefore the second level of the terminal building, a portable elevator can be installed which would accommodate wheelchair delegates as well as other handicapped persons such as the blind.

In addition to the above possibilities, adequate staff will be present to assist wheelchair delegates from the escalators, if they so choose. Special security and customs arrangements have been agreed to ensure the efficient processing of all delegate passengers. I must emphasize, Mr. Speaker, that until more information is made available concerning the number of wheelchair passengers, the proposals mentioned above cannot be considered as final. Again let me assure you every consideration will be given to accommodate congress delegates and no apparent difficulties are anticipated.

● (2222)

[*English*]

PUBLIC SERVICE—RELOCATION AND RETRAINING OF EMPLOYEES WHOSE JOBS DECLARED REDUNDANT

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, on August 15 the President of the Treasury Board (Mr. Andras) announced a program of cutbacks which he thought could involve 5,000 positions in the public service of Canada which might be declared redundant. It is quite clear that not all of these positions are occupied but the people in such positions might find themselves surplus to requirements.

The Public Service Commission responded to this situation on September 22 with a priority clearance procedure. In brief, through the delegated authority provisions the commission said no new staffing would take place unless an opportunity was afforded those people who held positions that were declared redundant to qualify for the positions that were available. Staff associations have asked for a total freeze on the filling of positions from outside the public service during this period. The Public Service Commission has resisted this and so has Treasury Board on the theory that a total freeze is not required. Remember, we are talking about perhaps 3,500 people in a public service of over 300,000. It certainly should be possible with an orderly procedure in the ordinary course of turnover and attrition to take care of every one of these 3,500.

There is a concern that the way the policy is now being put into place is inadequate. I am looking at the November issue of the "Argus Journal" of the Public Service Alliance. They

point out that the procedure is not to go into effect until November 15. They would like to see it placed in effect immediately. They would like to see that employees who face lay-off and who secure employment outside the public service receive their lay-off notice so that they can receive severance pay immediately. They are also asking for the waiving of all pension penalties for early retirement due to lay-off. These seem to be eminently fair and reasonable requests of the government as an employer, in the circumstances.

What is called for is something more than just saying if a person is qualified and a position becomes vacant, he has some kind of priority. A number of us who represent the national capital region—and I see my colleague from Ottawa-Vanier (Mr. Gauthier) in the House this evening—have been saying that the government has an obligation to bring about a major retraining program for those who are affected. It is not easy to establish the program until you know precisely the numbers, in what departments they are employed and in what categories. These facts have not yet been established. The departments are in the process of working within the over-all cuts that have been imposed upon them in determining precisely where the redundancy notices are to be given. A plan has to be formulated for dealing with the situation and upgrading employees so that they can qualify on the basis of merit for the opportunities that present themselves.

I hope the Government of Canada will not say it is going to wait for the report of the D'Avignon commission, which is studying the merit principle within the public service and will no doubt be looking at training, and that this is outside what we are going to do. The situation is urgent. The need for planning is now.

The Public Service Commission, faced with a redundancy of 600 language teachers, put into place a special program to deal with that group within its own staff. The 600 are now down to 416 through the normal process of attrition and transfers. It is my sincere hope that the Public Service Commission will be a demonstration to the rest of the public service of what can be done to guarantee fair treatment to those who are affected.

Perhaps this would be a good time to refer to one other matter. I cannot help but feel, as my colleague the hon. member for Ottawa-Vanier has said in this place on a number of occasions, that the retraining procedures within the public service of the Government of Canada are not adequate, and the case for a central training institute is a strong one. If one were in place at this time, it certainly would be of assistance in dealing with the very difficult situations which are coming to our attention.

• (2227)

Perhaps retraining is not the answer for the gentleman who sent me a letter today. This gentleman is 61 years of age and has 23 years of honourable public service and an incredible record of a professional nature. He received his redundancy notice just this week.

Mr. Knowles (Winnipeg North Centre): Shame.

Mr. Francis: Yes, I feel ashamed about that, but it is my sincere hope that the procedures which are put into place will give this gentleman an opportunity to serve to the normal retirement age, which he had every reason to expect and which his health and capacities would permit under normal circumstances. I think that the Government of Canada has an obligation not only to follow through with the priority clearance procedures which are established but also to do a good deal of retraining.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, the hon. member for Ottawa West (Mr. Francis) has, as usual, brought to the attention of hon. members of this House and of the government another subject which is of concern to him on behalf of his constituents. He has thereby upheld his record of representing very well the people of his constituency who are members of the federal public service. That is a record of which he can be proud.

As the hon. member may know, government policy officially supports retraining within the public service, particularly to enable surplus employees to take on new duties. Through this policy the government hopes to avoid many lay-offs. The government has made it very clear to deputy ministers and officials responsible for staffing and training that retraining will be undertaken where it will enable a surplus employee to perform the duties of a new job. Deputy ministers have been given authority to provide formal classroom training which can exceed even the normal three-month maximum suggested in Treasury Board policy.

Retraining is common practice now, of course, since every employee new to a job must learn his duties and, in effect, is given on-the-job training. Depending on the learning required, this can be extensive, and more and more Treasury Board and the Public Service Commission are encouraging managers to view employees as flexible and adaptable and to make the most use of on-the-job training for new assignments. I emphasize that such practices apply with special force to surplus employees.

The costs of this kind of training are absorbed into normal operating budgets, and allocation of new funds by Treasury Board for this purpose appears unnecessary. Costs of formal training are separate items, but they too have to be funded from within existing budgets.

Finally, I should like to remind hon. members of the government's strong financial support for retraining generally to help Canadian workers adjust to new work. The programs of the Employment and Immigration Commission serve this purpose. These programs are available to public servants and, as I have outlined previously, a special task force in the commission will be making them aware of this retraining.

Another subject allied with this matter is relocation. The government's policy is to pay the expenses of moving surplus or laid-off employees. They will be reimbursed in the same way as other public servants moved to new jobs. This policy

should help ensure continued employment for these public servants.

Costs of relocation should be absorbed within existing departmental budgets, and I do not expect special allotments to be necessary.

I wish to thank the hon. member for presenting his case to this House, and I assure him that the President of the Treasury Board (Mr. Andras) will be made aware of his remarks.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.31 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, November 8, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

BULLET-PROOF VESTS FOR POLICE OFFICERS—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that since the first of this year eight police officers have been killed in the line of duty, and during this time several others have been wounded seriously, I move, seconded by the hon. member for Provencher (Mr. Epp):

That immediate steps be taken by the government to do whatever is necessary, through legislation or other means, to assure that all members of all police forces in the country be issued with bullet-proof vests so that each and every one of them has some measure of protection at all times while protecting and defending the citizens of our country against all unlawful and criminal elements.

Mr. Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

RECOGNITION OF REMEMBRANCE DAY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a short motion under Standing Order 43. In view of the decision of the Post Office to break the laws of Canada, namely, the Holidays Act, chapter H-7 of the Revised Statutes of Canada, and the Armistice Day Act of Newfoundland, by directing the Post Office to operate a normal-day service on Saturday, November 11, despite section 3 of the act, thus also showing disrespect for our veterans, the Canadian Legion and their fallen comrades, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government direct the Post Office to observe Saturday, November 11, Remembrance Day, as a holiday, and that the Post Office apologize to the Canadian Legion and all veterans for this ignoring of the laws of Canada and for the disrespect shown veterans of Canada's wars.

Some hon. Members: Hear, hear!

Mr. Lamontagne: Mr. Speaker, a point of order—

Mr. Speaker: Pursuant to the provisions of Standing Order 43, presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Pinard: The Postmaster General (Mr. Lamontagne) wants to raise a point of order.

Mr. Speaker: Order, please. The hon. member for Cape Breton-East Richmond (Mr. Hogan).

* * *

LABOUR CONDITIONS

MEASURES TO REDUCE UNEMPLOYMENT IN ATLANTIC REGION—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the adjusted unemployment rate for the province of Nova Scotia for October, as revealed by Statistics Canada, shows an adjusted seasonal rate of 10.2 per cent, and in view of the serious government expenditure restraints, plus the high interest rates policy, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That special capital works projects be immediately planned for Nova Scotia and the rest of the Atlantic region, to be implemented as soon as possible to avoid extremely serious conditions for the unemployed in these areas during the coming winter.

Mr. Speaker: Presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

THE CANADIAN ECONOMY

ROLE OF CHARTERED BANKS IN DEVALUATION OF CANADIAN DOLLAR—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to move a motion relating to a matter of urgent and pressing necessity.

In light of the accusations made against certain American banks which are under investigation by the United States Securities and Exchange Commission, given the fact that the accusations are to the effect that some banks lower the value of the dollar by selling large amounts and buying them back at a lower price a few hours later, and also given the fact that these banks once they have made a profit, use their subsidiaries in the Caribbean, where taxes are not as high, to evade the revenue department, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House request the Minister of Finance (Mr. Chrétien) to proceed to an investigation to determine the responsibility of Canadian banks in the fall of the Canadian dollar.

Mr. Speaker: The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, this motion can be put for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

TRADE

EXPORT SALES OF GRAIN—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, two weeks ago the United States Congress passed emergency legislation to provide credit for export sales of grain to China. This action by the United States government will, without doubt, endanger Canadian exports of grain.

I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House instruct the Minister of Industry, Trade and Commerce to immediately reverse his decision to cut back the interest subsidies on export sales of grain and the market incentive program for grains and oilseeds.

Mr. Speaker: The presentation of such a motion for debate at this time would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

HEALTH AND WELFARE

EDUCATIONAL FACILITIES FOR CHILDREN WITH LEARNING DISABILITIES—MOTION UNDER S.O. 43

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that provincial facilities for children with learning disabilities are presently inadequate, and in view of the fact that the learning disability of a child is often health-related, I move, seconded by the hon. member for Vancouver East (Mr. Lee):

That this House urges the Minister of National Health and Welfare to investigate the possibility of a federal-provincial conference with a view to providing adequate facilities for children with learning disabilities.

Mr. Speaker: Such a motion can be introduced for debate at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

ALLEGED HARMFUL EFFECT OF DEVELOPMENT OF ROBERTS BANK, B.C.—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43. This motion concerns the proposed massive development of the Roberts Bank superport in British Columbia.

In view of the serious impact to future enhancement of Fraser River salmon runs and other foods fisheries by the degradation of the Fraser estuary in this project, I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That a moratorium be announced in respect of this project until the following take place:

(1) A full public inquiry dealing with the need for rationalization of all west coast ports, including Roberts Bank;

(2) A proper estuary authority, composed of federal, provincial and municipal representatives, be formed to prevent destruction of the Fraser estuary.

Mr. Speaker: The presentation of such a motion for debate at this time can be done, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF SPAIN

Mr. Speaker: Before beginning the oral question period, I know that all hon. members will want to join with me in

signalling the presence in our gallery of a very distinguished visitor and welcoming the first official visitor and leader of a delegation from Spain since the very recent passage of their new constitution, one of the principal architects of that new constitution and the President of the Cortes and of the Council of Realm, Dr. Hernandez Gil.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

POLICY RESPECTING VALUE OF CANADIAN DOLLAR

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Minister of Finance. Given the fact that the bank rate has now gone to its highest point in Canadian history, and there is general agreement that this will cause greater unemployment and more inflation, I should like to ask why, when there were other policy options, including allowing the dollar to float, the minister did not choose to allow the dollar to float?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think I have replied to that question. The governor of the Bank of Canada made a recommendation to me to the effect that in order to keep the Canadian dollar stable in relation to the difference between the interest rate in the United States and the interest rate in Canada, we had to increase the bank rate by one-half a point, and I did not disagree.

Mr. Gillies: Mr. Speaker, given all these facts, including the traditional relationship between the Canadian and the United States economy, with their unemployment rate around 5 per cent and ours around 8 per cent—the differential is usually only about 1 per cent—could the minister be more explicit in saying why he rejected, or turned away from the traditional policy of allowing the dollar to float?

The reason one allows the dollar to float is to allow the government to operate a domestic economic policy that is appropriate for the times in one's own country. If there was ever a policy that seems to be wrong for the time, it is one of raising interest rates. Why did the minister move away from using a floating dollar as a way of permitting the government to follow a domestic economic policy which would be appropriate for the country at this time?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I reiterated in my answers that according to our monetary policy and to our policy of floating exchange rate, the interventions of the governor of the Bank of Canada were designed to see that the market operates normally and that the fluctuation is not so abrupt as to cause a disastrous effect on the level of inflation in Canada.

• (1417)

[*English*]

Mr. Gillies: Mr. Speaker, it seems to me that the Minister of Finance has missed the entire point. If a country has a policy of a floating exchange rate, it has that policy so that it can do domestically what it needs to do. Will the minister tell the House, quite directly and irrevocably, whether the government has rejected the policy of a floating exchange rate, because if it has, it makes no sense whatsoever to follow the policy the government is following with respect to interest rates?

Mr. Chrétien: Mr. Speaker, the Canadian dollar is a floating currency and therefore its exchange rate varies in the marketplace from day to day. The intervention by the banks is made according to the policy I outlined a few moments ago.

Mr. Gillies: Mr. Speaker, I do not know how to raise this question more directly, but an answer such as the minister gave is just incredible. A floating exchange rate is used by a country so that it can follow its domestic economic policies. Is the minister telling the House that he has a floating exchange rate, but still is not willing to follow a corresponding economic policy for the nation?

Is the minister saying, today, that the policy of the Government of Canada is to float the exchange rate, but at the same time it is to have high interest rates in the face of high unemployment and high inflation?

Mr. Chrétien: Mr. Speaker, I cannot add much more to what I have already said. The Canadian dollar is a floating currency. Intervention by the Bank of Canada is to make sure that fluctuation in the market occurs in a rational fashion and is not so abrupt as to cause too much inflation in the Canadian economy.

ECONOMIC POLICIES—REMARKS OF MINISTER OF INDUSTRY, TRADE AND COMMERCE—RATE OF ECONOMIC GROWTH

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is to the Prime Minister. Yesterday, the Minister of Industry, Trade and Commerce said, as reported in the *Globe and Mail*, that the economy is ready to move ahead. He said the Canadian—

—economy is posed to move ahead strongly "if our biggest purchaser, the United States, can only get its economics right." He did not elaborate.

Would the Prime Minister advise the House whether he intends to send the minister to the United States to advise them on their economic policies, and would he tell us which of the Canadian policies have been so successful that the United States will be advised to adopt them to get their economics right?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is no need for the minister to go to the United States.

The United States have an ambassador here, and he has obviously informed the United States of our policies which are then being imitated by President Carter.

Mr. Crosbie: Mr. Speaker, God help poor old President Carter of the United States. Just when the president was having a comeback, he is doomed again!

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Crosbie: My supplementary is to the Minister of Finance. The chairman of the Federal Reserve Board of the United States, Mr. William Miller, says that the economy of that country is revising its estimates of growth for next year down to between 2.5 per cent and 3 per cent, as compared to earlier estimates of 3 per cent to 3.5 per cent, and because of the monetary tightening of the Federal Reserve Board which went into effect three or four days ago, they are now up to 9.5 per cent.

Would the Minister of Finance state to the House, now, his estimate of what our economy's growth will be and how much it will be slowed by his increase in monetary tightening as a result of the United States increase? How far will our growth rate fall, over the minister's earlier projections for next year?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will answer that question when I present the budget to this House.

Mr. Crosbie: Mr. Speaker, economists generally say that for Canada to have real growth in its economy next year it will have to be export-led.

I would like to ask the Minister of Finance, in view of the fact that the United States economy will drop in growth and that our main export market is the United States, does he still expect Canada to have any stimulus next year that it will be export-led, considering the possible consequences on the United States economy of this tightening policy?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I shall answer these questions with full details when I table my speech on the budget.

* * *

[*English*]

EXTERNAL AFFAIRS

ALLEGED ILLEGAL SHIPMENTS OF MILITARY EQUIPMENT TO SOUTH AFRICA—RESULTS OF INVESTIGATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is to the Solicitor General. Serious allegations were made last night on the CBC program "Fifth Estate" regarding three specific illegal shipments of shells and other military equipment from Space Research Corporation of Canada to South Africa via other countries. Since it has been reported that the RCMP has investigated at least one of these allegations, could the minister inform the House of the results of such an investigation?

● (1422)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. gentleman well knows that it has been the practice of solicitors general past and present not to comment on the progress of an investigation that is going on, but to keep their comments until it has been completed.

EXPORT OF MILITARY EQUIPMENT TO SPAIN

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, since the Minister of National Revenue is in the other place, I shall have to ask the Minister of Industry, Trade and Commerce the following question: since the Government of Canada authorized the shipment of shells to the government of Spain—that, I take it, is beyond question—during the present year, could the minister tell the House whether the government ascertained that those shells had, in fact, been requested by the government of Spain before it gave approval for the export permit?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I really do not think this matter should be dealt with in the House of Commons. As the Solicitor General has suggested, it is under investigation now and we want that investigation to go ahead as fruitfully as possible.

Mr. Broadbent: A final supplementary question, Mr. Speaker. We certainly have to get a report in the House at some point on this very serious matter, so I shall put my question to the Secretary of State for External Affairs. Considering that the allegations are extremely serious, carry heavy penalties and involve the credibility of Canada living up to international agreements, will the minister assure the House that in terms of his responsibility to other countries as well as Canada, at some point he will bring in a full report on these serious allegations?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Yes, I can give that assurance, Mr. Speaker. I think my colleagues have indicated that the investigation is under way, but I want to emphasize that it did not come about as a result of these most recent news reports. This matter was first brought to light some months ago during the visit here of Mr. Nkomo. It was at that time that the investigation was launched. So far, we have not had an official report or, in my case, any report from this investigation. But it is clearly government policy to ensure that the maximum amount of assurance is provided that no shipment goes to South Africa. If there has been a problem, obviously it will be dealt with. I shall certainly take the House into my confidence as soon as I have anything to report.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I should like to direct a question to the Minister of National Defence on this important issue. He will remember that some

months ago I made a very specific inquiry about the status of Space Research Corporation and he gave assurances at that time, by letter, that as far as he knew this corporation was quite all right. I should like to ask him today, in view of the questions raised and recent developments, whether that assurance still stands.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I have no reason to change the answer I gave at that time, subject to whatever the investigation of the Solicitor General might disclose, if anything.

* * *

[*Translation*]

THE CANADIAN ECONOMY

ROLE OF CHARTERED BANKS IN DEVALUATION OF CANADIAN DOLLAR

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a question to the Minister of Finance.

As accusations have been made against certain American banks which are now the object of an inquiry by the United States Securities and Exchange Commission; as those accusations involve banks which force the decline of the dollar by selling huge quantities of dollars and buying them a few hours later, making profits through tax evasion achieved by selling the dollars through their Parisian office to a branch in the Bahamas where the tax rate is lower, so the dollars come back from the Bahamas at a higher rate after having evaded French taxes; as Canadian chartered banks have many branch offices in the Caribbean, can the minister tell the House whether or not he is considering holding an inquiry into the activities of our chartered banks with regard to the devaluation of our dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have had the opportunity of discussing that problem with the governor of the Bank of Canada as well as the inspector general of banks. I asked them whether or not the same thing could have occurred in Canada. They assured me they did not think it had. The inspector general of banks told me, however, the he would look into the matter further. For the time being, I have no reason to believe the problem could have arisen in the case of Canadian banks.

Mr. Allard: Mr. Speaker, the minister informs me that he has asked the governor of the Bank of Canada. I would like to know if in fact he is investigating now or if the minister is prepared to go further in his inquiries?

Mr. Chrétien: Mr. Speaker, the banks of Canada have a supervisor called the bank superintendent who communicates with them. I raised the matter with the superintendent who told me he was investigating. His preliminary report indicated that he had no reason to believe that there were undue interventions by the banks of Canada to have the Canadian dollar fluctuate.

Mr. Allard: Mr. Speaker, could the minister inform the House on when we will have the results of those investigations?

Mr. Chrétien: Mr. Speaker, I shall have an answer if the inspector found something abnormal but up to date there is no indication of any problem in his preliminary report.

* * *

● (1427)

[*English*]

SHIPPING

PETITION ON SAFETY STANDARDS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I want to direct a question to the Minister of Transport: it arises out of a very serious issue between his department and Canada's largest seafaring union, the SIU, centering around the question of safe-manning regulations at sea.

The union has charged that there is an inadequacy of regulations and rules and that this is a result of the government having left to the companies the identification maintenance of such safety standards. Is the minister in receipt of this petition, and has he responded to it? Could he indicate whether or not the government, his officials and the appropriate branch of the department are satisfied or otherwise with respect to safe-manning regulations on ships at sea?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the particular issue has been brought to my attention, and in a preliminary way I was given the information that this was an approach consistent with our approach in other areas with respect to inspection and licensing. We quite often depend upon the participant operators to assure that standards are met from time to time and then determine by assessment, occasionally, that they are, indeed, carrying out their responsibilities. I am having the matter looked into further. That is as far as I can go at this time. But the preliminary assurance was that this system was working well.

Mr. Forrestall: Mr. Speaker, I am not sure that I want to interpret or put words in the minister's mouth, but are we to take from what the minister has just said that he is personally satisfied that there is, in fact, a system of regulations with respect to safe manning in effect at sea which negates any serious question of danger to ships, crews, life and property? Is that what I understood him to say? If it is, when can we, on the basis of that, expect him to reply in some detail to the petition which has been forwarded to him by members of the SIU?

Mr. Lang: Mr. Speaker, the answer was that in a preliminary way I was satisfied. I would want to be more fully satisfied before making a formal reply.

* * *

TRANSPORT

FUNDING OF URBAN TRANSPORTATION SYSTEMS

Mr. David Crombie (Rosedale): Mr. Speaker, my question is for the Minister of Transport. The hon. gentleman will recall that in Toronto in 1974, at the Toronto Dominion Centre, the Prime Minister announced a major promise with respect to funding urban transportation systems in the order of 25 per cent of capital funding. The hon. gentleman will also recall that in 1975 a further commitment and a reiteration of the commitment was made by the then minister of transport, Mr. Marchand, and in 1975 the Canadian Federation of Municipalities indicated that they wanted that commitment carried out. Finally, in 1977—

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Crombie: Mr. Speaker, all the municipalities of this country are waiting for the answer.

Some hon. Members: Hear, hear!

● (1432)

Mr. Crombie: Were these hollow promises, or does the government intend to live up to its commitment to support the urban transportation systems of this country?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the long premise of the question contained reference to a number of statements which I might have some doubt about and which I might want to check.

Some hon. Members: Oh, oh!

Mr. Lang: The hon. member has already fallen into two traps of his colleagues, new as he is: one is not to give notice when he is going to refer to statements that go back three or four years; the other is to put a preamble to a question which ordinarily should not be tolerated in the question period.

Some hon. Members: Hear, hear!

Some hon. Members: Shame!

Mr. Lang: In addition, it would be well known—and should be well known even to the hon. member—that a very firm answer has been given to this question, that we had to re-examine our contribution to urban transportation programs in the light of a fiscal restraint situation on the federal government. When we had to cut programs—and we had to cut many good programs across this country in the last three years—within federal responsibility, obviously the first place in which we had to exercise restraint was those areas where we were simply spending the money but where the responsibility was clearly that of the province and the municipality. That is what we did. We did not eliminate, but we limited the amount which we would spend. We created the urban transportation assistance program. I am sure the hon. member has known that for a year or so.

Mr. Crombie: I am sure the minister is aware that all of the municipalities in this country, particularly the largest municipalities, have major deficits with regard to an urban transportation system. When they do their budgeting, the question they have to consider is whether the government's commitment will be there for capital funding. Will the minister tell the municipalities of this country, and this House, whether there was a commitment to capital funding from the federal government? That is the simple question.

Mr. Lang: Mr. Speaker, the simple answer, which has been given for at least a year now, is that the exact amount of our funding available for urban transportation purposes of a broad nature with a good deal of flexibility is—

An hon. Member: Zilch.

Some hon. Members: Hear, hear!

Mr. Lang: —the urban transportation assistance program. A total of $10 per capita is available on the basis of provincial populations so that there will be equity across this country for all provinces. That fund is available. Beyond that, it is recognized, I think by everyone, that this is a provincial and municipal responsibility. If the hon. member is suggesting that the municipalities have a deficit to face, I trust he also knows that the federal government has a significant deficit to face in its manner of attempting to inspire further growth in the economy. On the other hand, many of the other provinces are not faced with such deficits.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

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AIRPORTS

FOURTH RUNWAY AT TORONTO INTERNATIONAL

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, in 1968 the government announced a decision to build a second airport in the Toronto area rather than expand Toronto international to provide additional air facilities. That decision was confirmed a number of times in this House. I now view with alarm reports of a study and proposed recommendation of a fourth runway at Toronto international airport.

Will the Minister of Transport clarify this apparent contradiction and assure the residents of Brampton, Etobicoke and Mississauga that a fourth runway is not in the immediate future?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am very glad to assure the hon. member that, there has been no change in our position against the fourth runway and the expansion of that facility at the Toronto international airport.

We had, of course, assessed a long time ago the costs to people in the area of much further expansion of the international airport. We had been willing to go to the cost of a second major airport in the area in order to avoid that cost. That, of course, has been frustrated by the action taken by the Ontario provincial government.

At this point in time, we are looking at every possible option in the way of trying to accommodate passengers into and out of the Toronto area, with the least inconvenience to them. It is a difficult question. As I said at the time Pickering was stopped, there is no assurance that convenient ways of solving the problem will be found. However, I do give the hon. member assurance that there is no change in our policy not to build a fourth runway. We are studying the feasibility of every option, including that one, because those who favour—

Some hon. Members: Order.

* * *

TRANSPORT

MOVEMENT OF GRAIN

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is for the "umbrella" minister under his responsibilities as Minister of Transport. I would like to read one sentence from a newspaper quote and ask whether the minister subscribes to it. It relates to comments by professor Fred Anderson of the Prairie Rail Action Committee. The report, is "the chairman of the Prairie Rail Action Committee declared the process for doing a real rationalization on the basic prairie rail network is probably impossible." Does the minister subscribe to that position?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, if the hon. membr had the whole of Professor Anderson's statement and views here, he would see that what Professor Anderson is really saying is that, because this government insisted on retaining a significant number of branch lines for the service of people and communities, the maximization of simple economic benefit based on transportation measurements alone is not being met. To that, we certainly do plead guilty.

We have taken into account the community benefits and the benefit to grain farmers. In that sense, we have a branch line system and rail line system that in simple, economic terms does not measure up as the best possible one available. I think, however, it is proper to take these other social matters and the farmers into account in these matters.

Some hon. Members: Hear, hear!

Mr. Malone: Mr. Speaker, if Shakespeare were here, he would say "Such a foul or fair-haired boy I have never seen." Does the minister subscribe to the position of Fred Anderson that there is already too much mileage in the basic network that was recommended by Justice Emmett Hall? Is that the position of the department and the minister?

Mr. Lang: Mr. Speaker, obviously, it is not because instead of simply measuring the question in economic terms, we are also measuring the question in terms of benefit to communities and farmers. Measured in those terms, we believe the number of lines that have been retained is justified and that we are developing the right kind of grain handling system which balances properly the needs of farmers and communities with the interests of the taxpayer as a whole.

* * *

GRAIN

SALES TO PEOPLE'S REPUBLIC OF CHINA

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I ask the Minister of Transport, who is also in charge of the Canadian Wheat Board, a further question arising out of questions raised yesterday. The United States recently passed legislation to provide short-term credit for grain sales to the People's Republic of China. They have recently landed their first contract of 3.2 million tonnes because Canada could not take on anything larger than we have.

Would the minister prevail upon the government and his colleagues to reverse the restraint program of cutting back $5 million for programs of interest subsidies on export sales of grain and $900,000 on the grain oilseeds marketing incentive program? Will he also assure the House that any credit arrangement by the Canadian Wheat Board which may be needed to meet this additional competition from the United States will be made available to the Wheat Board?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can assure the hon. member that there is no problem in terms of sales by the Canadian Wheat Board and the kind of credit they can extend to China in order to accomplish those sales. Those sales to China—which have been very major and important these many years—have traditionally been on credit, credit guaranteed by the federal government in the usual way. We will continue to do that. I have no indication of any need for a subsidization payment in relation to that interest. Therefore, I can tell the hon. member, as he should know, that the Chinese still consider the Canadian Wheat Board the prime supplier of wheat to them. The Wheat Board expects to continue to be that supplier and on arrangements that are perfectly satisfactory to them.

● (1442)

Mr. Benjamin: In view of the fact that China has on occasion borrowed money somewhere else to pay off an advance for grain purchases, and since one of the commission-

ers of the Wheat Board, Mr. F.M. Hetland, has stated that 4,000 more rail cars in grain service would generate more than $700 million a year in additional foreign sales and foreign exchange for Canada, may I ask the minister whether he will now require the railroads to repair and put into place at least 5,000 more cars for grain movement so that we can enlarge our export capacity to China and other countries?

Mr. Lang: The House knows that we have held discussions with the CNR and entered into a successful arrangement with them to repair 1,000 boxcars, half at the cost of the government and half at the cost of the railway. We have sought a similar arrangement with Canadian Pacific and initially received a negative reply. I have supplied CP with some further argument and I am now awaiting an early response from them in relation to the same proposal.

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GOVERNMENT EXPENDITURES

EVALUATION OF GOVERNMENT PROGRAMS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is to the President of the Treasury Board. He will recall that the Speech from the Throne indicated that parliament would be given an opportunity to review all evaluations of major programs undertaken by the government. The Comptroller-General is presently conducting such a review, but the President of the Treasury Board has indicated that such reviews will be confidential. It seems to me there is a conflict here, and I hope the minister can clear it up. Are these reviews presently being undertaken by the Comptroller-General confidential, or will the public be allowed access to the findings? After all, we are talking about waste and inefficiency.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the statement in the Speech from the Throne represented, I thought, a good advance. I thought the hon. member, along with others, would welcome it. This is something we have all wanted to see. Evaluations of major programs, as indicated in the throne speech, will be available to parliament.

* * *

TRANSPORT

INTERPROVINCIAL FREIGHT RATES

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Transport: it relates to the proposed 20 per cent increase in freight rates affecting food and food-related items moving between Ontario and Quebec. This latest increase would be in addition to the increase of an identical amount imposed one year ago. I am sure the minister is aware of the objections which have been lodged by the Ontario Food Processors' Association and I would ask him whether any decision has been made to prevent this freight rate increase.

[Mr. Benjamin.]

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): The minister has very limited power in relation to freight rate increases. These are filed by the railways, under the law, with the Canadian Transport Commission and there are certain narrow grounds on which they may be challenged there. I have no doubt the usual procedures will be followed in relation to this proposed increase.

Mr. Wise: Is it the minister's intention to accept, or to impose, another rate increase of such magnitude, particularly in light of the effect such a measure would have on consumer prices, especially in Ontario and Quebec?

Mr. Lang: For reasons which were fully set out by the MacPherson royal commission on transportation, the government was not given power to oversee individual rates imposed by the railways from time to time. In areas where competition was seen as being an adequate way of controlling rates—and this was seen as applying particularly in highly populated areas of Ontario and Quebec—the theory was that competition would have a restraining influence upon the imposition of rate increases.

As I indicated in my earlier answer, it is not a matter of my imposing a rate: that is a silly thing for the hon. member to say. Indeed, even my dislike of a rate can have no impact, because I do not have power in relation to that rate.

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INDUSTRY

PRODUCTIVITY INCENTIVES—GOVERNMENT POSITION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to address a question to the Minister of Industry, Trade and Commerce. As the principal reason for this country losing manufacturing jobs at the rate of 11,000 a month is that productivity here remains well below the level in the United States, thus causing our costs to be higher than theirs and making our products uncompetitive with those of our principal competitors, would the minister advise us when he intends to introduce productivity incentives to be paid in direct proportion to increases in productivity, so that we can stop this serious loss of manufacturing jobs which is going on at an annual rate of more than 100,000 jobs?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I want to thank the hon. member for his question, and assure the House that I shall be here for a long, long time.

Some hon. Members: Hear, hear!

Mr. Horner: I am very confident that my services as Minister of Industry, Trade and Commerce will reflect beneficially upon the economy of Canada.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Horner: I also want to thank the hon. member for his question with regard to manufacturing jobs. Today, for the first time, Canada has developed a new aircraft for civilian use employing new technology, Canadian technology. Over 125 of them have been sold. It made its initial flight this morning.

Some hon. Members: Hear, hear!

Mr. Horner: It flew for an hour—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Prince Edward-Hastings.

Mr. Hees: As I am advised that this airplane was built despite the Minister of Industry, Trade and Commerce, and as he knows perfectly well that these manufacturing jobs are being lost at the rate of well over 100,000 a year—he has not denied it—was not the minister's answer a clear indication of the reason he is being moved to another department where it is estimated he will do less harm to the economy?

Mr. Horner: I am pleased to see television in the House of Commons, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Horner: I was not always in favour of it, but it allows the people of Canada to see the humorous way in which members over there take our economy. Canadair's "Challenger" flew: this morning it performed all the tests the pilot asked of it. It performed so well that they are taking it up again this afternoon.

Some hon. Members: Hear, hear!

Mr. Horner: I think I should say it is a tremendous day for the Minister of Finance because it was he who convinced me, the Minister of Industry, Trade and Commerce, that the government would put support behind that industry which has led to the creation of something like 5,000 jobs in the city of Montreal alone. In all, it has created 100,000 more jobs in manufacturing.

● (1452)

Some hon. Members: Order.

Mr. Hees: The minister will be carried to his new job in his new airplane.

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THE CANADIAN ECONOMY

INTRODUCTION OF BUDGET—STEPS TO REDUCE UNEMPLOYMENT

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, my question is for the Minister of Finance—

Mr. Hees: You'd better warm up that airplane, Jack, and be ready to move.

Mr. Horner: You are not moving anywhere yourself, only back to the House.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. O'Connell: Mr. Speaker—

Mr. Hees: If you want me to go and shut him up, I will, Martin.

Mr. Speaker: Order, please.

Mr. O'Connell: Mr. Speaker, my question is for the Minister of Finance. In view of the fact that, in spite of five increases in the interest rate by the Bank of Canada in the past eight months, unemployment as measured by Statistics Canada actually fell by 28,000 persons—

Some hon. Members: Hear, hear!

Mr. O'Connell: —and fell also, as a percentage of the work force, from 8.6 per cent in March to 8.2 per cent in October—

Some hon. Members: Hear, hear!

Mr. O'Connell: —could the minister advise the House whether, in light of this Canadian experience with unemployment not rising in line with Bank of Canada increases, this latest increase in the bank's interest must, in his opinion, inevitably result in increased unemployment, as some allege; and can he assure the House that, in the interest of further lowering unemployment in Canada, he is giving serious consideration to the recommendations now made to the Government of Canada by labour and business representatives from the 23 task forces, and could he tell us when he intends to bring in his budget?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, of course, managing the economy is a very complex problem, but I am glad the hon. member mentioned the good results. Many factors are intervening and one cannot judge the trend of the economy by one factor alone, as the opposition members do so often. Yesterday, the Leader of the Opposition took an hour to make up his mind to ask me when the budget will be brought down. Today, he wants to take another hour, so perhaps it might be better if I told him right away. The budget will be brought down on Thursday of next week, November 16.

Some hon. Members: Hear, hear!

Oral Questions

FINANCE

PROPOSED REDUCTION IN TRANSFER PAYMENTS

Hon. Robert L. Stanfield (Halifax): My question is for the Minister of Finance, who yesterday indicated he was abandoning any effort to reduce the established programs he had undertaken with his colleague, the President of the Treasury Board, to reduce transfer payments to provinces by some $220 million; and having abandoned whatever percentage was to come from the established programs, he is now reducing the $220 million he was going to cut back, or will he make that up from some other source? Also, would he indicate the amount of the reduction of where he is going to make it up?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I answered that question yesterday when I said we had decided to postpone two programs and make some changes to the equalization formula. Thus, we will have managed to save through those programs the funds we had set ourselves to save when we published our conclusions last September 8.

[*English*]

Mr. Stanfield: Mr. Speaker, I would really like a simple, non-flexible answer from the minister. I heard what he said yesterday and I want to know, quite frankly, whether he is reducing the $220 million he was going to save, or whether he is making it up some other way. It is a very simple question. I do not want to know whether he is as flexible as the Minister of Transport, but will he give me an honest answer to that question?

Mr. Chrétien: Mr. Speaker, we do not intend to reduce the $220 million that was mentioned.

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GOVERNMENT EXPENDITURES

INCOME TAX REFUNDING—APPLICATION TO ALBERTA

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, some time ago the President of the Treasury Board announced that as part of the cuts in expenditures proposed by the administration there would be a repeal of the act which is known as the public utilities income tax refunding act. I want to put a question to the Prime Minister with regard to this act. Has he secured the support of the Minister of Industry, Trade and Commerce to this particular act in so far as it applies to the province of Alberta?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker—

Mr. Lambert (Edmonton West): My question is directed to the Prime Minister.

Right Hon. P. E. Trudeau (Prime Minister): It would have been nice if you had said you directed it to the Prime Minister rather than to the Minister of Finance.

Some hon. Members: He did.

[Mr. Chrétien.]

Mr. Chrétien: This question was debated last week at the meeting of the ministers of finance. I intend to discuss it at the cabinet meeting tomorrow and will give an answer before the end of the week, as I said to the Alberta government I would do.

UNEMPLOYMENT IN SUDBURY, ONT.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the President of the Treasury Board. In view of the fact that we who live in the Sudbury basin are suffering crushing unemployment of 11.1 per cent, according to the Department of Employment and Immigration, and in view of the fact that the government has announced that it will construct a taxation data centre—construction to start this fall—and in view of the fiscal restraint program this construction has now been put off until next year or possibly later; and in view of the fact that we have very serious unemployment in the trades in the Sudbury basin, and there is possibly a close correlation between crime and unemployment, can the President of the Treasury Board—since he has had five days to review the decision—tell the House and the people in the Sudbury basin that he is prepared to withdraw the restraint program as it affects the construction of the taxation data centre?

Mr. Robert K. Andras (President of the Treasury Board): I gave the hon. member an answer to this question the other day, and the answer I gave him still prevails. My colleague, the Minister of Public Works, myself and the Minister of National Revenue, are looking at this question, but I cannot give the hon. member any such guarantee at this moment.

Mr. Rodriguez: Mr. Speaker, my final supplementary is, again, to the President of the Treasury Board. In view of the fact that recently the government was able to find $25 million to purchase Nordair from Air Canada—possibly owing to a lot of pressure from the provinces, etc.—can the President of the Treasury Board assure the House that he will look as assiduously as possible in his budget for financial arrangements to find $10 million to go ahead with the construction of that essential project in the Sudbury basin, and stop pussy-footing around?

Mr. Andras: The method of financing the Nordair transaction, when announced, will indicate that it is not in the same category whatsoever. The answer I gave the hon. member about our concern respecting unemployment in the Sudbury basin and in northern Ontario is also shared by a very prominent person in the House, Mr. Speaker himself, who represents Sudbury, and this problem is being given very serious consideration indeed.

ENERGY

REMOVAL OF RADIOACTIVE WASTE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources who has accepted the responsibility for, and given priority to, the removal of radioactive thorium from its current storage site in Surrey, British Columbia. In view of the fact that the minister and the AECB have not been successful in establishing that priority, will the minister state a priority target date for the removal of radioactive wastes from Surrey?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The hon. member knows that the Atomic Energy Control Board has licensed the interim storage of the materials to which he referred, that they have found this to be a safe interim storage and, further, that the responsibility for finding another site which might be licensed under applications to AECB remains with the province of British Columbia. I believe that one or two departments in the government of that province are at present seeking another site for that material.

Mr. Wenman: I regret that the minister appears to be trying to wriggle out of the responsibility he has accepted on his own behalf of the board, but it just points out that the problems are jurisdictional in nature and the difficulty of storage, not only of radioactive waste but also of low-level active wastes and, in fact, toxic wastes which can be found across this nation. In view of that problem, will the minister sponsor an order of reference to the Standing Committee on National Resources and Public Works so that it might study the matter and make recommendations on the disposal of low-level radioactive wastes and toxic chemical wastes, and on the jurisdictional issue?

● (1502)

Mr. Gillespie: Mr. Speaker, there is no question of wriggling away from any responsibility. I am quite prepared to accept my full responsibilities with respect to this particular question. Unfortunately, at the present time the act does not give me the kind of responsibility which the hon. member asks me to undertake. I think he made a useful suggestion when he talked about the standing committee. Perhaps the standing committee will look at this particular problem. I will discuss that with the House leader to see whether, under that reference or some other reference, this question might be considered by the committee.

Post Office

ROUTINE PROCEEDINGS

[*Translation*]

HOUSE OF COMMONS

REQUEST FOR HOLIDAY ON NOVEMBER 13

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, since Remembrance Day this year falls on a Saturday and that according to what I have been told public servants are to have a holiday on Monday the 13, I would like to ask the President of Privy Council (Mr. MacEachen) whether he has considered the possibility of asking that the House do not sit on that day in order to grant the same holiday to House of Commons employees.

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have had informal consultations, and as a result of those consultations I have concluded that the House should sit on the Friday and the Monday, which are the working days before and after the celebration of November 11. I believe it will be possible for all members to travel to their constituencies to participate in commemorative ceremonies. On Friday the House of Commons will pay a tribute to those whose memory we commemorate on the following day.

I believe it was the conclusion of members of the House that it would be more fitting for them to continue their work as prescribed under the Standing Orders, rather than take a day in their constituencies.

* * *

POST OFFICE

REQUEST THAT EMPLOYEES BE ALLOWED TO PAY RESPECTS ON NOVEMBER 11

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I rise on the same point of order. Because of the wide protest from the public and the Royal Canadian Legion respecting the decision of the Post Office Department to operate on November 11 as a normal day—

Mr. Lambert (Edmonton West): Shame!

Mr. Dinsdale: —I wonder whether the Postmaster General (Mr. Lamontagne) would rescind the order, thereby allowing postal employees to pay their respects to those who gave their lives for the country.

Some hon. Members: Hear, hear!

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I thank very much the hon. member for Brandon-Souris (Mr. Dinsdale) for asking me that question on a point of order. I had many inquiries concerning this question when I attempted to seek the floor during motions under Standing Order 43.

I never gave orders to work on Saturday. Some of our workers have to work on Saturday. Being a veteran myself—and I know there are many veterans in this House and across the country—I have full respect for and know the significance of Remembrance Day. However, there are many regulations prevailing across Canada concerning official holidays, and there are different rulings according to different collective agreements. To entitle everyone to do their work and perform their duties, and at the same time to pay their respects, I have instructed the deputy minister of the Post Office Department to make arrangements to accommodate those of its work force who wish specifically to honour Canada's war dead on Remembrance Day, November 11.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

PRIVILEGE

MR. GUAY—REDUCTION IN SUBSIDY TO SHIPBUILDING

Mr. Speaker: Is the hon. member rising on a point of order?

Mr. Raynald Guay (Lévis): Yes, Mr. Speaker, and also on a question of privilege. I had a very important question to ask the Minister of Industry, Trade, and Commerce (Mr. Horner) concerning representatives of shipyards, in my riding, who are waiting to sign contracts. A grant was reduced from 20 per cent to 12 per cent since the end of October, and the future of our shipyards and the creation of new jobs there are contingent on the minister's announcement. These contracts must be signed within the next few days, Mr. Speaker.

* * *

[*English*]

SUPPLEMENTARY ESTIMATES (A) 1978-79

REFERENCE TO STANDING COMMITTEES

A message from His Excellency the Governor General transmitting Supplementary Estimates (A) of sums required for the service of Canada for the fiscal year ending March 31, 1979, and in accordance with the provisions of the British North America Act, 1867, was presented by Hon. Robert K. Andras (President of the Treasury Board) and read by Mr. Speaker to the House.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, pursuant to the provisions of Standing Order 59, I move:

That the Supplementary Estimates (A), 1978-1979, tabled this day, be referred to the several standing committees of the House as follows:

Because there is a detailed allocation of the estimates to various committees, I should like to dispense with boring the House by reading the details. They have been circulated to opposition parties for perusal. If that is agreeable, I will not read the list, and I ask that it be printed in *Hansard* as if it had been read.

Mr. Speaker: In accordance with our usual practice, Supplementary Estimates (A) were just tabled by the President of the Treasury Board (Mr. Andras). The motion is accepted for introduction in this way. I presume it is the will of the House that the content of this motion not be read at this time, but that it be printed in *Hansard* as if it had been read. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

[*Editor's Note: The remainder of the motion is as follows:*]

To the Standing Committee on Agriculture:
Agriculture votes 1a, 20a and 50a
To the Standing Committee on Broadcasting, Films and Assistance to the Arts:
Secretary of State votes 15a, 20a, 30a, 45a, 65a, 100a and 105a
To the Standing Committee on External Affairs and National Defence:
External Affairs votes 1a, 10a, L15a, 25a, 30a and 31a
To the Standing Committee on Finance, Trade and Economic Affairs:
Finance votes 1a, 6a and 16a
Industry, Trade and Commerce votes 1a, L32a, L33a, 45a, 47a and 50a
Privy Council vote 20a
To the Standing Committee on Fisheries and Forestry:
Environment votes 1a, 15a, 20a and 30a
To the Standing Committee on Health, Welfare and Social Affairs:
National Health and Welfare votes 50a and 60a
Urban Affairs votes 10a and L25a
To the Standing Committee on Indian Affairs and Northern Development
Indian Affairs and Northern Development Votes 1a, 5a, L20a, 25a, 35a, L50a, L52a and 74a
To the Standing Committee on Justice and Legal Affairs
Justice Vote 5a
Solicitor General Votes 5a, L16a, L17a and L18a
To the Standing Committee on Labour, Manpower and Immigration
Employment and Immigration Votes 10a and 15a
Labour Vote 15a
To the Standing Committee on Miscellaneous Estimates
Privy Council Votes 1a, 5a and 30a
Science and Technology Votes 5a, 10a, 25a, 45a and 50a
Treasury Board Votes 20a and 35a
To the Standing Committee on National Resources and Public Works
Public Works Votes 5a, 20a, 25a and 45a
Energy, Mines and Resources Votes 5a, 6a, 10a, L26a, 35a, 40a, 45a and 80a
To the Standing Committee on Regional Development
Regional Economist Expansion Vote 30a
To the Standing Committee on Transport and Communications
Transport Votes 10a, L63a, 85a, 101a and 102a
To the Standing Committee on Veterans Affairs
Veterans Affairs Votes 1a and 10a

Motion agreed to.

SHIPPING

TABLING OF PAPER "LEGISLATION GOVERNING LINER CONFERENCES SERVING CANADA"

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, under the provisions of Standing Order 41(2), I should like to table, in both official languages, a paper entitled: "Legislation Governing Liner Conferences Serving Canada". A bill on this subject is being introduced today in the other place.

* * *

[*Translation*]

SOCIAL SECURITY

TABLING OF AGREEMENT BETWEEN CANADA AND ITALY

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, pursuant to Standing Order 41(2) and sections 22.2 and 22.3 of the Old Age Security Act, I am pleased to table, in both official languages and also in Italian, the agreement on social security between Canada and Italy, signed in Toronto on November 17, 1977, by the Right Hon. Pierre Elliott Trudeau, Prime Minister of Canada, and the Hon. Giulio Andreotti, President of the Britannica Council of Ministers of the Italian Republic.

* * *

[*English*]

BANKS AND BANKING LAW REVISION ACT, 1978

MEASURE RESPECTING BANKING—REFERRED TO STANDING COMMITTEE

Hon. Jean Chrétien (Minister of Finance) moved that the subject matter of Bill C-15, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be referred to the Standing Committee on Finance, Trade and Economic Affairs, and that during its consideration of the aforementioned matter the committee be empowered to engage expert assistance.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Order discharged, bill withdrawn and subject matter referred to committee.

• (1512)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 44 and 252.

I ask that the remaining questions be allowed to stand.

[*Text*]

DIAND—PROFESSIONAL SERVICES

Question No. 44—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Indian Affairs and Northern Development?

2. How much was committed on each contract and to whom?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development):

1.	Name of Contractor	Description of Contract	Value of Contract
(a)	Parker, Elyse	Feasibility study of "Les Forges du St. Maurice", P.Q.	$ 4,106
	Potvin, Claude	Feasibility study of Artillery Park, Quebec city, P.Q.	4,136
	Watson, Marilyn	Feasibility study of Artillery Park, Quebec, P.Q.	4,145
	Koester, G. D.	Implement and administrate the Canadian government policy on Indian treaties and reserves in the prairie region	5,000
	McGill, V.	Study of social impact of pipeline	21,986
	Roberts, A. B.	Reorganization planning	650
	Reilly, G. P.	Analysis of Mackenzie Valley pipeline inquiry	3,000
	Statistics Canada	Feasibility study on expanding the national labour force survey to include information on the Yukon, and associate costs.	16,365
	Davidson, D. A.	Political/constitutional development in the territories	2,000
	Woods Gordon & Co.	Study of Indian economic development fund to assess its effectiveness	98,000
	Laventhol & Harwath, Management Consultants	Percentage rental study—Hospitality industries in national parks	8,500
	A.R.A. Consultants	Research into the Indian housing program	23,920
	Crabbe, W. E.	Research for financial management manual	16,484
	D.S.S.	Evaluation of the arts and crafts program	20,500
	Dockstader, J.	Review, analyse and report on arts and crafts program proposal	3,500
	Human Behavior Research Group	Assess the effect of programs on the social, political and economic environment of native people	20,000

Order Paper Questions

	Name of Contractor	Description of Contract	Value of Contract
	McDowall, A.	Financial research into the arts and crafts program	4,700
	Milne, C.	Study regarding Indian housing policy proposals	2,750
	Quasar Systems	Systems specification for management information system	29,625
	Roberts, C.	Review of the off-reserve housing program	1,600
(b)	Kubiski, W.	Studies in organizational analysis and development	25,000
	Southam Marketing Research Services	Report on the goals and objectives for interpretation and extension division, Parks Canada	3,960
	Network for Developing Organization Inc.	Analysis and planning of the objectives, national parks branch, Ottawa	360
	Stevenson & Kellog Ltd., Management Consultants	Animator for internal dialogue to review and strengthen organization, Parks Canada	7,000
	de Jong, Dick	Study regarding establishment of an evaluation division within the policy, research and evaluation branch	6,400
	Knox, R. H.	Advise on operational improvement in economic development branch	23,000
	Malouf, N.	Study re Indian education administration	10,000
	Quasar Systems	Investigation of systems in the Indian and Inuit affairs program	38,000
	Spence, A.	Special projects and studies for the assistant deputy minister, Indian and Inuit affairs program	20,000
	Woods Gordon & Co.	Report on project management	17,850

2. See 1(a) and (b) above.

DEPARTMENT OF JUSTICE—LAWYERS IN PROVENCHER

Question No. 252—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Justice and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

[*English*]

Mr. Speaker: The questions enumerated have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

[Mr. Faulkner.]

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

[*English*]

Mr. Speaker: Is that agreed and so ordered?

Some hon. Members: Agreed.

* * *

PRIVILEGE

MR. LAWRENCE—MINISTERIAL CORRESPONDENCE

Mr. Speaker: Order please. Before calling orders of the day I should state that I said earlier I hoped to dispose of the very interesting question of privilege raised by the hon. member for Northumberland-Durham (Mr. Lawrence) no sooner than today. I have found it is not possible to bring together all of the considerations involved. Indeed, it is a question of privilege which touches upon six or seven very significant aspects of our procedure. I hope to be able to dispose of this matter tomorrow.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58(9)—NON-CONFIDENCE MOTION—LACK OF COMPETITIVE AIR TRANSPORT POLICY

Mr. Joe Clark (Leader of the Opposition) moved:

That this House lacks confidence in the government because of its failure to bring better air service to Canadians through the implementation of a competitive air policy, and condemns the state takeover of Nordair.

He said: Mr. Speaker, I am pleased to note that the very flexible Minister of Transport (Mr. Lang) is in his place in the House—the Minister of Transport, the Minister of Justice and the minister in charge of the Wheat Board. Indeed, as I saw him give instruction to you today, sir, I thought perhaps he had aspirations in respect of your chair as well.

Some hon. Members: Oh, oh!

An hon. Member: A great guy.

Mr. Clark: The purpose of this motion is quite straightforward, Mr. Speaker. What is quite remarkable about it is, that this motion appeared last night and I suppose several minutes afterwards we suddenly received a statement from the Minister of Transport and Minister of Justice, his first statement in some time about national air policy. I naturally would not suggest there was any relation at all between the minister's

choice of last night to announce some element of national air policy and, the fact that our motion was set down for debate today, just as I would not suggest there was any relationship at all between the fact that the government was condemning the program of restraint, that we had proposed and then began to adopt a pale imitation of it; or, indeed, any relationship at all between the fact that the Prime Minister (Mr. Trudeau), standing in this place not long ago, condemned the Kingston conference of myself and various premiers, and then at the first ministers' conference the other day proposed what he had condemned; or indeed any relationship at all between the likely conclusion in the budget to come down next week and, the proposal calling for deductibility of mortgage interest payments. Those are all, of course, simply remarkable coincidences.

We have in this statement of yesterday the latest in a series of quite desperate acts by this government, all leading away from the development of any kind of comprehensive national air policy upon which Canadians can count or upon which the airlines can count. I should say in passing, sir, that this is simply one more act of indifference, to use a mild word in this House; this policy statement was issued outside this House of Commons, instead of here where it should have been issued by the Minister of Transport and Minister of Justice speaking on motions. I know why he did not do that. He chose to go outside the House because he did not want to face questions here in parliament on the policy matter he was revealing. Nonetheless, this is an affront to this House and something which should not be indulged in, and it should not be the continuing practice of this government.

What we have here is not the first air policy of this government that has been brought down in an election atmosphere. I can recall another, as can my colleagues from Winnipeg, all of whom now sit on this side of the House. There were two members after the last election of the other side, but they are no longer there, and that is due in some measure to the fact that there was a promise made and deliberately broken in relation to the establishment of maintenance facilities at the Air Canada hangar there. Indeed, the government promised that the facility would be used for wide bodied aircraft, sir. One wide bodied aircraft showed up in that hangar, and that was on the day it was officially opened. Since then there has been nothing back of any width greater than the credibility gap between what this government says and what it does.

There are various elements I want to address in dealing with this country's air policy today. One element is overriding, and that is that we still have no coherent, long-range national air policy. I would hope that the minister will today at least do the House of Commons the honour of trying to explain his latest pirouette in the name of policy. I would like him to tell us, and I am pleased to see that he is taking note, the detailed nature of the consultations between his ministry and Air Canada before this policy was brought down. I suspect there was none, and unless the minister wants to let that suspicion stand on the record he will have to answer it by telling us precisely the nature and the detail of consultations with Air Canada relating to a matter which touches Air Canada directly.

We would like to know from the minister today, when he speaks to answer, the nature of the recent conversations between his officials, himself and representatives of Quebecair or of Eastern Provincial Airways, which are most directly affected by one element of the minister's statement in which he talked about the movement "towards the development of a smaller number of strong regional lines than are operating now."

The question we want an answer to is, who is going to absorb whom? What mergers is the government talking about? What has been discussed with the companies proposed to be merged, or is the government simply going to buy them all out—naturally not on a permanent basis, but just for a little while in order to sell them again, which appears to be the minister's program in respect of Nordair?

This government has frequently intruded into almost every other business in the country in the name, of course, of non-intervention—the policy announced by the Prime Minister the other day. It has now become involved in the airline business. I should say to the minister, if I can get his attention, that we would be particularly interested if he would tell us his plans and the plans of the government in regard to Quebecair. We would like to know particularly if it is Quebecair that is the favoured purchaser of all or of part of Nordair and, indeed, if this policy which was created and announced last night is designed for some reason which the House has not seen to serve some interests of Quebecair, or to meet some concerns that the Government of Canada might have in relation to that particular company. I hope the minister will be forthcoming in all of those particular matters.

I want to take in order some of the questions which arise here. First I want to deal with the very novel idea of the Minister of Transport and Minister of Justice, and presumably of his government since he occupies so many of its portfolios, that the best way for the Government of Canada to protect the private sector is for the government to buy an airline that members of the private sector themselves want to buy. The minister knows that Great Lakes, at least, was ready to match the Air Canada bid, and he knows there was at least one other private sector industry in the Hamilton area prepared to buy Nordair. He knows that these offers exist already and he does not have to wait or to shop around for somebody to buy what the government is buying. He knows these offers exist already.

I must say, sir, that only this government could pretend to protect the private sector by bidding against it. The minister says in his release that it is his objective to return Nordair to private ownership within a year. We in this House of Commons have heard that line before, sir.

● (1522)

In 1974 the then minister of industry, trade and commerce, who was I think also in orbit although perhaps not quite as high or as briefly as the present minister, told us that de Havilland and Canadair were being purchased by the govern-

ment on an interim basis so that they could be resold to private investors. That was four years ago and there has been no action whatsoever on that undertaking. I feel very safe in predicting that as long as this government is in office there will be no action either to return Nordair to private ownership.

If it was the government's real intent to return Nordair to private ownership, it had a very simple, very direct course of action open to it. It could have ordered Air Canada to withdraw from the initial attempt to purchase control of that company and allow new, private owners to bid for its shares. After all, it was not exactly a fire sale in this case. The company has been a profitable carrier. There were at least two, and there may well have been more, private groups ready to bid for its shares.

Air Canada, acting with this government's blessing, did not act to save an airline, it acted to increase its share of the Canadian market and thereby to further restrict competition. The minister's action yesterday in putting Nordair into direct government ownership simply serves to make a bad situation worse. The government's action yesterday helps put its restraint program in the proper perspective. In the name of restraint it has been cutting out research projects and provincial programs. They have been aiming at programs where they know there will be very strong resistance, so that the velocity of the resistance will make it look like this government is in fact taking a strong stand in the name of restraint. Indeed, relating to the air industry, the government proposes to increase the taxes on Canadian passengers, but with all of this they still go out and buy an airline which they do not need and which does not need to be the subject of government spending.

I am sure that most Canadians will remember and contrast the statement by the Prime Minister on television in early August when he said he was going to reduce government intrusion into the private sector. Now, three months later, in the name of reducing intrusions into the private sector the government buys a private sector airline for which there were private sector purchasers.

An hon. Member: That is called flexibility.

Mr. Clark: My colleague says that is called flexibility. It is also called an absolute inability to keep its word to the Canadian people which sets in very clear context just how hollow and how much of a sham is the commitment by the government to restraint. Indeed, it underlines once again that this is a government which has very little respect for the partners in the Canadian economy or the Canadian community. This is a government whose instinct is to intervene and to attempt to control. We are talking about the air industry here today, but the interventionist attitude which has injured the air industry in Canada is the same attitude which has caused an atmosphere of conflict within this country, whether it is with the provinces, the private sector, voluntary groups or among ordinary Canadians.

This attitude on the part of the government corrupts the idea of government involvement through Crown corporations or other means in the private sector economy. It corrupts the idea of the Crown corporation being established as a last resort. This is another classic case of the government moving into the private sector, not because it needs to—because there were other purchasers and alternatives—but simply because the Government of Canada wants to own another airline. They have said that they will divest themselves of it, as they said four years ago they would divest themselves of Canadair and de Havilland. Their word is as good today as it was four years ago, which is to say it is not worth the paper on which the minister has stated his intentions, as his colleague did some four years ago.

We on this side of the House understand, as this government very clearly does not, that there is a very real threat in terms of both cost and unfair competition when a government unnecessarily creates state-owned ventures that are not subject to the same kind of financial restraint as private industry. We understand, too, as this government obviously does not, the inherent conflict of interest in having a state-owned company competing with privately owned corporations in a field like transportation, where the government sets the rules and regulates so much of the activity. Indeed, there are occasions, as there have been in the past, when it makes sense for the government to establish Crown agencies or Crown corporations.

I am privileged to be the leader of a political party that in its past has had the courage to recognize that because the private sector could not meet particular needs it was essential for the public sector to move in. It also requires courage and imagination to recognize that there are many times when activities are best left to the private sector. This is clearly one of those circumstances.

An hon. Member: Why?

Mr. Clark: A member on the other side, I think a member who is interested in transportation issues, asks why. The answer to the question is quite simple. There were private sector purchasers available and therefore there was no need for the government to intervene.

An hon. Member: What about Pacific Western Airlines?

Mr. Clark: Another member has asked about Pacific Western Airlines. It is my understanding that the government involved with Pacific Western Airlines does intend to divest itself of that corporation. More to the point, there was a substantial difference between the acquisition of PWA and the acquisition that is proposed here of Nordair, and that is a matter to which I hope members on the government side will pay some attention.

I want to make our position very clear. On September 15 in Winnipeg I said that this party opposed the acquisition by Air Canada of Nordair. We oppose this acquisition at arm's length of Nordair by the Government of Canada, and as a government we are certainly going to do all that we can to reverse any takeover that is approved by this government. That remains our position today.

Some hon. Members: Hear, hear!

Mr. Clark: I would like to say a word about Air Canada in the context of the policies which this party supports with regard to the direct role of the state in the Canadian economy. There was justification, without question, for the initial creation of Air Canada, and there remains justification today especially in regard to the international air services and for maintaining a strong national flag carrier for Canada. This, however, is not a justification for stifling competition within the Canadian air industry to the serious detriment of private carriers and the people of Canada, who are the ones in the final analysis who will pay the real cost of expensive or inadequate service.

Air Canada is a mature and successful airline. It is one of Canada's major corporations with assets in excess of $1 billion. Just recently it reported nine-month profits of some $50 million. The company has excellent staff and high quality management, and it can stand on its own without the comfort blanket of excessive government protection. It does not need the Government of Canada to prop it up. What it does need, what regional carriers in this country need, and what third level carriers in this country need, is a government which establishes a clear and coherent policy framework in which all of the airlines of this country, all of the carriers of this country, all of the people who want to use air service in this country, can plan with some sense of clarity and certainty.

Because we respect Air Canada's ability to stand on its own feet in a competitive environment, it will be the policy of the Progressive Conservative government after the next election to expand and diversify the air services available to Canadians.

[*Translation*]

That is something truly essential and important to the whole country. For instance, Quebeckers are right in complaining about the quality of air services. In the Lac-Saint-Jean area, for example, air service was not maintained on a continuing basis and schedules are no longer convenient since Air Canada cancelled its regular service two years ago now. Trois-Rivières is not being serviced by any airline company although the demand is there. If we had a well coordinated national air transport policy those centres among others would be served by third-level carriers or existing regional carriers. However, you cannot plan services for Bagotville or Trois-Rivières without considering the rest. You have to plan on the basis of national transportation systems.

● (1532)

[*English*]

The minister made the grandiose gesture last night of saying he has no objection to allowing the Canadian Transport Commission to consider extending Canadian Pacific Air routes east of Montreal. This sounds very strange coming from a minister who has delayed that very request by Canadian Pacific Air for at least two years, a minister who still refuses to face his responsibility—and it is his, not that of the Canadian Transport Commission—to lay ground rules for airline competition in this country. There are no ground rules now; there are none that touch regional air carriers and that gives those carriers a sense of confidence in planning to serve the communities and the people they want to serve.

The House may remember that in October, 1966, the then minister of transport, the Hon. J. W. Pickersgill, outlined the role that regional airlines would be permitted to play in Canada. Regionals would provide regular service to the north as well as operate local and regional routes that would complement the main trunk carriers. That 1966 policy envisaged, where appropriate, the transfer of routes operated by the mainline companies to regional airlines.

To date, the intent of that policy has been ignored. The mainline carriers have entrenched themselves into the role of regional carriers. Air Canada has been unwilling to give up its routes in southwestern and northern Ontario, where regionals should be operating under the government's 1966 policy. Regional carriers identified a need for trans-border flights to the United States as well as charters to warm weather locales in the southern United States and the Caribbean. Both of these services allowed regionals to use their aircraft during off peak periods.

However, part of this market has been turned over to United States competition as a result of a bilateral air agreement between Canada and the United States. This was a bilateral air agreement in which any of the gains that came to Canada came to the large carriers, the mainline companies, but the regionals fared very poorly, losing their share of a lucrative market without any compensating return.

[*Translation*]

I would now like to deal with the burden imposed by the great many regulations in the air industry. The Carter government made substantial progress when it came to abolishing unnecessary regulations in the air industry in the United States. That proved beneficial to all parties involved. For the first half of this year, the number of passengers traveling on U.S. airlines increased 16 per cent and Americans who could never afford to fly can now use that means of transportation if they want to.

Contrary to what the Government of Canada has been saying, stiffer competition strengthened rather than weakened the economic position of airlines in the U.S. Finally, as a result of stronger competition, profits will reach record levels this year despite reduced fares.

Mr. Speaker, let us compare that policy to help the industry and consumers with the old outdated protectionist approach of this government. This government stifled competition at the national level and prevented regional carriers from developing both within this country and in the area of chartered flights.

In spite of the promise made in this House by the Minister of Transport five years ago, he has yet to set out a policy for third-level carriers. As in anything else, the policy of the federal government is devoid of imagination, orientation, and fails to take Canada's potential into account.

[*English*]

We intend to change that. A Progressive Conservative government will empower the Canadian Transport Commission to ensure safe and reliable air service for Canadians; it will not empower the CTC to stifle competition.

We will encourage more competition on major national routes, starting with CP Air's request to serve eastern Canada.

We will significantly increase the routes open to regional and third-level carriers. It makes sense to have major trunk routes served by national carriers; it makes no sense to allow them to dominate regional and local services. Our general approach will be that regional routes of up to 300 miles and turn-around routes of up to 500 miles will be reserved for regional and third-level carriers.

As a further step toward increased competition—so that Canadian consumers can enjoy the widest and most economic choice of air travel plans—we will loosen the totally unrealistic restrictions this government has placed on charter and other special package fares.

There is a basic element of Canadian air policy virtually neglected by this government and which we, as the government, will correct. I refer to the need for the closest possible integration between Canadian air services and Canadian aerospace manufacturing. This government has no policy to ensure that the market from an expanding Canadian air travel industry is available to Canadian aircraft manufacturers. We will have such a policy. We in this party, when it is our responsibility to form the government after the next election, will insist on such a policy on a priority basis.

One aspect of it will be to encourage the maximum use of STOL aircraft like the Dash-7 to service local routes. Expanded competition on such routes will expand that market. We will further support it—as recommended by the Air Industries Association—by assisting the development of short take-off-and-landing facilities at regional airports instead of wasting the taxpayers' money on more white elephants like Mirabel.

Those will be the major elements of our domestic air policy. It is a policy based upon competition, based upon the evidence that the role of the Government of Canada principally should be to set the rules and not to intrude automatically by reflex simply because government wants to control everything in the private sector.

It is quite clear that we have a long and admirable history of innovation and risk-taking by many people involved in the airline industry in this country. Recently I was in Gander, Newfoundland, with one of my colleagues. I had an opportunity denied most Canadians, because this government has sealed it off, to see the air museum at Gander airport. In passing, sir, it might be of interest to the House to know that the museum can be seen by foreign visitors to Canada, but unless one has a special pass or happens to be leader of the opposition, it is not seen by ordinary Canadians for some reason known only to this minister. The Government of Canada has sealed this museum of Canada's past from the eyes of Canadians present.

It was an interesting experience to go through some of the displays at Gander. By virtue of its location as the easternmost extension of this continent, Newfoundland was deeply involved in the earlier flights across the Atlantic. Much of the aviation history of this continent touched on that province and its coast. Looking at the displays I became aware again of the high qualities of innovation that existed through time in the Canadian airline industry and with the people associated with it. One becomes aware of the imagination, the willingness to face risks and to rise to the risks that exist in that industry on the part of the people associated with it.

Those of us who come from different regions of the country, certainly those of us who have a respect for the private sector of this country, know that Canadians involved in regional airlines, Canadians involved in private airlines and, indeed, many Canadians involved in the management of Air Canada, are themselves still seized with that sense of innovation, that ability to imagine, that ability to build. The problem is that they have been literally flying blind as an industry because there has not been any context of national air policy established by this government. That lack of policy has cost Canadians in terms of the fares they pay, in terms of the service they receive, and in terms of the possibilities that could exist in this country for Canadian airlines to take advantage of Canadian manufacturing.

• (1542)

That is a failure that lies squarely at the doorstep of this government. It is one of the policies we, as a new government, intend to change. It is a failure that this motion and this debate in the House of Commons today is designed to help draw to the attention of the Government of Canada and to the people of Canada so that they will know that they need not put up much longer with the incompetence and the continuing refusal to establish a context for national air policy which has been characteristic of this government and of this minister.

Some hon. Members: Hear, hear!

Mr. McRae: Mr. Speaker, I rise on a point of order. Would the Leader of the Opposition (Mr. Clark) accept a question?

Mr. Clark: Certainly I will accept a question.

Mr. McRae: Mr. Speaker, the Leader of the Opposition indicated in his speech that he saw some difficulty about and was opposed to the notion of Air Canada remaining in some points of northern Ontario. Is it the policy of the Leader of the Opposition to remove Air Canada service from North Bay, Sudbury, Sault Ste. Marie, Timmins and Thunder Bay? Because those are the only points where Air Canada is in contact with northern Ontario.

Mr. Clark: Mr. Speaker, I must say that that question is in the character of the attempts to sow fear and indeed sow confusion and almost hatred among Canadians which has become so marked among members of the other side—

[*Translation*]

—in both official languages, and perhaps particularly members from New Brunswick who speak from time to time in this House. But—

[*English*]

If I might reply directly to the question put by the hon. member, we are interested in providing the citizens of northern Ontario with a much wider mix of air services that will be available to them together with strong regional air carriers and strong local air carriers that will serve not only the large centres of northern Ontario, but also the smaller centres of northern Ontario. And that is clearly possible if, but only if, there is a change in the approach by government to the climate in which regional and third level carriers have to operate in this country. That is the change this party believes is essential now and to which we will give high priority when we are elected as the government.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am indebted to the hon. member for Fort William (Mr. McRae) for asking that question of the Leader of the Opposition (Mr. Clark). It is noted all around that the Leader of the Opposition did not answer the question. He did say during his remarks that he was in favour of Air Canada getting out of certain routes in northern Ontario and southwestern Ontario. It is now apparent from his refusal to answer the specific question that he is in favour of their getting out in general, but he will not be in favour of their getting out in any specific case. Community interest in maintaining service by Air Canada has very often restrained Air Canada from moving in the direction of giving over those services to the regionals, and many of these communities feel very strongly about retaining that particular link and service.

I noted that the Leader of the Opposition began in a manner that is fairly characteristic of him—and I would have to call it a in small-minded way—by discussing first of all the timing of our announcement. I would think cabinet procedures are well known to him. He might have calculated that the decision which was announced yesterday was indeed taken on Thursday in cabinet and that the announcement was made before I had any knowledge that this subject was chosen by him and his party for debate at this time.

The Leader of the Opposition will go on making points like that. Quite often he manages to persuade at least the press, and perhaps thereby some of the public, that certain things may be true when they have no basis in fact at all. I noticed the CBC decided yesterday to pick up that in some fashion our policy was really a complete steal from the policy of the Leader of the Opposition. I find it passing strange that he can both adopt that position on the one hand and criticize our policy vehemently on the other. He goes both ways. He tried the same thing by making reference today to the Kingston meeting he had with certain premiers and likened the events to a first ministers' conference.

In fact many of the substantial matters which in specific terms were contained in our proposals at the first ministers' conference referred back to proposals we had made in 1969, 1970 and 1971. The specific proposals on individual powers which might be transferred to the provinces were indeed new, and I think less than half of those had any relationship to things which the Leader of the Opposition has said. But the important thing, and the fundamental difference between the policy this government will continue to fight for and put in place and that of the Leader of the Opposition, is that the Leader of the Opposition believes in giving away important powers to the provinces which would prevent the federal government from operating in a Canadian economic context at all.

Some hon. Members: Hear, hear!

Mr. Lang: In that he joins the premier of Alberta who believes that the Canadian government need not have the major economic and important power to assure freedom of trade and freedom of movement of people, and indeed even principles of equalization of opportunity which are so closely tied to financial equalization in this country.

An hon. Member: That is not correct.

Mr. Lang: The premier of Alberta has taken that position. He is an outstanding separatist in taking that position and I am delighted to see that in recent days the papers in Calgary and Edmonton have taken him on specifically on that issue. I would hope now the Leader of the Opposition would see the sense of avoiding that particular policy and form of action.

The Leader of the Opposition also made some serious critical comments about the existence, still in Canadian ownership, of Canadair and de Havilland. Then he had the strange ability, later on in his remarks, to argue that we should have far more manufacturing ability in the air industry in this country than we do have. In fact, the stories of Canadair and de Havilland are the beginnings of great success stories. The Minister of Industry, Trade and Commerce (Mr. Horner) featured that in answers today as the Challenger begins to go into its tests.

Hon. members opposite amaze me with their lack of understanding of the development of an aircraft. They were so critical and amazed that the Minister of Industry, Trade and Commerce found it important that on its first test everthing had gone well. The aircraft had gone through an hour of tests and the opposition found that amusing. If they knew anything about the interesting challenges facing new aircraft and the importance of what this aircraft is starting to prove to the people who envisioned it and said could happen, they would not laugh in that way.

In fact, Canadair and de Havilland were a rather special case in that federal involvement in financing was essential even to maintain them before they were taken over and retired by the government. The question facing the government at that time was how much further we would go to help without taking on the equity ownership and control so that the eventual benefits which we thought would come could also be proved to the people of Canada. It is still our intention to do this when

they have proved and established themselves and do not need that kind of federal help any more.

● (1552)

This kind of industry in the private sector would once again give full value to the Canadian people for what they have financed and developed. As a result of these enterprises and our various programs of government purchases and, indeed, as a result of insisting with regard to Air Canada that there be Canadian content and offset in Canadian purchases which are made, we have developed a much stronger and healthier industry in the whole area of aviation than ever existed before, at least for many years. Back in the days when the right hon. member for Prince Albert (Mr. Diefenbaker) was Prime Minister, a strong industry existed until he dealt it a near death blow at that time. It has now at last begun to recover.

The Leader of the Opposition spoke about the role of Air Canada and Canadian Pacific in this country. There is existing the oft-stated policy in relation to them as the mainline carriers in the country. These are statements which have stood the test of time and do not have to be modified and changed from day to day.

Air Canada has gradually had removed from it the special privileges and position in which it found itself under the original policy through which it came into being. It was the policy of this government which removed the monopoly position of Air Canada in relation to post office carriage. It removed the position of Air Canada before the Canadian Transport Commission and, through legislation adopted last year, made it an airline like other airlines in terms of most of these rules. Indeed, it was this government which saw the sense of gradually allowing Canadian Pacific more freedom and room to compete. Accordingly, last year the government gave CP the opportunity for taking a larger share of the growing market. It has for several years been considering the question of the new arrangement and the removal of restrictions, perhaps altogether or in a different way.

I have to say to the hon. member that in thinking that a completely competitive airline industry would be possible, that he would somehow benefit from having everything wide open, he is making a fundamental mistake about the nature of the problems which face the provision of regularly scheduled service efficiently, safely and at as reasonable a rate as possible. He simply fails to see the dangers that throwing the situation wide open would create. He looks south and says it is possible there. The Carter government is looking in this direction more and more. I advise the hon. member to wait and see what that experience may bring.

While we are affected by, and in some cases have to alter our own policies to reflect or react to, some of the policies adopted in the United States because of the continental nature of some of the markets, we have grave concern about what it may mean to the real provision of good, efficient and safe service in this country and cannot pretend that unregulated competition is possible.

[Mr. Lang.]

The Leader of the Opposition asks us to move in that direction with regard to air policy. In the area of trucking it is easier to move because of the greater volume of traffic involved. The Carter administration has moved in that regime as well. The responsibility in Canada is that of the provinces. Do we find the Conservative governments with whom he likes to try to have an affinity moving to deregulate? He does not see that in Ontario. He does not see it except in one specific place in this country where it existed before that Conservative government came into power, and that is in Alberta.

In the case of air policy, it is necessary to combine competition and a significant degree of co-operation. The hon. member referred to the statements in 1966 of Mr. Pickersgill. In his statement setting out the basic role and place of the regional airlines, Mr. Pickersgill said there would not ordinarily be expected to be competition between the regionals and the mainline carriers, because indeed there would be serious problems with the regionals in trying to stand up to straight and direct competition.

What is needed, and what we have provided, is some assurance of co-operation as well as certain limited forms of competition where it is possible for both carriers to serve the same route. Even there we must remember the concern and warning of Mr. Pickersgill, that the Canadian Transport Commission must see to it that competition between the regionals and the mainline carriers is fair and reasonable in cases where they are on the same routes, because of the different position they are in.

We have therefore progressively moved to remove the advantages of Air Canada, to remove the restrictions from Canadian Pacific and to enlarge the scope of regional carriers. We helped quite directly in ensuring discussions last year between Air Canada and Eastern Provincial Airways, allowing for the exchange of certain routes between them as the policy of 1966 had intended. That was to the benefit of both airlines.

Air Canada is now making a profit. That is something that should be welcomed on all sides. Indeed, as long as Air Canada is competing in any way with airlines in the private sector, it is important that it be asked to achieve the same kind of profit level, which would be required in the private sector in terms of providing cash flow and return on investment so as to allow for the acquiring of new equipment and the ongoing operations of an airline.

I say to the Leader of the Opposition that it may be well if he restrained some of his colleagues at a particular point in time when they ask that we oppose a certain rate increase which Air Canada may be putting in place. Then they will be citing profits as a reason for not going ahead with that increase. I ask him to commit himself to the principle that until the profits arrive at a level that is adequate, so that if it were a private carrier it could attract further investment in order to re-equip and expand, he not support that kind of request from his colleagues. If he does that, we will arrive at a very important place indeed.

With relation to freeing restrictions on Canadian Pacific with regard to cross-country traffic, I have had one serious

concern. That was to ensure that, as a result of competition, we did not move into a situation where extra capacity was put in place and, an attempt made to meet particular competition without concern for the convenience of the travelling public.

We do not want large numbers of empty seats being flown across this country. Those must invariably be flown at a cost to Canadians, either through the fares which are charged or a payment to the airlines in any way by the government. It is therefore our policy to move progressively toward an atmosphere of competition, in which other techniques are in place to ensure that over-capacity does not occur at the expense of the travelling Canadian public.

It has been one of my strongest drives to have airlines, regionals as well as mainlines, look at their capacity and not offer so much that in the end their profit position was worse and they needed help in some other way in order to provide service to the Canadian public.

In the case of the mainline carriers, we will be seeing a removal of the remaining restrictions that exist in terms of competition between them, but with the substitution of certain other restrictions, likely in the hands of the Canadian Transport Commission, to ensure that that competition does not do disservice to the travelling public in terms of higher costs and higher fares.

We have seen competition increase through the loosening of charter rules. Even before today, the Canadian Transport Commission had before it certain other proposals as to whether more should be done in that direction. Again, however, we do not believe that a wide open, unbridled situation with regard to charters is possible. That would mean a taking of the routes by charter service where that taking is profitable, and a failure to offer service in many other areas where service is required.

It is significant that the carriers have been speaking very kindly of me and of the changes in policy which have been coming about in relation to the opening up of our charter regulations to the extent we have. However, it is significant that when the charter proposers were before the Canadian Transport Commission a year ago, they proposed charter service on the routes that are easiest to handle, the Vancouver-Montreal, Vancouver-Toronto kinds of routes. They did not show any great interest in relation to Grande Prairie to Saskatoon and other places of like size throughout this country. It is important that we continue to have scheduled services, and that we protect sufficiently the mainline carriers and the regional and third level carriers so that service can be provided adequately.

● (1602)

In the case of the extension of CP and the possibility of their service into Halifax, I believe I heard the Leader of the Opposition say quite flatly that he would see to it that they extended service into that region. We rather more cautiously said we would remove a restriction to that happening but would not interfere with a function which I believe is very important, that of the Canadian Transport Commission to consider whether at a particular point in time this would be in the public interest. Before the Canadian Transport Commission one may hear from other carriers and the implications to them of having a third carrier on the routes. That question would be decided from the point of view of public interest before the commission where we could all be aware of the arguments and analyses and see the right decision arrived at.

In 1966 Mr. Pickersgill, and later other ministers, were able to contemplate a country in which five regional carriers would serve. With a growing boom in air travel it seemed for a while that this might be a sound and solid policy. It has appeared through the last several years, however, that there are significant challenges and difficulties for the regional carriers. Existing as five regional carriers attempting to supply very often jet service to the routes which are appropriate to their operations, and to which the Leader of the Opposition referred as though it was new, although it is the exact standard route analysis which was part of the policy these last many years, it has been difficult for the regionals with reasonable fares to obtain the necessary return on capital, thus to assure they could restructure and acquire new equipment as necessary.

A couple of years ago the same difficult circumstances faced Transair. We know, also, that Pacific Western Airlines, after a good deal of discussion with me, moved to acquire shares in Transair, looking toward the more effective operation of regional service in western Canada.

I may say, also, that some were surprised that at the same time I was moving in the House a bill whose effect was to change the Aeronautics Act to give us the chance to prevent provincial governments from acquiring airlines and air services, and at that point we did not object. We did not object because the structure of the new airline and the joint operation seemed to be a very useful one in terms of future service. As well we did not object because, in discussions I held with the premier and deputy premier of Alberta, they indicated to me that the long-term holding of controlling interests in that airline was not a necessary part of their philosophy and that they could progressively divest themselves of a lot, if not the greater part, of their interest in the airline. So Transair had its difficulties.

In various ways other regional carriers have been facing the problem of getting adequate returns which would assure that they could reinvest. A couple of years ago major shareholders in Nordair began to seek buyers. It was not easy for them to find a buyer at that time who would offer a satisfactory price even when measured in terms of the value of equipment that the airline owned. At that time it was partly my concern whether or not the airline would continue to operate at all and I did encourage Air Canada to take a direct interest in the possibility of acquiring those shares and assuring the future of Nordair.

It was that acquisition which was confirmed by the announcement yesterday and by the decision arrived at by cabinet last Thursday. At the same time the government was concerned about the public worry that the combination of ownership of Air Canada and Nordair would lead to a removal

of competition in certain places where it has been possible between the two, and that it would possibly result in an even larger single airline with certain disadvantages such as at times of labour unrest and strikes. Therefore, we made clear yesterday our determination that Nordair would be operated separately, as the Canadian Transport Commission had recommended in its decision.

We do not, however, wish to remain the owners of that airline for long. In view of the number of policy questions which arise in trying to produce a restructuring of airlines in eastern Canada, it did seem appropriate that we play a more direct role in the ownership question itself. The fact of the matter is that in the days when the sale of these shares were first being discussed I began to work on the process of bringing the airlines in question together in an attempt to work toward a combination of actions—a merger or joint action—which could, in accordance with figures which have been analysed, produce a far better return on investment than is possible as long as they are operating separately. That had not succeeded and I had no way of knowing whether it would easily succeed if the purchase were thrown out and the question of ownership of the shares was up in the air and in doubt once more.

It is important to note, I think, that between the time that Air Canada first offered to purchase these shares in Nordair and the time of our final approval of that purchase by our decision last Thursday, the assets of the company had increased in value fairly significantly. It is true that this arose directly as a result of changes in the value of currency but nonetheless that was a significant factor in our decision to move forward with this acquisition and to having the airline in our hands to continue the process which was already far advanced of seeking out investors who might be able to operate these airlines in a joint fashion.

Yesterday I indicated my interest in seeing whether Great Lakes has an interest in this operation and certainly we will again be speaking to other regionals. There are Canadians who are interested in the economic, financial prospects of the airline in its merged form who would not have been interested in the operation of particular parts of it alone.

We will see regionals operating as efficiently as possible and therefore capable of providing as low fares as possible to the people in the eastern part of Canada which they serve. That is fundamental. The efficiency we seek is not efficiency for its own sake, but surely through that efficiency, through a better return on investment, it is possible for the fares to be lowered without the taxpayer having to intervene to pay for the acquisition of further equipment and the continuation of the line. That is the kind of intervention I would like most to avoid. That is what I see continuing to happen.

The Leader of the Opposition speaks of competition as his guideline in this area. And yet at every step of the way it is sensible to balance a reasonable amount of competition with a good deal of co-operation. It is essential that airline schedules mesh and that the regionals come together with mainline schedules so that passenger convenience is best served. It is important to have co-operative analysis of fare structure so that both can live side by side and the sharing of the revenue when there is a link is fair and just. These will continue to be our guidelines in air policy. We will try to find as much avenue for competition as is possible.

● (1612)

We will try to provide service which is as good as possible and fares which are as low as possible. Through charter changes and the introduction of charter services, Air Canada and Canadian Pacific are now offering charter rates, throughout the season, on their regular services. That means they are offering them to Grande Prairie, Saskatoon and Timmins as well as simply to Vancouver and Toronto, which would have been the way if only charter lines had been offering this service. That is what we will continue to see. In other words, we will see strong management operating our airlines, competition where that is possible, co-operation where that is necessary, and a close watch through the Canadian Transport Commission on such activities which, if allowed under the name of competition, would lead to higher cost operation directly at the expense either of the taxpayer or of the travelling public.

Not only do we have in this country a good and solid policy with regard to airlines—one that has stood the test and needs modifications of a gentle, steady nature, not violent or abrupt ones—but we also have in this country service at prices which compare favourably to those anywhere else in the world, for travel both at home and abroad; and we have a quality of service on our main airlines which is second to none in the world and of which we can all be proud.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, we have heard two very interesting speeches indeed, at least interesting to my party. According to the official opposition, their position on the takeover is that it should be private enterprise today, and according to the government, as befits the time and the spirit of August 1, it should be private enterprise tomorrow. There is no difference in principle; the question is entirely one of time. The Tories would do fast now what the Liberals will put off, presumably at a cost to the public, to one year from now.

Normally I address my comments in such a debate first to the government because it is ultimately responsible for policy, but we have known for many months now that the government has abandoned any pretence at determining any policy itself; it takes it directly from the research staff of the Tory party or from the speeches of the Leader of the Opposition (Mr. Clark). So I want to begin with the case of the Leader of the Opposition. I must say that in listening to him I thought of the first prime minister of our country—

Some hon. Members: Hear, hear!

Mr. Broadbent: I am not sure they will applaud when I conclude my observation, Mr. Speaker. I thought of the first prime minister of Canada because in the nineteenth century, to

a Canadian Tory no idea was good unless it came from Great Britain. Now, to the twentieth century Tory no idea is good unless it comes from the United States. That is the gist of the Tory policy today. I suggest that Alberta is having more influence than normally on the Tory party. What functions for that country of more than 200 million souls to the south of us, with a set of very different historical circumstances, now dictates Tory policy, whether it is transportation or anything else.

However, I also thought of other Tory ideas when I heard the Leader of the Opposition. To have heard him speak you would never have thought that the Conservative party of Canada brought in Hydro as a public enterprise in Ontario, and you would never have thought that Bennett was the father of the central bank, the CBC and the Wheat Board. There was a time, I say in all seriousness, when the Conservative party of Canada did indeed recognize that, for a variety of historical reasons, the public sector was to be used not only as an inferior variant of the private sector but that it had a legitimate, important and independent role to play in the development of our country. Those days are gone, Mr. Speaker, because now for the Tories it is private enterprise all the way, as if the 100 years of history—including a good part of the history of the Conservative party—did not exist.

I listened with care to most of the speech of the Leader of the Opposition and I noted that there was no reference at all in it to the judgment which was handed down by the Canadian Transport Commission and to the argumentation which had been put forward by the very body which the motion put forward by the official opposition is calling into question. I find that, to say the least, passing strange. If you are going to deal with such an important and complex matter as transportation, it seems to me you should deal with the arguments that have been put forward in favour of the decision which you are opposing. However, I will return to that point in a minute. The reality is that the Conservative party is attacking the Air Canada takeover because it rejects holus-bolus any serious argument for the public sector in Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: We should not be put off—I say that frankly to the Leader of the Opposition—by his passing comment that he seemed pleased to see Air Canada was making a profit, and he implied that the current Conservative policy presented no threat to Air Canada.

I want to quote the financial spokesman for the Conservative party, or at least one of their spokesmen because they vary from day to day. The hon. member for York-Simcoe (Mr. Stevens) is normally thought to be the Conservative party's financial spokesman. This is what he said about Air Canada, and I think the people of this country, especially in regions which depend on Air Canada, should keep these words in mind. I quote from page 6020 of *Hansard* of May 27, 1977. It reads:

> —when successive news reports indicated the minister was investigating means of turning over Air Canada to private hands, we thought this would be the logical place to begin a constructive diminution of government control.

If that does not mean phasing out Air Canada, I do not know what it means. But just in case it was not clear, the financial spokesman for the Conservative party of Canada stated, as reported in *Hansard* two pages further on:

> I suggest it is time to stop counting and to start subtracting.

He is talking about public enterprises. He went on to say:

> It is time to begin divesting ourselves of some of these Crown corporations, rather than creating new ones.

He referred specifically to Air Canada.

An hon. Member: Shame.

Mr. Broadbent: So let us have no illusions about the Conservative party's position with regard to Air Canada because their financial spokesman, at least when he is speaking for the party, says they would like to get rid of it. The leader of the party, as is frequently the case, did not make his case clear at all. He made a passing reference to the possibility that the Tories would accept Air Canada. Let me emphasize that he did not say that, he made a passing reference to it, so the only explicit comment we have is from their financial spokesman, which is that they would get rid of Air Canada. That is where they stand.

I want to return to our arguments, which will be positive and in favour of Air Canada's action, but I cannot forgo this opportunity to make two central points. The Conservative party of Canada is now rejecting its own historical commitment to the independent need for public enterprise in certain sectors and is now trying to come down on both sides of the fence in this debate, pretending, on one hand, that it is for Air Canada, and on the other hand, that it is not. You cannot have it both ways.

Mr. Dionne (Northumberland-Miramichi): You are right, for a change.

Mr. Broadbent: The Liberals are cheering. Now I am going to turn to them. If we think the Conservative party is presenting us with some problems in understanding where they really stand, what about the government of the day?

Mr. Woolliams: I knew you would come to them.

Mr. Broadbent: As I said, until August 1 there was a pretence, if I understood the Liberals at all, that they did believe, perhaps reluctantly, in a mixed economy and that they would use public enterprise, if necessary, but not necessarily public enterprise, and they would grudgingly do certain things.

Certainly since August 1 the spirit of R. B. Bennett has drifted up from his grave and moved out not only into the shadow cabinet but right across the chamber to take over entirely the Government of Canada. It is privatization with a small "p" on the part of the Tories, but if Your Honour will excuse the expression, it is a big "P" when applied to the Government of Canada. We have no policy at all which

indicates serious thought on the part of the government. It is responding to what it perceived to be an economic drift in the country which required them to move in a conservative direction. Holding to a principle, even if the principle is the government's particular version of a mixed economy, rather than abandoning any claim to a principle, accounts for the government's tumbling month after month in the Gallup poll.

● (1622)

The present position of the government on this issue demonstrates this reality better than anything else. What is the policy of the government? It has had an ongoing study for two years. It was my impression that the minister's department had finished the study, and that we would have the benefit of looking at it, but it has not been produced.

When the takeover bid by Air Canada in its attempt to buy control of Nordair was before the Canadian Transport Commission, did the Government of Canada make its view known? Did it state its views regarding competition in clear terms? Did it make a case for private versus public sector? Did it have a clear or coherent policy on regional carriers? Did it put any of these matters before the commission? No, the government was silent, because such action would have demonstrated leadership. We know the government has not had leadership for many years.

I should like to refer to the press release of the minister. It consists of one page containing two paragraphs. That is the new air transportion policy on the part of the Government of Canada. What is this policy? It boggles the mind to make any sense of it at all. The first point is that the government will allow Air Canada to purchase Nordair. A lot of people will nod their heads and say that it is a fine idea; others will say it is not. At least that is clear.

The second point of the Liberal policy is: after Air Canada buys Nordair, Air Canada must sell it immediately to the Government of Canada at a negotiated price. Presumably that will cost Canadian taxpayers more money. On the one hand, a Crown agency will buy it, but then the government will force that agency to sell it to the people of Canada via another agency, the Government of Canada, at a higher price.

The third point is: the government announces its intention to sell it back to the private sector within a year. Socialists are supposed to be the dialecticians, but we have been outdone on this one. It begins as a private enterprise; a Crown corporation is permitted to buy it; the government then purchases it from the Crown corporation; and then a year later it will be sold once again. Is that a brilliant policy? The would-be purchasers of this airline have been told a year in advance to sit around and wait. They have been told not to increase their bids, to keep their bids down, to put in the lowest possible bids because at the end of the year the government is committed to selling.

My question is not facetious or rhetorical. Is the government now saying that whatever price it receives at the end of the year from the private sector for this airline will be sufficient to sell Nordair? Surely Canadians have the right to know that. If the government does not receive a reasonable price or offer, even in terms of its sense of management, which is bad enough, the government should say that it will not be selling it regardless of the price. But the minister said, "Yes, within a year it is going to go back to the private sector". If the government believes that it should be in the hands of the private sector, the whole thing should have been left alone in the first place, instead of going through the ridiculous process announced in the minister's one-page press release.

In the brief time I have remaining, I should like to state the position of my party on this issue. We do not have any qualms about saying that certain sectors of the Canadian economy ought to be publicly owned.

Some hon. Members: Hear, hear!

Mr. Broadbent: We do not have any qualms in saying, along with two-thirds of the nations in western Europe, Australia, New Zealand and a good part of Latin America, that the public sector can make not simply contributions which the private sector has failed in, but independently worth-while contributions which are better in many cases than those offered by the private sector.

There are certain human activities which provide good cause for the government to move forward proudly on behalf of its people, rather than timidly and shamefacedly. Frankly we believe a good part of the transportation industry is one of these.

We approach the question of this takeover with a philosophical commitment that in the transportation sector, which requires much capital investment, it makes a lot of sense to have public enterprise.

The hon. Leader of the Opposition did not think it was worth-while to read the evidence before the Canadian Transport Commission. In reaching its decision, the CTC pointed out associated problems. Because I am only allowed 20 minutes to participate in this debate, I cannot go on at length. In fact, books have been written concerning what lies behind the commission's decision on this point. In part the findings and conclusions of the commission were as follows:

> I am of the opinion that if the Canadian industry had been subject to the full forces of competition, that we would not have the air industry we have today with the sophisticated equipment and service that is provided to the Canadian public. It has only been as a result of the limitation of competition that the regionals have grown and extended their routes and acquired the pure jet equipment which now serves most areas of Canada.

If we are debating a complex matter seriously, we should pay attention to a commission which is based on expertise in looking at the experiences in other countries as well as our own before reaching a conclusion.

One conclusion in our country, as well as other countries around the world, pertaining to air transportation is that competition in such a capital intensive industry has not been an advantage to the public ultimately, but rather a disadvantage. Basically that is why my party is fully committed to Air Canada as a public enterprise. Through Air Canada, with all the difficulties which arise from time to time, we believe we can obtain the best benefit for Canadians.

In the remaining minutes I should like to deal with the competition argument. Briefly I made reference to the fact that in such a complex activity as modern transportation, particularly air transportation, the diminution of competition makes a lot of sense if we are to obtain maximum benefit.

The hon. Leader of the Official Opposition has moved a motion which dealt with the area of competition. If he had read the ruling of the commission, he would have realized in most areas that Nordair and Air Canada are not competing at all. In fact, only two routes overlap in terms of air service. Even if competition is a central ingredient in an air transportation policy, one should remember that it is virtually absent from this particular case. On general and particular grounds, certainly the case of the official opposition falls down.

The absurd position of the government of buying today from the private sector and selling back tomorrow does not merit any more than two minutes of consideration.

● (1632)

In conclusion, I want to say we support the recommendation as originally handed down by the Air Transport Committee. I would point out to the House that in making its recommendation it underlined—and I could quote at length in support of this—that Air Canada was not given the right to destroy the subsidiary, it was not given the right to remove competition, and that the functions which are currently permitted Nordair by regulation will have to be maintained or it will have its permits taken away.

The concerns expressed by some people, I think genuinely, about regional services not being lived up to in terms of expectations, or charter services being reduced, are legitimate concerns. There is no doubt about that. But I want to suggest that they are misplaced in respect of this particular ruling, because the ruling makes it clear that Nordair itself cannot become a subsidiary of Air Canada, but that Nordair is expected to carry on with its traditional mandate.

I conclude by saying that the opposition case in this debate is bad, the government's case is worse, and I am proud to speak for my party in support of a recommendation handed down by a regulatory body established by the Government of Canada.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I have read the motion of the hon. Leader of the Opposition (Mr. Clark) and feel it is timely. Though I do not accept its tenor word for word, I feel it does allow us to draw the attention of Canadians to the lack of leadership in matters of transport policy in this country.

Mr. Speaker, first of all I should like to go back to the month of June 1975, when the then minister of transport and hon. member for Langelier, now a senator, revealed the principales that would guide the government in its transport policy. At that time, three main points emerged from his statement, namely accessibility, profitability and active government predominance in the establishment of the transportation system in Canada. Mr. Speaker, I shall quote one of the basic principles found in the statement of the minister:

> The transportation system should be accessible, equitable and efficient rather than economic, efficient and adequate.

That meant very simply that the government no longer relied on the mechanisms of competition to guarantee services to the people as a whole. The government intended to make of transportation a political tool of national scope rather than an instrument of passive support for private enterprise.

As usual, in the three years following this statement of intent, little was done except for the establishment of VIA Rail. I have always supported the VIA Rail project because the duplication and in many cases the multiplicity of railway passenger services was contributing to the deterioration of services and the putting of trains to another purpose. Because of the railroad policy of the government, passenger trains nearly suffered the same fate as our merchant marine. As a matter of fact, Mr. Speaker, I shall certainly have the opportunity to come back to the merchant marine in the next few weeks. Today, I shall limit my comments to the issue mentioned in the motion.

Everyone knows, Mr. Speaker, that air transport is vital for this country because of the great distances that separate our various regions. Many times last year I requested improvements to the utterly inadequate air services, especially in the Lower Gaspé area and the Magdalen Islands. Airports in Gaspé and the Magdalen Islands still do not have the facilities required for instrument landing. To come back to the specific case of Nordair which is mentioned in today's motion, this company serves northwest Quebec mostly and also operates chartered flights. Of course, it is a viable company. What I find reprehensible is the fact that the government simply went over the head of Quebec, which is the province most concerned by this takeover. Quebecair played an important role in the improvement of regional transport in Quebec by acquiring several small regional carriers which could provide only incomplete if not mediocre services.

As the former minister of transport stated in 1975, it has become necessary to integrate regional air services so that these services will be available to all centres in a region. The case of Nordair has been outstanding for a few years. Quebecair made an offer to buy it. Unfortunately, it did not have the required financial support; according to Quebecair, the price of shares was higher than their real value. The intentions of Air Canada certainly contributed to increasing the price of Nordair shares, and since Air Canada had the support of the federal government, it was able to take over the company.

Today we learn that Air Canada will give its shares back to the Canadian government which intends to reintegrate Nordair into the private sector later. My God, Mr. Speaker, I am really confused by the inconsistency of this government! Why all this bargaining and fiddling about to end up back on square

one? We should ask ourselves the following question: In whose hands will Nordair finally land? I would like to know why there was no co-operation between the federal government and Quebec which has a thick file on Nordair. There had been contacts between Nordair management and Quebec government officials. However, they were not ready to take over Nordair. As concerns private enterprise, particularly Quebecair, it appealed the decision of the Canadian Transport Commission.

If the federal government really wants Nordair to stay in the hands of private enterprise, why did it contribute to eliminate Quebecair from the running? It is important that regional transportation in Canada be integrated on a provincial or interprovincial basis. The Maritimes are serviced by Eastern Provincial Airlines and western Canada by Pacific Western Airlines in which the government of Alberta has interests. If this integration is necessary as a result of a stronger demand and efficiency requirements, the federal government must support this reorganization instead of doing the contrary. If we decide to leave regional transportation to private enterprise, we should not authorize Air Canada to establish itself where it should not. Air Canada has mainly a transcontinental and international transportation role.

As concerns the return of Nordair to the private sector, I wonder on what basis it will be done. Are we going to sell back Nordair for peanuts at a loss of several million dollars to the taxpayers? In any case, I sincerely hope that the province of Quebec which is particularly concerned will not be forgotten when the time comes and that throughout the province of Quebec and the rest of our country we will get an air integrated and well administered transportation system.

● (1642)

[*English*]

The Acting Speaker (Mr. Turner): The hon. member for Hamilton-Wentworth (Mr. Scott). I would like to point out that this is the hon. member's maiden speech.

Some hon. Members: Hear, hear!

Mr. Geoff Scott (Hamilton-Wentworth): Thank you, Mr. Speaker. May I, through you, sir, express my sincere thanks to hon. members on all sides of this House for their warm good wishes in welcoming me back to Parliament Hill. It is a high honour to be back here in my new capacity and to be speaking on behalf of the people of Hamilton-Wentworth.

Some hon. Members: Hear, hear!

Mr. Scott (Hamilton-Wentworth): Everywhere I go these days people keep asking, "How does it feel to be sitting down here after watching the scene for so long from the press gallery?" I guess it is like jumping from the frying pan into the frying pan, but I must say that the greatest major difference that has struck me has involved you, sir. There is, unquestionably, a difference in viewing the Chair from below and in front rather than from above and behind. One quickly acquires a sense of pre-eminence of your office from this vantage point, a backbench seat in the House of Commons. I assure you, sir, that I will try to demonstrate in this chamber the spirit of restrained behaviour accompanied with good humour which, as you know, has always been a hallmark of both members of parliament and members of the parliamentary press gallery.

Today's subject matter does not permit me to give the House a travelogue on the beauties of Hamilton-Wentworth riding, which I understand is a traditional feature of a member's maiden address. Besides, given the sprawling and diverse nature of my constituency, it would take the rest of the afternoon. I would, however, like to pay tribute to my young and dedicated predecessor, Sean O'Sullivan. He was a good MP for the people of Hamilton-Wentworth. He has now gone to a higher calling for which, as a Presbyterian, I am entirely ineligible.

What brings me close to home, both to my constituents and to this debate, sir, is Mount Hope airport, which lies within the newly defined boundary of Hamilton-Wentworth. Mount Hope, or Hamilton Civic Airport, has to be the most intensively studied airport in the country, and still there are questions and concerns on the part of many thousands of my constituents about this government's plans for it.

What will surely heighten concern about the future role of Mount Hope and raise many more questions is the federal government's non-solution concerning the takeover of Nordair. People in the Hamilton area have come to rely heavily on Nordair's first rate service in and out of Mount Hope airport. Since Air Canada indicated its interest in acquiring this highly successful and aggressive private company back in the early summer, there has been a very real concern that, with Nordair owned and controlled by the government airline but competing with Air Canada on southern Ontario routes, Nordair's service to Hamilton could be placed in jeopardy. Some reduction in the number of flights, and certainly in efficiency, is almost inevitable.

Yesterday's announcement by the Minister of Transport (Mr. Lang) that the government is indeed taking over Nordair, that hopefully a private buyer can be found within the year, but that Nordair might emerge in a "new form" after the government arranges things with other regional airlines, will come as cold comfort to those who have been thrown into confusion by this government's recent moves in Canada's airline industry.

I should point out that I have always viewed the government's acquisition of Nordair as potentially harmful to the interests of the area I have the honour to represent in this chamber, Mr. Speaker. Any further intrusion by this or any other government in the free marketplace goes against the better judgment of the people of Hamilton-Wentworth.

What makes the Nordair takeover difficult to understand is that this government set down its own clear policy guidelines in the late 1960s to leave Canada's regional air carriers in the hands of the private sector. The government has now contradicted its earlier position by allowing Air Canada to buy

Nordair. That decision also goes against the government's own Combines Investigations Act, against the Consumers' Association of Canada, against the governments of Ontario and Quebec, against even a Canadian Transport Commissioner who flatly called the takeover "against the public interest."

This was after the Prime Minister (Mr. Trudeau) went on nation wide television pledging less government intrusion in the private sector. Now, in the face of high and heavy flak from all sides, the government is admitting it was a bad move at the outset. I can see a government becoming involved in this kind of venture if there is a groundswell of public opinion that it should do so, or if the company has a national security problem, or if the government is a buyer of last resort. None of these factors, to my knowledge, determined the Nordair purchase by Air Canada.

I take similar exception to the takeover of Pacific Western Airlines by the government of Alberta, and particularly to PWA's takeover of Transair. In the Alberta government's case, as my leader has pointed out, there is a substantial difference; PWA was financially hard pressed and Transair even more so. Premier Lougheed is committed to reprivatizing PWA and to that extent the Minister of Transport is following in his footsteps.

In the case of Nordair, however, as my leader has already pointed out, there were other buyers in the private sector. I fail to see why the government had to put everyone through this confusion and uncertainty in the airline industry in the first place by authorizing the sale to Air Canada. For the first time in my memory I found myself agreeing with the hon. member for Oshawa-Whitby (Mr. Broadbent). Maybe it was because Air Canada wanted to flex its muscles as a separate Crown corporation, independent of Canadian National Railways. Certainly Air Canada cannot be blamed for seeing a good investment and grabbing it, along with a smart Nordair charter operation and northern expertise in the cargo field which is second to none.

I am well aware, Mr. Speaker, of the traditional restraint that should guide a new member in his maiden address, so I do not want to appear too critical of the government in what I know is a highly complex area. I get the feeling though that the government is running its domestic airline policy on a wing and a prayer; they are taking over the wings, now all they need is the other half.

There are many more questions raised by the minister's announcement that really concern me as a new member interested in the direction Canada's regional and national air policy is to take. While the government is buying time in order to straighten out its policy, what happens to those Nordair flights which are in a head-to-head or wing-tip to wing-tip competition with Air Canada? What will be the actual effect of this so-called competition? Will not direct service to Toronto from western Canada, or from Montreal, necessarily mean a reduction in the number of daily flights and a lessening of efficiency into and out of regional airports like Mount Hope?

What happens to Nordair's pilots, who want their seniority list amalgamated with Air Canada's list? Because Air Canada pilots fly a higher percentage of higher paying routes, does this mean the government will be paying Nordair pilots the 15 per cent more, as requested by the Canadian Airline Pilots' Association? Will this in turn not result in greater cost to the Canadian taxpayer in the long run?

What is behind the rumour raised by the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) of a fourth runway and a third terminal building at Toronto International Airport, as reportedly recommended by Ministry of Transport planners? The minister is now calling the report "just another interdepartmental feasibility study." The result of that expansion could also have an impact on Nordair's Hamilton service.

If there is to be no expansion at Malton, and since the new Pickering airport has been indefinitely shelved, and since Toronto International will be thoroughly congested handling some 14 million passengers a year by 1980, what kind of spinoff of carriers might result in greater use of the regional airports? Because if Hamilton's civic airport—even with its $100 million expansion—may be expected to accommodate jumbo charter jets, then thousands of my constituents and I want to know about it.

● (1652)

So you can see, Mr. Speaker, that this government must come up with a sensible transportation policy. In my view it should leave the regional carriers to carry out their roles with government guidelines, not government ownership and control. And the government must decide on the kind of competition it will allow between CP Air and Air Canada on a transcontinental basis.

I am afraid that in view of the way this government has been proceeding lately with its patchwork, haphazard approach to our domestic airlines, some pretty firm policy directives will need to be forthcoming soon if the people are to have any confidence at all in the Department of Transport's air planners.

This whole exercise of the Nordair takeover—by a giant Crown-owned airline or by the Government of Canada itself—goes right to the heart of why I entered political life. More and more, I have become concerned with the extent of government involvement in the lives of Canadians. I do not believe in government takeover simply for the sake of government takeover. I believe that nothing functions like free competition. It was competition that built this country to the second highest standard of living in the world. It is the erosion of competition and government intervention in the marketplace that has contributed to reducing Canada's standard of living to seventh place. This Nordair takeover negates competition, Mr. Speaker, and I feel it is about time that the Government of Canada stopped interfering with the marketplace and with the lives of Canadians and got out of areas where it has no place.

In the area of regional air carriers which is under discussion here today, I want to assure the Minister of Transport again that I am aware of the highly complex nature of Canada's domestic airline policy. I know it takes time to integrate routes—national versus regional versus local services—always

keeping in mind that the people who have to foot the bill for all this, whether they are paying fares in the air or paying taxes on the ground, are the consumers of Canada.

I also wish to serve notice on behalf of the people of Hamilton-Wentworth that there are answers we must get from this government, and I will be pressing the Minister of Transport for these answers in this House and in committee.

In closing, sir, may I pay tribute to my new and distinguished colleagues from the by-election wars of October 16. Several of the new members have launched their parliamentary careers with the tension and excitement I have experienced this afternoon. Good luck, gentlemen. And now, Mr. Speaker, we have work to do for Canada.

Some hon. Members: Hear, hear!

Hon. Herb Gray (Windsor West): Mr. Speaker, I should like to begin by congratulating the hon. member for Hamilton-Wentworth (Mr. Scott) on his election and on his maiden speech. I hope, however, that it will not be taken as an unfriendly or unkind remark if I say there are those on this side of the House who hope that one result of the next election will be that he will be continuing his work in this chamber but from a seat above and behind the Speaker.

Some hon. Members: Hear, hear!

Mr. Gray: Mr. Speaker, in opposing this motion I want to speak primarily of the government's decision on Nordair yesterday and about its present meaning and its implications for future government policy. I look on yesterday's decision as a victory for myself and for those who have opposed the Air Canada's takeover of Nordair, as I did from the time Air Canada's intentions first appeared in the press. The decision means success for my efforts and the efforts of groups like the Consumers' Association of Canada who did not want Air Canada to be able to direct the operation of Nordair.

The approach used by the government to bring this about is certainly novel and complex. It will allow the controlling shares of Nordair to be sold to Air Canada but, as I understand it, they will immediately be transferred to the government and the government will hold the shares with the objective of selling them to a non-government body within twelve months so that Nordair will continue as a private sector operator.

As I understand it, however, the twelve-month period, contrary to what was suggested by the leader of the New Democratic Party, is not a deadline; it is an objective. The government is not locked into selling at whatever price it offered within the 12-month period.

As I see it, the government is, in effect, acting as trustee of the controlling shares of Nordair while a satisfactory purchaser other than Air Canada is found for it and while a general restructuring and reorganization of regional air services in eastern Canada is worked out.

By proceeding in the manner announced yesterday the government has at one and the same time achieved two important objectives that would not have been accomplished simply by rejecting the Canadian Transport Commission's decisions to allow Air Canada to take over Nordair. What are these objectives, Mr. Speaker? On the one hand, the group presently controlling Nordair will be able to sell their shares and get out of the picture. On the other hand, this would be done without the result being that Air Canada would be involved, directly or indirectly, in the operation of Nordair. The group presently controlling Nordair suggested that if they could not now sell their shares on the terms set out in their agreement with Air Canada, they would begin selling the planes used by Nordair since they could gain a very good price on world markets for aircraft.

I must say that I have always been skeptical about this. I say this since the operating licence awarded Nordair imposed on it legal obligations to provide scheduled services in the terms set out in the licence to the routes listed. I had always doubted that Nordair could simply abandon these routes without facing legal sanctions by the Canadian Transport Commission.

It appears clear, however, that the Nordair control group are not interested in having their capital involved in Nordair. If they are not fully interested in doing so, keeping them in place against their will for some period of time could mean some deterioration in the level of management, efficiency and quality of service offered by Nordair, plus a possible lack of aggressiveness in seeking and building additional business for it.

Also, simply rejecting the Air Canada-Nordair transaction would mean that efforts by private groups to buy Nordair would start from scratch. The Nordair control group could begin bargaining afresh, asking for different terms and conditions than those in their agreement with Air Canada. Time would be lost in ending any present uncertainty about Nordair's future, while leaving in place an ownership group not totally committed to its most active and efficient operation.

By having Air Canada carry out its existing agreement with Nordair shareholders, the transaction would be completed relatively soon on terms and conditions which the controlling shareholders are already committed to accept, and the government, in acquiring the shares immediately thereafter, could move more quickly than would otherwise be the case to carry out the sale of Nordair to other interested groups or another interested group in the private sector.

The government decision on Nordair and the announcement yesterday is part of the process to renew and update the present regional and national air carrier policy. In his press conference yesterday following his announcement of the Nordair decision the Minister of Transport (Mr. Lang) appeared to suggest he had in mind that as part of the development and implementation of the new policy there would be changes in the present pattern of service on some routes. He appeared to be saying that on some routes service may not be provided in future by both Air Canada and the regional carrier once the restructuring he has in mind is in place.

I would like to remind the House and the minister of the principal reason for my opposition to the takeover of Air Canada by Nordair. It was this: I did not want to have people in the Windsor area and Canadians generally lose the benefit presently available to them through having both Air Canada and Nordair offer competitive service between Windsor, Hamilton, Ottawa and Montreal.

● (1702)

The leader of the New Democratic Party is quite mistaken in saying in his speech a few moments ago that Air Canada and Nordair do not compete except in a limited way. In fact, they compete in the main population corridor of Canada which is between Windsor and Montreal. Allowing the acquisition of Nordair by Air Canada could not in my view work in the best interests of the travelling public or the public generally.

This competition presently existing between Air Canada and Nordair over the past several years has meant better service for travellers. It has kept Air Canada on its toes. Nordair has broadened the range of scheduled flights between Windsor, Hamilton, Ottawa and Montreal and has offered fares in a number of cases lower than those of Air Canada. I have argued that if the takeover were allowed it would take away these benefits of competition and generally would not be in the best interests of the Canadian public. In my view, any restructing the minister may have in mind must not mean any lessening of the present level of competitive air service presently available to the people of Windsor and the travelling public in that corridor. I will be following developments in this area closely and I will be opposing any moves which would mean a lessening of service presently offered in the area I have mentioned. I say this even though I commend the government for the effect of yesterday's decision, that of preventing Air Canada from being involved in the operation of Nordair.

Air Canada's president argued during the Canadian Transport Commission hearings that it would be possible for Nordair to operate independently of Air Canada if Air Canada bought control of it. But, at the same time, his evidence at the hearings indicated that this would not really be possible. He said that Air Canada would be appointing the board of directors of Nordair and would be giving directions to Nordair by way of guidelines for its operation. After the Canadian Transport Commission's decision, Air Canada agreed with its pilots to have a merged seniority list for both airlines, once Air Canada took Nordair over, and not the other way around, as the hon. member for Hamilton-Wentworth suggested. I think this further added to the scepticism of myself and many others about Nordair ever being able to operate truly independently of Air Canada if a takeover had taken place, especially in cases where they competed directly along the same routes, as they do between Windsor and Montreal. The government's evolving national and regional transport policies must ensure that to a greater extent than at present the benefits of competition are available to air travellers in Canada, and those travelling to and from our country.

Achieving this through lessening regulation of the industry and allowing more competition, for example between Air Canada, Canadian Pacific and other carriers, would be welcome in my view in so far as it leads to Canadians being able to use a wider range of scheduled services at fares equivalent to those they would pay to fly the same distances in the United States and overseas.

We need to take steps to end situations in which it appears to cost Canadians less to fly on scheduled routes outside of Canada, sometimes even on Canadian carriers, than it does to fly within Canada unless people make reservations and pay fares many weeks in advance on a special charter class basis, that is, assuming such special charter class seats are available, which is not always the case. But at the same time deregulation should not proceed to the extent that it means a withdrawal of scheduled air services from certain communities because of their size or because of their distance from the core of Canadian population making these routes less profitable for air lines and other routes. There must be a balance in our national air policy between measures to maximize rates of return for airlines and the legitimate need for air service throughout our country.

The regulations should not mean simply providing additional competing scheduled service to some areas and its withdrawal from others. Our new policy as it is implemented must have this necessary degree of balance between competition and service. I would like to say, Mr. Speaker, even though I commend the government for its objective in its announcement yesterday—the objective of preventing Nordair from being taken over by Air Canada—that there is need for improvement in the method by which appeals to cabinet from decisions of the Canadian Transport Commission and other regulatory tribunals are carried out. At present there is uncertainty about the exact nature of the process involved and how it works. There is need, therefore, for the cabinet to set out at the very least a minimum set of rules by which it will consider itself bound to make that process more open and to ensure that members of the public involved in such appeals will always get a full and fair hearing.

A federal court judgment now under appeal suggests, I understand, that this is not necessary because of what the cabinet does in considering that an appeal from a decision by the Canadian Transport Commission is essentially political. In my view, however, there is as great a need for guidelines to ensure a fair hearing in appeals to cabinet as in other kinds of government decision making.

I recall not one word of complaint made by the official opposition in past months about the takeover of Pacific Western Airlines by the Alberta government. I hope that there is no double standard here. The Leader of the Opposition (Mr. Clark) suggested today that he and his party accepted the takeover of Pacific Western Airlines because the Alberta government intends to divest itself of it at some future date. But I recall no date being set for this by the Alberta government, not even as an objective to be met, as was done by the Minister of Transport in his Nordair announcement yesterday.

The Leader of the Opposition gave us none today. Instead of divesting itself of Pacific Western Airlines, the Conservative government of Alberta has been extending its involvement in the private sector. Under Alberta ownership, not long ago Pacific Western Airlines went on to acquire Transair—not that this should not have happened under the circumstances, but it still does mean another form of extension of government ownership.

Mr. Hnatyshyn: We do not have an air service in Saskatchewan.

Mr. Gray: I think Canadians could well be troubled at seeing the official opposition remaining silent at a time when a Conservative provincial government gets involved in the air travel industry and, also opposes decisions made by the federal government that involve efforts on a national basis in the interests of all Canadians. After all, much of the past history and future of Canada are based on the development of its transportation systems.

This provided a reason, one important reason, for the regions of Canada coming together as one country in 1867 and afterwards. Transportation systems on a national basis are essential strands in the fabric holding this country together. The expertise of Canadians in transportation provides one of the key areas for the industrial strategy we need to make our economy more innovative and more competitive in domestic and international markets. The valuable and useful transportation policies we have had in the past, the necessity and the ability to improve them to meet the needs of Canada today and tomorrow show us why we must continue to have a strong federal government, which is not just one out of 11 governments within the land mass called Canada, but instead is a strong national government working in the interests of all the people of this country as Canadians.

Some hon. Members: Hear, hear!

Mr. Gray: To conclude, the opposition motion, as explained by the Leader of the Opposition, conflicts with this essential objective for this country and its people. Therefore, I say it should not be supported. We should defeat it and go on to put into effect policies maintaining a strong central government, one which responds to the challenges and potential of this country and its people.

● (1712)

Mr. Thomas Siddon (Burnaby-Richmond-Delta): Mr. Speaker, I count it a great privilege to address this House today, sparsely populated as it is. I had hoped the minister would be here to hear my remarks because I have some things to say to him. It gives me great pleasure to be here together with the Leader of the Opposition (Mr. Clark) and with my highly respected colleague from Hamilton-Wentworth (Mr. Scott), and to speak in support of the motion before the House.

This motion of non-confidence cites a failure by government members opposite, a failure to implement a competitive air transportation policy which recognizes the legitimate and rightful aspirations of our private sector airlines. Indeed, this motion indicts the government for its repeated refusal to pay more than lip service to the common-sense principle that private sector airlines be allowed far greater freedom to compete with Air Canada. To be more specific, we believe that privately financed airlines should be entitled to a much greater share of the air transportation business in Canada, and that future growth must be directed almost entirely toward these privately-owned industries.

Today I will discuss the long and frustrating struggle of CP Air, formerly known as Canadian Pacific Airlines, which, as members know, is Canada's only privately-owned international flag carrier. In spite of its outstanding record of service to Canadians for more than 36 years, CP Air is restricted today to only one third the service volume of its major competitor, the government-owned Air Canada.

These unfair and inequitable policies of discrimination against private airlines such as CP Air must be laid squarely at the feet of the present Minister of Transport (Mr. Lang) and his predecessor, Mr. Marchand. These ministers have, since 1973, demonstrated a remarkable dexterity. On the one hand, the ministers have repeatedly announced new initiatives which created the appearance of favouring CP Air's case for greater access to air routes.

On the other hand, and in each case, these same Ministers of Transport have reversed their earlier public commitments by giving approval to CTC recommendations and policies which were highly favourable to Air Canada and generally detrimental to the future of CP Air. The record bears close examination on this score and I intend to return to this point later to cite specific instances.

Mr. Speaker, as this occasion might be deemed my "maiden speech" in this House—I do not feel much like a maiden at the moment, but I will not go into the technical details of that—I beg your indulgence to allow me to digress for a few moments. It is certainly a great honour and a great obligation to be elected to this House as the representative of more than many thousands of people in the British Columbia riding of Burnaby-Richmond-Delta. I look forward to a healthy and productive fellowship with all members of this House and intend to conduct myself with diligence, decency and dignity in the prosecution of my duties here.

However, it would be remiss of me if I did not underscore the nature of my mandate for the next few months. I have been elected to bring the strong feelings of my constituents to bear on the deliberations of this government during its final days in office. I have been elected to help reveal the ineptitude, the inefficiency, and the callousness exhibited by the present administration during its ten years of dominance over this House.

The people of my riding have spoken, as did many other Canadians in at least ten ridings across this nation on October 16. Canadians are demanding a return to integrity and efficiency in the management of Canada's economy and of our human and natural resources. Canadians are fed up with this

rudderless, bankrupt government. They are fed up with a persistent erosion of individual rights and freedoms by an increasingly authoritarian, centralist power. They are fed up with socialistic over-regulation of the private sector, excessive taxation, and irrelevant, wasteful spending from the public purse, a purse which is now empty save for some staggering IOUs. They are frightened by a growing tendency for a guilty government to cover its tail in secrecy, by a breakdown in parliamentary traditions, and by a dwindling lack of optimism in the future of this country. My constituents are frustrated with a government run by back-room empire-building bureaucrats who have had their job security guaranteed by decades of Liberal dominance in Ottawa, a dominance which attaches very little importance to the problems and aspirations of western Canadians.

The people of Canada spoke out on October 16. They are calling for new leadership from a new national government. They want leadership which reflects the hopes and dreams of all Canadians, not just a narrow few. They want relief from the burden of excessive taxation, over regulation and regimentation which has so stifled the independent spirit of Canadians these past ten years under the leadership of the present Prime Minister (Mr. Trudeau). They want an elimination of waste, bureaucratic red tape and palatial extravagance as practised by the present government. Make no mistake about it; there is only one political philosophy which recognizes that productivity and prosperity can only be achieved by hard-working individuals, freed of the heavy hand of government. There is only one national leader today who can build a team to implement that philosophy, indeed who has built a team to implement that philosophy.

Some hon. Members: Hear, hear!

Mr. Siddon: I look forward to serving with that leader, as a member of a new government, in a new era for Canada.

Thank you for your indulgence, Mr. Speaker. The point I was making was that the October 16 indictment, the appallingly weak record of this government, is reason enough for members present to support the motion of non-confidence which is before this House. However, I wish now to return to the question of a more competitive air policy, a concept which has been denied to Canada's privately-owned airlines for far too long.

I submit that if Canadian airlines had greater access to competition with Air Canada, if Air Canada would stop growing at a faster rate than any other Canadian airline, indeed if Air Canada would consider the possibility of zero growth for a while, we would have far less trouble and conflict among the privately-owned regional and third-level air carriers. We would not have shutdowns, lay-offs or squabbles with Time Airways, Transair, PW Air, BC Airlines, West Coast Air, Great Lakes Airways, Quebecair, Eastern Provincial Airways, Nordair and all the rest. These Canadian airlines would have more room for growth and more opportunity to flourish. These private airlines must already operate with greater efficiency than Air Canada, not having the benefit of the public purse to bail them out, as was the case with the recent recapitalization of Air Canada to the tune of about $1 billion.

I turn now to CP Air and place it in special focus for two reasons. First, CP Air has maintained its home base of operations for many years on Sea Island, in the municipality of Richmond, a part of my riding. In 1978, CP Air will pump more than $280 million into the B.C. economy. Of this, $106 million will be the payroll of CP Air employees in the Vancouver-Richmond area. These persons account for 4,400 of the total work force of 7,100 people employed by the CP Air system, which spans five continents. CP Air also makes a significant contribution to local property taxes raised by the municipality of Richmond.

Secondly, Mr. Speaker, CP Air is a spirited industry, built on the dreams of the late Grant McConachie, one of Canada's bush-flying pioneers. There is a family-like quality among the employees of CP Air. At all levels of responsibility there is a high degree of mutual support, a pre-occupation with excellence of service, and an instinct for corporate survival on the part of everyone who works for the airline. Would that the same could be said about the government airline, Air Canada.

As I indicated earlier, CP Air has had its share of false optimism from the present Minister of Transport, and his predecessor, Senator Marchand. Now the minister has tried it yet again, in his press release of yesterday, November 7, wherein the minister stated, and I quote:

> The government is considering the manner in which current restrictions on CP Air Limited should be eased and how CP Air and Air Canada, along with regional airlines and Wardair, a major charter operator, may continue to be strengthened as our major airline operators in Canada and abroad.

Such a statement probably sounds impressive to the average voter, at whom the minister's press release is obviously aimed. However, in the eyes of private sector airlines these statements are little more than meaningless, hollow, baffle-gab. They have heard the song before somewhere, and it usually means "watch out, there's trouble coming!"

Experience has taught the private airlines that a one night stand with the Minister of Transport generally leaves nothing more than a headache the morning after. I would like to elaborate, Mr. Speaker. In its international aviation policy of 1965-66, the government clearly established the right of CP Air to serve the low volume, long range routes to the Pacific rim nations—Asia, Australia and New Zealand—southern and southeast Europe and South America. To Air Canada were assigned the more lucrative routes to the United Kingdom, western, northern and eastern Europe and the Caribbean. Subsequently, CP Air found a way to make many of its marginal routes productive.

● (1722)

Then in a major statement on air policy in November of 1973, the minister at that time, Mr. Marchand, said:

> While Air Canada remains the pre-eminent carrier in terms of its very significant domestic role as well as its international role, there is room for a substantial expansion of the second, privately-owned airline.

Hon. members should remember those words "there is room for a substantial expansion of the second, privately-owned airline".

As part and parcel of this 1973 air policy the minister then proceeded to reassign many areas formerly in CP Air's territory to Air Canada. Thus, Air Canada picked up access to Venezuela, Colombia, the former Guianas, Yugoslavia, Lebanon, India and Pakistan as well as popular destinations in Southeast Asia such as Hong Kong. Together with Brazil, these were reassigned to be serviced either by Air Canada or CP Air, or both. All these destinations had formerly been the exclusive right of CP Air and many had been developed successfully into paying ventures. The 1973 policy also assigned all of Africa to Air Canada with the exception of a few sparsely populated North African countries which were cast off to CP Air. So much for CP Air's share of Air Canada's world.

In his 1973 policy statement, the former transport minister, Mr. Marchand, also stated:

> This transcontinental policy, favouring 75 per cent pre-eminence by Air Canada, is basically to be retained although I have asked for a report on the feasibility of relaxing certain restrictions on CP operations which now oblige them to originate and terminate all flights in Vancouver and Montreal.

Some five years have now passed, Mr. Speaker, but that promised report has never reached this House. CP Air is still required to turn around its transcontinental flights at Vancouver and Montreal resulting in sections of some flights being forced to operate at times when the public does not want to travel. Because of government interference, CP Air is unable to provide a completely competitive product to the travelling public. Indeed, CP Air has to absorb the costs of this inefficiency against its operating margin, all because of this ridiculous government regulation.

What would be the practical solution to this turnaround problem? To use the words of Mr. H. D. Cameron, a vice-president at CP Air, it would be—

> —to have the same type of licence as Air Canada: all their Canadian points are licensed without restrictions against turning flights around at any point.

CP Air has repeatedly attempted to obtain such a consolidated licence which would serve to integrate several of the point to point domestic licences the airline has obtained over the years.

On June 28, 1977 the present minister was quoted in a press release as saying:

> The government will have no objection to consolidating all CP Air services in Canada under one licence to allow it to operate flights between any two points named in the consolidatd licence.

Well, Mr. Speaker, CP Air subsequently made formal application for such a licence and the request was turned down. So much for the public commitment by the Minister of Transport.

Perhaps the most incredible injustice of all occurred as a result of the Canada-U.S. air agreement of 1974. In his 1973 policy statement the minister of transport announced he would "encourage more co-operation between CP Air and Air Canada in the context of benefits to Canada." I ask members to listen carefully to one example of such co-operation as described by the president of CP Air, Mr. Ian Gray, in his recent address to the Men's Canada Club of Ottawa:

> We recognize that it has been government policy to assure the pre-eminence of Air Canada. But in the case of the allocation of the new trans-border air routes as a result of the Canada-U.S. air agreement of 1974 we believe there was a serious miscarriage of justice.
>
> Both carriers had to make costly concessions in the form of new competition from U.S. carriers as part of the agreement. It was understood that each of the two Canadian carriers would be compensated proportionately in the award of the new routes. Certainly, few anticipated that the division would be anything less than the 25/75 ratio which exists between CP Air and Air Canada on the transcon route. To our astonishment and chagrin, however, Air Canada was handed 11 of the 12 non-regional type trans-border routes and CP Air got only one—Vancouver to Los Angeles.

Mr. Gray of CP Air went on to state:

> Air Canada was assigned Montreal-Toronto-San Francisco giving them an additional competitive entry into the Pacific rim market and further encouraging the flow of Canadian traffic across the Pacific by means of inter-line connections with foreign carriers to the detriment of the Canadian economy.
>
> Also damaging to us was the award to Air Canada of direct services from Edmonton and Calgary to San Francisco and Los Angeles. This has the effect of diverting substantial traffic from our services to California.

Such decisions are certainly not in the national interest. I understand that Air Canada is now actively promoting Pacific Rim travel packages from Eastern Canadian points to the Orient and Australia via Los Angeles and San Francisco. Air Canada flies the 20 per cent portion across North America while various foreign air lines fly the remaining 80 per cent portion across the Pacific. What does this do for Far-Eastern tours operated by CP Air out of Vancouver? Indeed, what does such foolishness do for the Canadian economy generally?

I could go on and on, Mr. Speaker, giving examples of questionable commitments by the Minister of Transport. However, I will close with just two more bafflegab utterings by the hon. gentleman. On June 28, 1977, he said:

> CP Air is currently allowed 25 per cent of the trans-continental market capacity between Vancouver and Montreal and while this base ratio will be continued for current capacity the airline will be allowed a slight increase through a larger share of growth in traffic to 35 per cent in 1978 and 45 per cent in 1979.

This statement does not say what it appears to say. It does not make any commitment to increasing Canadian Pacific's share to 35 per cent or 45 per cent of the total pie. Given a fairly healthy rate of air traffic growth at 4 per cent per year, the minister's statement merely allows for an increase in CP Air's share of the transcontinental market capacity to about 28 per cent by the end of 1979. My recommendation would be that CP Air should enjoy 100 per cent of the growth on transcontinental routes each year for the next few years until it has achieved an equitable 50 per cent of the trans-continental service. We could then begin to talk about true competition between our two flag-carrying national airlines.

On a final note, Mr. Speaker, I refer to yesterday's press release by the Minister of Transport in which he announced that the government "has no objection to CP Air applying to the Canadian Transport Commission for permission to operate into the Atlantic provinces in conformity with the CTC's regulatory requirements." The truth of the matter is this: CP

Air has requested the minister's permission for access to Atlantic Canada on a number of occasions during the past two years. Competitive service is justified now between Vancouver and Halifax via Toronto. The applications have been put in for some months. What we have here, as so aptly put in a recent edition of the Halifax *Chronicle-Herald*, is a case of "Too Lang a delay".

An hon. Member: Oh!

Mr. Siddon: To sum up, Mr. Speaker, we hope this House will tell the government what it thinks about its creeping socialistic takeover of private sector industries. I appeal to members on the opposite side of the House who truly believe in the principle of private enterprise to join with us today in support of this motion of non-confidence in this most incapable government.

● (1732)

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, thank you for allowing me to speak at this time. Having heard the Leader of the Opposition (Mr. Clark) and a few members of his party who spoke on the motion, I admit that we could easily be led to believe that they are arriving today from some unknown planet and that they have never opened a Canadian history book. All we heard, Mr. Speaker, are the words competition and private enterprise as if it were a cure-all, as if they did not know that Canada—the second largest country in the world—is sparsely populated and without state intervention as far as air services are concerned, hundreds of communities in our country would be without them.

I wonder, Mr. Speaker, how the Leader of the Opposition sees our country. He voices approval at Alberta's purchase of an airline, but is suddenly shocked because we have a successful national airline, Air Canada, and because the government buys a regional carrier on behalf of Canadians. Why should we be shocked, Mr. Speaker, because Canadians are the owners of air lines? In that respect I think I share the view of the leader of the New Democratic Party (Mr. Broadbent) who feels that we do not have to be ashamed because we have spent public funds to provide essential services for Canadians scattered throughout the country. And if we take a look at the way things are done in several other countries, be it in France, in Italy, in Germany, in Switzerland or in Australia, we can see that these countries do not hesitate to have only one national airline responsible for both domestic and international services. We can see, therefore, that we should not hesitate to do our utmost to protect Air Canada and other regional air carriers in Canada.

In his speech, the Leader of the Opposition said that it does not make any sense that national carriers should take over the regional markets; he also complained about the fact that Air Canada has flown right out of Bagotville. Mr. Speaker, I cannot think of a more obvious contradiction. When one of my colleagues asked him whether he thought Air Canada should abandon the service in northern Ontario, for instance North Bay, all he could say was that he did not know if it was better to maintain competition with local, regional, third- or fourth-level carriers, but as he mentioned in his speech he did not want to commit himself and say whether Air Canada or any national airline should withdraw from regional markets.

He also said in his speech that if he were to take office he would develop a whole new policy involving the utilization of the short take-off and landing aircraft. He probably took his ideas from the report published by the Department of Transport under this minister on the future utilization of the STOL aircraft between Toronto, Ottawa, Montreal and, eventually, Quebec city and Windsor. He also said in his lengthy speech in support of his motion of non-confidence in the government that once in office he would set up a policy governing chartered flights, as if he was not aware that last spring this government, at the suggestion of the Minister of Transport, set up a chartered flight policy in Canada which is most advantageous for Canadian people who want to visit their country from east to west.

Mr. Speaker, commenting on the takeover by the government of Canada of Nordair shares, the hon. member for Rimouski (Mr. Allard) said that we wanted to cut the ground from under Quebecair's feet. I think this is the most frivolous allegation made during the debate this afternoon, because we know very well that Quebecair made no offer for the purchase of Nordair when the company decided to sell.

Mr. Speaker, in light of this debate, I think it is important to have an idea of what kind of country we want. Do we think that by opening all valves on behalf of sacrosanct competition and private enterprise we shall eventually have ten or fifteen airlines, all the while applauding any province anxious to buy its own airline and forgetting the national interest, Mr. Speaker, which, I believe, should override all regional interests?

Mr. Speaker, I would like to state clearly and unequivocally that Nordair will remain a regional carrier and that, in the next twelve months, when we will be trying to find a better way of ensuring a coalition of regional carriers in the east, we will be able to maintain all air routes now served by this airline. We are trying, through this measure, to strengthen in some way the position of regional air carriers in eastern Canada. We are considering some changes at the regional as well as the national level. By strenghtening the activity of regional air carriers, we are hoping to improve service as well as to increase competition between carriers. This must be achieved, Mr. Speaker, without the participation of the government and of Nordair's management and operation. What the government would want to see is some form of regional merger to improve commercial operations on a greater number of routes in eastern Canada.

When it comes to merging, eastern Canada airlines such as Quebecair, Great Lakes and Eastern Provincial Airways immediately come to mind. However, one must not exclude any other group which would eventually be interested in purchasing the shares now held by government. Although the government now owns these shares, it must be pointed out that the company will continue under the present management team. For example, the president, Mr. Lefrançois, will not quit. Quite the contrary, during this interim period the management and the operation of the company will continue as they were in the past. Taking over the financial aspects of Nordair for the next twelve months will enable the government to ensure the funding and merging of regional carriers. Quite obviously, too much dissipation of efforts on a regional basis will not give good results. By acquiring Nordair, the government takes advantage of an excellent opportunity to review the whole network of airlines in eastern Canada, on a current as well as future operational basis.

In reorganizing regional air transportation, I do not see any problem in there being both competition and co-operation between regional and national carriers. So there can be competition for routes and co-operation with regard to schedules, the main objective still being to provide an efficient service at a reasonable cost. Mr. Speaker, last week I had the pleasure of a discussing this problem rather specifically with representatives of the Miramichi economic society and representatives from Chatham who complained for instance of a lack of co-ordination between EPA schedules on flights between Chatham and Fredericton and asked for a connecting Air Canada flight to Montreal. So I think there is much room for greater co-operation among airlines and for competition.

Mr. Speaker, there is another thing I want to point out and which the Leader of the Opposition (Mr. Clark) mentioned in his speech, namely his shocked attitude when he spoke about Canadair and de Havilland operations. One might have thought the Leader of the Opposition was jealous of Canadair's unprecedented success, and I would have liked him to say to the 500 Canadair skilled workers and technicians that, in his opinion, it was high time this great state-owned and highly successful corporation be handed over to the private sector. He forgot to mention also the role of the government in the expansion of the Fleet company in southern Ontario which manufactures parts for long range patrol aircraft and how, as a result of government intervention, the number of employees has gone from 200 to 1,000 within 18 months.

To want to sacrifice everything for the sake of free enterprise and competition in this country is, as I said earlier, to disregard the entire history of this country which was first developed, if we go back to the beginning of the railways, thanks to the CNR and also, of course, because the fabric of our history could be protected precisely by keeping a strong government hand in business while at the same time promoting a free enterprise system which could also make profits.

So I think that the motion before us today should be unequivocally rejected by all members of this House.

I think we picked up today in the statement of the hon. Leader of the Official Opposition (Mr. Clark) the most obvious contradiction that could be expected from a party which wrongly hopes—and very much so, Mr. Speaker—to replace us. On the one hand they argue that national airlines should not fly regional routes, but on the other hand they complain about the fact that national airlines no longer serve cities such as Bagotville and they are unable to say whether the national airlines or rather, in this case, Air Canada, will continue to operate in northern Ontario. Mr. Speaker, I do not think that by talking on both sides of the fence, as did the Leader of the Opposition today, we will succeed in setting up sensible guidelines in the field of air transportation.

The present policy of the government is to continue to have two main regional carriers and two main—

• (1742)

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. It being 5.45 p.m. it is my duty to interrupt proceedings and to put forthwith every question necessary to dispose of the supply proceedings now before the House under the provisions of Standing Order 58(9).

Therefore, the question is on the motion of Mr. Clark. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Carried.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Clark) which was negatived on the following division:

(*Division No. 9*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Cadieu
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Coates
Corbett
Cossitt
Crosbie
(St. John's West)
Crosby
(Halifax-East Hants)
Crouse
Darling
de Cotret
Dick
Dinsdale
Elzinga
Epp
Forrestall
Fraser
Friesen
Gauthier
(Roberval)
Gillies
Grafftey
Halliday
Hamilton
(Qu'Appelle-Moose Mountain)
Hamilton
(Swift Current-Maple Creek)
Hare
Hargrave
Hees
Hnatyshyn
Holmes
Howie
Huntington
Hurlburt
Janelle
Jarvis
Jelinek
Jones
Kempling
Knowles
(Norfolk-Haldimand)
Korchinski
Lambert
(Edmonton West)
Laprise
La Salle
Lawrence
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Macquarrie
Malone
Masniuk
Mazankowski
McCain
McCrossan
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro
(Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Oberle
Paproski
Parker
Patterson
Pigott (Mrs.)
Ritchie
Roche
Rondeau
Rynard
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shymko
Siddon
Smith
(Churchill)
Stanfield
Stevens
Stewart
(Marquette)
Towers
Wenman
Whiteway
Whittaker
Wise
Woolliams
Yewchuk—93.

NAYS

Messrs.

Abbott
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Béchard
Bégin (Miss)
Benjamin
Blackburn
Blais
Blaker
Blouin
Boulanger
Breau
Broadbent
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-Miramichi)
Douglas
(Bruce-Grey)
Douglas
(Nanaimo-Cowichan-The Islands)
Duclos
Dupont
Duquet
Ethier
Firth
Fleming
Fox
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jamieson
Johnston
(Westmount)
Kaplan
Knowles
(Winnipeg North Centre)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Leggatt
Lessard
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Nicholson (Miss)
Nystrom
O'Connell
Olivier
Orlikow
Ouellet
Parent
Pearsall
Pelletier
Penner
Philbrook
Pinard
Portelance
Prud'homme
Rae
Railton
Reid
Roberts
Robinson
Rodriguez
Rooney
Roy
(Timmins)
Roy
(Laval)
Saltsman
Savard
Smith
(Saint-Jean)
Stewart
(Cochrane)
Symes
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Yanakis
Young—132.

● (1812)

Mr. Speaker: I therefore declare the motion defeated.

It being after six o'clock, this House stands adjourned until tomorrow at two o'clock.

At 6.15 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, November 9, 1978

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

SPOILED FISH BEING SUPPLIED TO INDIAN BAND IN SKEENA, B.C.—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity relating to some food provided to an Indian band in the Skeena area.

In light of the supply of low quality and even rotten fish to the Indian band in the Skeena area, I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Minister of Fisheries and the Environment take the necessary measures to discipline the official who selected and is now insisting that the spoiled fish be provided to the Indian band, and that the band's needs be met without further delay by supplying tinned salmon unless good quality, freezable and smokable salmon can be found.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent, pursuant to the provisions of Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1407)

ROYAL CANADIAN MOUNTED POLICE

TESTIMONY BEFORE McDONALD COMMISSION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a motion to move under the provisions of Standing Order 43. In view of the statement by retired RCMP security chief John Starnes at the McDonald inquiry yesterday, that only an idiot would not have been aware that the RCMP were breaking laws in the line of duty, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House consider whether Mr. Starnes' statement completely and utterly exonerates the entire cabinet from any wrongdoing.

INDUSTRY

PRODUCTIVITY INCENTIVES—MOTION UNDER S.O. 43

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I propose a motion under Standing Order 43 on a matter of urgent and pressing necessity. As this country is losing manufacturing jobs at an annual rate of more than 100,000 jobs a year—

Mr. Horner: Those figures are completely false.

Mr. Hees: —and due to the fact that productivity in Canada is 20 per cent below that of the United States, our chief industrial competitor, making our products cost more and selling higher prices than theirs, and as the only answer given—

Mr. Speaker: Order.

Mr. Hees: —by the Minister of Industry, Trade and Commerce (Mr. Horner)—

Mr. Speaker: Order. I would refer the hon. member to the very excellent interventions made by two or three of his colleagues who sit very close to him in the debate last Monday. If the hon. member has a motion, would he put it forthwith.

Mr. Hees: As I was saying, the only answer he gave was about airplanes.

I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That this House direct the Minister of Industry, Trade and Commerce to immediately introduce productivity incentives, to be paid in direct proportion to increases in productivity, so that this country can bring its productivity at least up to that of the United States and stop the loss of more than 100,000 manufacturing jobs a year.

Mr. Speaker: The presentation of such a motion for debate at this time, under Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Horner: A point of order, Mr. Speaker, a point of order.

Mr. Speaker: Order. Since the inception of the procedures which we have been following with respect to the order of business at two o'clock, every day we begin with applications pursuant to Standing Order 43, followed by the question period. The direction upon which the Chair has felt bound, and which seems to me to be quite satisfactory to all members, is that points of order during that period are taken up at three

o'clock, not during the period for Standing Order 43 motions or the question period.

* * *

THE CANADIAN ECONOMY

HIGH RATE OF BANKRUPTCY IN SMALL BUSINESS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, if the high-flying Minister of Industry, Trade and Commerce (Mr. Horner) would cool down for a moment, I would like to raise a matter of urgent and pressing necessity under Standing Order 43.

In view of the fact that exuberant bank rate increases will further adversely influence the record-breaking number of bankruptcies within the small business sector, resulting from costly and inadequate financing, and because a recent survey indicates that more than 95 per cent of small businessmen applying for a loan under the Small Businesses Loans Act were turned down due to a lack of government initiative in promoting the program, along with a lack of co-operation by the chartered banks themselves, I move, seconded by the hon. member for Ottawa Centre (Mr. de Cotret):

That this House instruct the Minister of Finance to encourage chartered banks to co-operate fully under the provisions of the Small Businesses Loans Act, and at the same time enhance and promote the act by amending it to include venture capital loans at preferential rates for the small businessman.

Mr. Speaker: The presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

TRANSPORT

MOVEMENT OF GRAIN—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, the CPR has refused to co-operate with the government of Canada to repair boxcars to increase our grain movement capability.

Because our deteriorating ability to move grain is costing the Canadian economy $700 million per year, and in view of the precedent of this House in legislating Canadian workers back to work, I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House request the Minister of Transport to present a bill to legislate the CPR back to work hauling grain for the farmers of Canada.

Mr. Speaker: Presentation of such a motion for debate at this time would require unanimous consent, pursuant to Standing Order 43. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIR TRANSPORT

NATIONAL AIR CARRIERS' ROLE IN REGIONAL AIR TRAFFIC—MOTION UNDER S.O. 43

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I rise under the provisions of Standing Order 43.

In light of the apparent adoption yesterday by the Leader of the Opposition of a policy that Air Canada should be excluded from regional air routes in southwestern and northern Ontario, I move, seconded by the hon. member for Wellington (Mr. Maine):

That this House go on record as affirming that national air carriers should not be excluded from a role in regional air traffic.

Mr. Speaker: Such a motion can be presented for debate at this time only with the unanimous consent of the House, in accordance with the terms of Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

RAILWAY LINES RECOMMENDED FOR FURTHER STUDY BY HALL COMMISSION—MOTION UNDER S.O. 43

Mr. Arnold Malone (Battle River): Mr. Speaker, I should like to move a motion under the terms of Standing Order 43.

In light of the fact that information collected gives every reason to suspect that those railway lines that were recommended for further study by Chief Justice Emmett Hall are receiving a consistently and extraordinarily low level of service, probably with an intent to force the ultimate closing of those railway lines without community hearings, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the Minister of Transport institute a parliamentary committee to do a full and thorough investigation of the seemingly unjust working arrangements with the section of the rail network that was recommended for future study by Chief Justice Emmett Hall.

Mr. Speaker: Presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

VETERANS AFFAIRS

REQUEST FOR IMPROVED PENSIONS FOR WIDOWS OF WAR VETERANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of all the poppies being worn in this House, I hope no one will say no to this very reasonable motion.

I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That, in recognition of this Saturday as Remembrance Day, this House expresses the hope that steps will soon be taken to improve the pension position of all widows of Canada's war veterans.

Mr. Speaker: Presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

GOVERNMENT EXPENDITURES

HIGH LEVEL OF SUPPLEMENTARY ESTIMATES (A)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is for the President of the Treasury Board.

Supplementary Estimates (A), tabled yesterday, indicate that the government has a long way to go to bring government spending under control. In fact, in April, the Minister of Finance forecasted expenditures of $26.9 billion, but we find out from the supplementary estimates tabled yesterday that the spending will be $47.8 billion, representing $4,561 for every working Canadian.

Is it the government's intention to revise the inaccurate forecast of last April and give the House a true indication of its budgetary expenditure plans, and will the President of the Treasury Board commit himself unequivocally not to seek any further spending authority from this House for the rest of the current fiscal year?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the total spending of the government for fiscal 1978-79 will be $48.3 billion, including meeting budgetary and non-budgetary cash flow commitments. The totality of the main estimates and supplementary estimates tabled could be higher than that before the final supplementaries are in.

As has been the tradition in the past, we have committed to spending ceilings in 1976, 1977 and, now, in 1978. In 1976, we came in $1 billion under that ceiling; in 1977, we came close to $1 billion under the original ceiling, and we will meet our commitment of $48.3 billion in 1978-79.

Mr. Andre: A supplementary question. As the President of the Treasury Board knows, that can only be done through inappropriate manipulation of Crown corporation books, as was done with CMHC. An examination of the supplementary estimates tabled yesterday shows that there was some $200 million transferred from capital expenditures into operating expenditures.

If these were not needed as capital expenditures, during this period of constraint, how can the President of the Treasury Board justify this increase in operating expenditures, and why did he not just cut off that $200 million of capital expenditures which the supplementary estimates say are superfluous and not needed this year?

Mr. Andras: Mr. Speaker, it has been the tradition in this House over many years that spending authority is sought mainly by the main estimates' procedure, but by supplementary estimates through to the end of the fiscal year. It has not been the tradition that expenditure reductions, as a result of executive action after that authority has been received from parliament, are entered into supplementary estimates to make those kinds of adjustments.

• (1417)

What the executive is empowered to do is to spend up to that authority, but it has total authority in that authorization to spend less, and that is what we will be doing.

Mr. Andre: Mr. Speaker, my question is for the President of the Treasury Board. An examination of these estimates and the main estimates show that the fastest growing component of government expenditures is operating expenditures. This year, the final year of the anti-inflation program under which Canadian workers are asked to keep their wage increases to less than 6 per cent, government operating expenditures are growing at over 14 per cent, more than twice as much.

Will the President of the Treasury Board indicate, by way of a statement on motions or before the appropriate committee, just how and, more important, just when government operating expenditures will be cut back to at least no more than the growth in the over-all economy?

Mr. Andras: Mr. Speaker, if the hon. member would examine a speech I made during the throne speech debate, he would get a clear indication of the areas of growth in what he is terming direct government expenditures, which I do not call direct government expenditures. The transfer payment section of our expenditures are the areas of transfers to persons and transfers to provinces where there is an inexorable escalation formula built in.

We are trying to negotiate that problem with the province to try to share with them a general restraint program. The direct operations of the federal government next year will have a 0.8 per cent growth factor from this year and, in fact, if you remove the Department of Defence, in absolute dollars it will be less spending next year in the direct operations of the federal government than this year.

Oral Questions

CUTBACK IN CMHC ESTIMATES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a supplementary question to the President of the Treasury Board.

In August of this year, the President of the Treasury Board indicated that the government would be cutting about $500 million in its expenses. Now there is a very striking feature in Supplementary Estimates (A) in terms of $368 million being used in terms of cuts by CMHC which, in effect, I think leaves no room for any other department and in fact it shows no restraint in terms of government operating expenditures.

How can the President of the Treasury Board indicate that there has been some cut which would leave room for other governments when here you have one department alone which has an illusory cut of some $368 million?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I think there is a contradiction in the hon. member's question. On the one hand he talks about cuts being detrimental to other levels of governments, and then says it is an illusory cut. You cannot have it both ways. In fact, Mr. Speaker, for the details of the reductions in the Ministry of Urban Affairs or Central Mortgage and Housing Corporation, I ask the hon. member to pursue those details with the appropriate minister.

I can say that, generally speaking, those reductions on the capital side of CMHC were done after consultation with the provinces; and the hon. member will note that there is a possibility of giving more subsidy to certain programs, such as public housing and that sort of thing. But we think the provinces can share with us the burden of raising money for the capital cost of their housing programs.

Mr. Alexander: Mr. Speaker, the reason why I used the word "illusory" is that it is my opinion that the $368 million referred to by CMHC should have lapsed and is really not a reduction in supplementary estimates. In other words, there is more flim-flam and more manipulation by Crown corporations.

The minister has undertaken to introduce an omnibus Crown corporations bill in order to bring about some control, direction and accountability with respect to Crown corporations. Seeing that there is manipulation by these Crown corporations, which the government is feeding on, can he give us some indication of where this omnibus Crown corporation bill is that means so much to not only the government but to the people of Canada?

Mr. Andras: Mr. Speaker, I challenge the hon. member to explain his "flimflam" when he talks about manipulation by the Crown corporations. That is a serious allegation. I suggest he back up his flimflam with some precise statements of where this comes from.

[Mr. Andras.]

Mr. Alexander: Answer my question.

• (1422)

Mr. Andras: As to the illusory question under which he cloaked that preamble, the Crown corporations bill will be coming before the House in due course.

Mr. Alexander: You promised the people of Canada this Crown corporations bill, and it is time you brought it in. You are flim-flamming the Canadian people.

* * *

TRANSPORT

SHIPPING OF CARGO TO FROBISHER BAY, N.W.T.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Transport. It pertains to the failure of the St. John's vessel, appropriately named the *Crosbie*, to unload all its cargo in Frobisher Bay and the resulting hardships that have been inflicted upon the people in that area. The minister knows that it is a serious matter.

Considering that the minister said in the House last week that discussions were under way as to how this cargo was eventually going to be delivered to the people in Frobisher Bay, is he now in a position to report to the House? In addition, is he in a position to assure the House that the additional costs which will have to be borne as a result of this will not be inflicted upon the people of the Frobisher Bay area?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I would only say at this time that the vessel was putting into Montreal. At that point, the cargo was going to be assessed in its various categories and also in terms of its essential nature and its immediate movement. The broad assessment of this is being handled essentially by the Department of Indian Affairs and Northern Development and the government of the Northwest Territories. I will see if my colleague has anything to report to the House at this point in time.

Mr. Broadbent: Mr. Speaker, I have just been informed by the officials of the Department of Indian Affairs and Northern Development that the government is at this moment in the process of opening crates in Montreal, making arbitrary decisions between essential and non-essential items, presumably on the ground that some will be shipped and some will not. The people in the north will have to pay for those items that are not shipped, to be shipped again.

Since the people in the north are dependent upon these shipments once or twice a year and have ordered in good faith, I would like an assurance from the minister that the government will not make such a distinction and all the goods ordered by the people in that northern region will be delivered. Will the government offer assurance that no distinction will be made between essential and non-essential items, because while

recreational facilities, furniture and appliances fall in the non-essential category in the south, in the north they are regarded as essential?

Mr. Lang: Mr. Speaker, I am happy to tell the hon. member that it is not our intention to make any arbitrary judgments about the matter but, rather, reasoned judgments will be made. As soon as the assessment can be completed, I am sure the minister will be glad to give the House further information.

Mr. Broadbent: This government has always defined reasonableness in terms of arbitrariness. I want assurance from the minister that the government will ensure that all the goods ordered will be shipped to the people who ordered them, and if there is a battle between the government and the shipping company, the people in the north will not have to pay for it.

I will direct my final supplementary question to the Minister of Consumer and Corporate Affairs. Considering that inflation in that part of Canada is normally worse than it is elsewhere, for obvious reasons, will the minister ensure that a small body of officials will be set up to monitor prices in the Frobisher Bay area for the coming six months, so that price-gouging in any form does not take place and the people there do not suffer additional hardship?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I will take steps to see what happens to prices in that area, but I cannot promise we will set up a small group of officials, as asked by the hon. member. I will try to do it in one way or another.

* * *

IMMIGRATION

RECRUITING OF UNITED KINGDOM SKILLED PERSONNEL FOR CANADIAN ARMED FORCES

Mr. Jake Epp (Provencher): Mr. Speaker, I wish to direct my question to the Minister of Employment and Immigration. The Department of National Defence confirmed today that the armed forces were recruiting medical doctors and marine engineers in the United Kingdom for service in Canada's armed forces. Will the minister advise whether these openings were advertised in Canada Employment Centres and, if not, why not?

● (1427)

Hon. Bud Cullen (Minister of Employment and Immigration): I am not familiar with that specific move on behalf of the Department of National Defence. However, I think DND draws attention almost daily to the many fine openings there are in that tremendous professional service, inviting people to make application through the Canada Employment Centres. So there is wide advertising by DND to fill these positions. If they are moving outside without advertising, I will check with my colleague.

Mr. Epp: The department says these marine engineers should have either a chemical engineering degree or a mechanical engineering degree. In view of the fact that unemployment among the youth of Canada is roughly double the national average, how does the minister explain that young Canadians are not filling these jobs in the armed forces, and that the department is now authorized to go abroad for recruits, despite a domestic unemployment rate of 8.2 per cent?

Mr. Cullen: Having been a parliamentary secretary in the Department of National Defence, I know that there is a fantastic group of professionals who operate our armed forces and that there is a glorious opportunity for young people to get a university degree and join the forces. I am surprised more are not taking advantage of it. As I said, as far as the recruiting aspect abroad is concerned, I am not familiar with it and I will check it out with my colleague.

* * *

[*Translation*]

ENERGY

INQUIRY WHETHER MINISTER IS CONSIDERING SHUTTING DOWN LAPRADE PLANT IN QUEBEC

Mr. Richard Janelle (Lotbinière): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the fact that many municipalities and organizations of my constituency are concerned about the future of the Laprade plant, I would like to ask the minister whether new developments have occurred in that connection or if an agreement has been reached with the Quebec government?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I would hope there would be a movement on the part of the government of Quebec with respect to the proposal I have put to the government which would call for the renegotiation of the agreement to complete that plant by 1982.

The reason for renegotiating that agreement is that there would be savings of some tens, if not hundreds, of millions of dollars in energy costs to consumers in Quebec, and at a time when the Quebec government has itself announced a 33⅓ per cent increase in the rate structure for electric power over three years it would appear to me they should be a lot more sensitive to this issue than they have shown themselves to be.

* * *

INDUSTRY

PROPOSED NEW AUTOMOBILE PLANTS IN CANADA

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, a report out of Washington by the U.S. Department of Com-

merce indicates that the Canadian automobile industry will be in a serious deficit position up to, including and beyond 1985. To be specific, the report states that the cumulative deficit from 1978 to 1985 will be in excess of $10.3 billion. This is in addition to the $7 billion cumulative deficit already on the books.

I should like to ask the minister, where are these new plants he has been talking about? We know about the Ford plant that the government of Ontario and the federal government put together with the aid of a grant, but where are the other three or four plants that the minister said were coming to Canada to help overcome this adverse balance?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I assume that question is directed to me, Mr. Speaker. The deficit in automobile trade this year will be exactly half of what it was last year.

Some hon. Members: Hear, hear!

Mr. Horner: I am very pleased that the U.S. Department of Commerce is aware of the need for Canada to get additional auto plants.

An hon. Member: Where are they?

Mr. Horner: I want to assure the House we are doing everything we can, even cajoling, as we did, the Ontario government into putting up $28 million to help us get the Ford plant. We shall continue to do that.

Mr. Kempling: The report out of Washington was put together by Data Resources of Canada for the U.S. Department of Commerce. Noting that General Motors has now pulled back on its proposed aluminum casting plant in Canada, can the minister tell us when there will be some firm statistics regarding the Canadian automotive industry? We do not have a report. We are the only country in the world which has an automotive industry but which does not have an annual report on it. When are we going to have that report? When will we see the Reisman report which the minister commissioned?

● (1432)

Mr. Horner: Mr. Speaker, the Reisman report is a large document which outlines some of the figures, and I am sure it will help the hon. member for Oshawa-Whitby because he is always having difficulty with figures. We are studying it and I hope to be able to make it public.

Mr. Kempling: When?

Mr. Horner: Very soon.

[Mr. Kempling.]

THE PARLIAMENT OF CANADA

VETERAN PREFERENCE FOR SUCCESSOR TO GENTLEMAN USHER OF THE BLACK ROD

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, my question is to the Prime Minister. Inasmuch as Major A. G. Vandelac, the Gentleman Usher of the Black Rod, has announced his wish to retire from that office, and as a meaningful recognition of our war veterans at this time of Remembrance Day observance, will the Prime Minister pledge to continue the principle of veteran preference in appointing a successor to this high and important office?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will take notice of the question.

* * *

POST OFFICE

RECOGNITION OF REMEMBRANCE DAY

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I have a related question for the Postmaster General. Yesterday, the minister announced that postal employees who wish to do so, will be permitted to attend Remembrance Day services on November 11. That, in itself, is commendable; but why is the Post Office not to be closed completely, as are government offices here in Ottawa, to allow the staff to observe Remembrance Day, rather than the crazy policy of having an undefined number of people leave their posts, which will effectively close the Post Office in any event?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I think I explained very well yesterday that in some areas postal service is essential and we have to provide that service. In many ways, some of our workers work in the same way as Air Canada pilots, policemen or anyone else who has to work on that day.

I said that we would accommodate and allow all latitude possible to veterans who want to participate in Remembrance Day ceremonies. I remind hon. gentlemen that I am a veteran myself: I know the meaning of this day, and I will see that all veterans who want to participate in Remembrance Day ceremonies will be able to do so.

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[*Translation*]

COMMUNICATIONS

INQUIRY WHETHER CFER-TV, RIMOUSKI, WILL BROADCAST PROGRAMS IN GASPÉ AREA

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is directed to the Minister of Communications.

A few months ago the minister attended the opening of CFER-TV station in Rimouski. This new station covers only part of the lower St. Lawrence and the north shore. The

minister has promised that she would intervene on behalf of the people of the Gaspé Peninsula to obtain coverage for that area. Could she tell the House whether the requests made by the population of the Gaspé Peninsula to Télécapital will soon be answered?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, I am well aware of the problem experienced when Télécapital began broadcasting its programs in the Gaspé Peninsula. I have communicated with the authorities of Télécapital. There are three or four options which would enable the residents of Cap Chat, Tourelle and Sainte-Anne-des-Monts who are situated in a kind of small enclave to provide that service in a rather short time. I think that changing the direction of the antenna would make it possible to provide both services so eagerly expected.

* * *

[*English*]

FINANCE

INCREASE IN GOVERNMENT EXPENDITURES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. The Anti-Inflation Board third-year report released just this week indicates that, on a national accounts basis, federal government spending went up 13 per cent in 1977 as well as in 1978. That is approximately 3 per cent higher than the gross national product increase for each of those years.

Would the Minister of Finance tell us whether he agrees with the national accounts calculation of the AIB?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Anti-Inflation Board uses a different base than the one used by the government. For our purposes, the base is taken over a period of years. We have managed—and the same will be the case for the third year in a row—to keep growth below the growth of the gross national product.

Mr. Stevens: Mr. Speaker, the minister says, "for our purposes". Presumably, the government has used a certain base for political purposes. Would the minister go further and tell us what is wrong with the AIB figures? Do they not represent a fair presentation, namely, 13 per cent actual growth in each of those years, compared with growth of roughly 10 per cent in the gross national product?

Second, would the minister tell the House what he had in mind at various private meetings when he said that, if necessary, the government would extend the mandate of the AIB beyond December 31?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we have said repeatedly that the Anti-Inflation Board would complete its work by the end of 1978, but that an evaluation of company reports would have to be made for part of the year, which work would probably be completed towards the middle of 1979. As for the figures we use in assessing government expenditures, we use those of the public accounts of Canada which really are the most acceptable basis in all fields.

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[*English*]

TRANSPORT

NORTH SYDNEY, N.S.—CUTBACKS IN EMPLOYMENT OPPORTUNITIES BY CNR AND CN MARINE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Transport. Is the minister in receipt of a telegram from several unions involved in the work force of Canadian National and CN Marine at North Sydney, requesting him to meet with them concerning the drastic and continual cutbacks in employment opportunities in the shipping of freight to Newfoundland through that port?

If the minister is in receipt of such a telegram, copies of which went to cabinet representatives in Nova Scotia and Newfoundland, would he be good enough to advise whether he could arrange the requested meeting at a location convenient to him, as he was good enough to do some years ago?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I have not yet seen the telegram to which the hon. member refers, but I have had discussions with my colleagues, the Secretary of State for External Affairs and the Deputy Prime Minister, about their interest in our examining the employment situation and the implications of changes being made in the Port aux Basques and North Sydney areas. I will certainly look seriously at the question of the kind of meeting which may be helpful in resolving these difficulties.

MOVEMENT OF GRAIN—AVAILABILITY OF BOXCARS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the minister in charge of the Canadian Wheat Board. I am sure the minister is aware that nearly all elevators on the prairies are plugged, that there is space at the Thunder Bay terminal and that that route will be freezing up at about Christmastime. There will be an emergency soon if the grain in these elevators is not moved quickly.

Would the minister use his good offices to demand that CPR repair quickly some of its boxcars and that both CN and CP, on an emergency basis, put boxcars on their lines to haul grain to Thunder Bay before freeze-up?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I will certainly be glad to convey to Canadian Pacific that the hon. member for Yorkton-Melville agrees with me that it would be useful if Canadian Pacific undertook additional repairs of boxcars. I am sure that when CP learns that the hon. member is on the same side as I on the argument, it will give way.

Mr. Nystrom: Mr. Speaker, I feel I should reassess my position. I am given to understand by the Canadian Wheat Board that we have sold about three million tonnes of grain to China, that we could have sold about four million tonnes if there had been additional rolling-stock, and that there could be a market for six million tonnes if we had an efficient transportation system. The Canadian Wheat Board also said we could have grain sales amounting to an extra $700 million per year if we had a good transportation system.

Instead of talking very nicely and cuddling up to CPR, will the minister bring in legislation which would require CPR to put more boxcars on the rails and ensure that we have enough rolling-stock to haul farmers' grain to market?

Mr. Lang: Mr. Speaker, I will certainly reflect on that recommendation as well. I would welcome discussions with members of Her Majesty's Loyal Opposition, who may not be quite so co-operative in offering assistance in relation to legislation. I believe that some very important steps have to be taken in order to continue to improve our grain handling system.

An analysis of how boxcars and hopper cars work and how fast they can be moved from the prairies to terminals is under way. That analysis is very important. As the recent report from Mr. Snavely indicates, the turn-around time on these hopper cars has dropped by about three days in the last few years, and we want further improvement in that regard. I firmly believe that an expansion of facilities on the west coast would also be a very important aspect of improvements to come, and I will continue to press for that.

If the hon. member would join in representations in another direction, it might be in relation to elevator companies so that they move quickly in order to put up additional facilities.

* * *

● (1442)

FEDERAL-PROVINCIAL RELATIONS

LACK OF REFERENCE TO HER MAJESTY THE QUEEN IN MATERIAL CIRCULATED BY NATIONAL UNITY INFORMATION OFFICE

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations. In the propaganda emanating from the National Unity Information Office, no mention whatsoever was made of the Queen and her position in our federal system. Will the minister be kind enough to tell us why this serious error occurred? Why was there such a serious omission? Will it be rectified and, if so, when?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the hon. member must have misread the information and publications which are coming from that office. The position of the Queen has always been recognized by this government. We have stated quite clearly in all our publications dealing with the constitution that Canada was living under the monarchical system. The position of the government is that this is the way it should be in the future.

Mr. Jones: Mr. Speaker, I received a letter from his very department suggesting that certain information should be supplied to constituency offices and given out by constituency offices. A person from that department came to my office with the material and admitted that there was no information in that propaganda or the brochures which mentioned the Queen. He admitted the omission. Would the minister now be agreeable to admitting it and having it corrected?

Mr. Lalonde: Mr. Speaker, the documents to which the hon. member is referring is a series of publications which explain mineral resources in Canada, how equalization functions in this country, the size of the country, how many Canadians there are, the population of every province, and so on.

If the hon. member would like to have the Queen mentioned on every page of every document published by the government, I think that would expose the monarchy to ridicule. I am sure that is not what he has in mind. He should have more respect and common sense than that vis-à-vis the monarchy.

Some hon. Members: Hear, hear!

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FISHERIES

DEPLETION OF INSHORE LOBSTER FISHERY

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. It is further to correspondence and meetings with both myself and other groups, such as the Nova Scotia Fishermen's Association, concerning the depletion of lobsters in the inshore lobster fishery and the potential total destruction of the thousands of formerly successful inshore lobster fishermen.

After two successive bad years, will the minister now consider, pending the outcome of the study on the relationship between offshore and inshore lobster fishermen, closing Brown's Bank to the eight or nine offshore lobster boats and request them to fish further offshore, and thus save the livelihood of thousands of inshore fishermen who are affected by this?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, while I am not accepting fully the rather pessimistic conclusions drawn by the hon. member, the fact is scientific evidence appears quite convincing that there is a relationship between offshore and inshore lobster fisheries. Officials of my department and American scientists have been working together. Now we will consult the fishermen to see how this fishery should be managed as one unit with interrelations with the other.

Obviously, these measures may mean restrictions in some of the fishing efforts in the next few years. We are discussing the

matter with fishermen's organizations. We will keep hon. members informed.

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ADMINISTRATION OF JUSTICE

ACTION AGAINST MEMBERS OF CUPW INVOLVED IN STRIKE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is directed to the Minister of Justice and Minister of Transport. It arises out of a statement which he made to the Canadian Press, that it is his intention to take action against local union leaders of CUPW.

If those charges have been laid, were they laid under the Criminal Code of Canada? Will those charges be under the direction of the Department of Justice? If not, will they be under the direction of the various attorneys general departments in the various provinces in which the five cities referred to by the minister in the press release are situated? I will not set them out in the House.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I have signed four additional indictments against members of the national executive of CUPW which, along with the five previously signed, were laid under the same section of the Criminal Code. Also, they were laid by way of direct indictment. The charges against CUPW itself were laid by way of indictment under section 115 of the Criminal Code. The federal Department of Justice will proceed with the prosecutions.

Mr. Woolliams: Mr. Speaker, since the Department of Justice will be initiating the charges and the court procedure, I take it the minister and his department will take responsibility, rather than pass it off as was done with the question as to whether the Rolling Stones had a right of appeal under the drug laws of this country. Will the minister and his department take responsibility for these charges and this procedure?

Mr. Lang: Mr. Speaker, the hon. member has repeated what I just said in my answer. We are in charge.

* * *

[*Translation*]

FISHERIES

NEGOTIATIONS WITH UNITED STATES ON FISHING BOUNDARIES—REQUEST FOR PROGRESS REPORT

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment and has nothing to do with lobsters. Since Ambassador Marcel Cadieux, the Canadian negotiator with regard to maritime boundaries, has been assigned other duties in the field of national security, would the minister be willing to make a statement in the House on the present state of affairs with regard to those bilateral negotiations with the United States? What progress has been made?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am not sure the Secretary of State for External Affairs (Mr. Jamieson), to whom Mr. Cadieux reports, should not be the one to answer that question but I can, in general terms, say that Mr. Cadieux is pursuing his work. Anyway, I should remind the hon. member that he was our former ambassador with the community. As he is now in Ottawa, he is even more accessible than before. We met him after his most recent conversations with the American negotiator, Mr. Cutler, early this week. It seems possible, subject to discussions with representatives of the industry, both fishermen and industrialists, and of course with the provincial governments concerned, that an agreement could be reached on the fisheries. Of course, as I have already said, all this is subject to discussion, but it seems an agreement is possible; still, we have acquired some experience in this regard over the past year, and the fact remains that the optimism of Thursday is often followed by the pessimism of Monday.

[*English*]

TRIBUNAL TO DECIDE UNRESOLVED QUESTIONS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my supplementary question is directed to the Secretary of State for External Affairs. Are the unresolved questions, whether they be on the Georges Bank on the east coast or on the Dixon Entrance, likely to be assigned to an arbitration tribunal, whether it be an arbitration tribunal in The Hague or a special tribunal? Can the minister say anything along these lines at this time?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I would prefer not to be too specific because negotiations are continuing. However, I think I have said on a number of previous occasions that we have never discarded the option of possible reference to a third party, or arbitration, whichever word the hon. member of the House wishes to use. However, as of this moment negotiations are continuing. No definite decision has been made regarding whether to refer all or part of the boundary question or other related issues to a third party.

Incidentally, during the coming visit of Secretary of State Vance, I hope that he and I will have an opportunity to review the total picture. At that time, or shortly thereafter, it is conceivable that we may be able to come to a mutually satisfactory decision on the unresolved issues.

PROGRESS OF NEGOTIATIONS ON SAINT PIERRE AND MIQUELON ISSUE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, on October 12 I raised this issue with the Secretary of State for External Affairs. At that time I asked him for an update on boundary questions and he said that they were still under

discussion. I presume his response today applies to the west coast and to Georges Bank.

● (1452)

Would the minister tell this House, now, how negotiations are proceeding between Canada and France with regard to Saint Pierre and Miquelon, and if the question of Georges Bank goes to third party arbitration will this area of dispute also be included for arbitration, and where will this arbitration be held?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the two issues are totally unrelated. The negotiations with the government of France with regard to some delineation relating to St. Pierre and Miquelon have involved two meetings, as I recall, over the last few months. The talks have been quite amicable and there have been no tensions at all. There is still a great deal of talking to be done. Therefore, we are proceeding and will continue to do so on that particular issue. The question of third party arbitration regarding St. Pierre and Miquelon has not come up and it would be hypothetical to even postulate that likelihood.

With regard to the situation of Georges Bank, I think that the hon. member is aware that when I answered him before I said negotiations were continuing. A set of meetings were held early this week between the negotiators and, I believe, as of yesterday there were consultations between the governments of the provinces concerned on the east and west coasts and also the fishermen's representatives.

We are trying to be very comprehensive in the consultation process, and this is designed to bring it to the point—and I repeat—where during Mr. Vance's visit, or shortly thereafter, we may be able to make a mutually satisfactory decision on how the final settlement is to be brought about.

* * *

TOURISM

NEGOTIATIONS WITH UNITED STATES ON TAXING OF CONVENTIONS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce in his capacity as the minister responsible for tourism.

Was the minister able to report to the provincial ministers of tourism, with whom he met this morning, on the progress and/or resolution of the problem with the United States in terms of the tax convention, whereby offshore conventions in the United States no longer qualify as a business expense? This has caused a lot of irritation and loss of revenue to our tourism industry in Canada.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I will be meeting with my counterparts in the field of tourism tomorrow morning, and I hope then to give them a report on the situation. The people concerned in the United States have already made some modification in their law with regard to conventions outside the country.

I would also add that Canada has had a tremendous growth in tourism this year from offshore countries: it is up by 20 per cent over last year. There has also been a decline in the number of Canadians visiting the United States. Our tourist picture has improved substantially.

Mr. Nowlan: Mr. Speaker, I thank the minister for his brief report on the state of tourism in Canada. Perhaps he will submit a longer one on motions, when it would be more proper. We on this side do not like to tolerate things either, in view of some of the things said in this House in the last two or three days.

In the discussions which the minister has had—perhaps this question should be directed to the Secretary of State for External Affairs—with the United States, have they confronted either the minister or the Secretary of State for External Affairs with their problem, that before there are any concessions on the tax convention for offshore conventions, Canada will have to give something in terms of Bill C-58, the broadcasting expense problem?

Mr. Horner: Mr. Speaker, the hon. member has made a lengthy representation of which I have taken note.

* * *

AIR CANADA

SERVICE IN NORTHERN ONTARIO

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is to the Minister of Transport and Minister of Justice. Yesterday, the Leader of the Opposition indicated that it was the policy of his party to replace Air Canada with regional carriers, and he specifically mentioned northwestern Ontario and southwestern Ontario. When the question was asked of the minister about specific points—North Bay, Sudbury, Timmins, Sault Ste. Marie and Thunder Bay—with regard to a move from those communities, he evaded the question completely: he did not mention Air Canada or the communities.

Some hon. Members: Order.

Mr. McRae: Would the Minister of Transport and Minister of Justice affirm that the government has no intention of removing Air Canada service from any of these communities?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I can assure the hon. member that the government has no such intention. Any such change would require an application by Air Canada before the Canadian Transport Commission and they would then make a judgment on the matter.

However, the matter is academic at the present time because Air Canada itself is very conscious of the fact that those communities in northern Ontario wish to continue to be

served by that carrier. I was as astonished as the hon. member to hear the Leader of the Opposition suggest that he would remove the service from them.

* * *

POST OFFICE

DISCIPLINARY ACTION AGAINST MEMBERS OF CUPW INVOLVED IN STRIKE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is to the Postmaster General. In view of the fact that Post Office management has been sending letters to hundreds of individual members of CUPW threatening disciplinary action and saying that the threatening letter will be attached to their personal files, in view of the fact that this is not limited just to the leadership of CUPW but in some areas to the total local membership of CUPW, in view of the fact that this action can only be seen as a harassment of the employees, and in view of the fact that the Postmaster General has promised that there will be no harassment, can the Postmaster General tell this House if he was aware that these letters were, indeed, being sent out to thousands of members, and can he also assure us that instructions from his office will now go out to Post Office management asking that these letters be not placed in the files of the workers?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, when I listen to a question like that, I wonder if the attitude of the hon. member is not one of protecting the workers who got involved in illegal activities or actions disrupting the postal service.

Mr. Broadbent: Come off it.

Mr. Lamontagne: Mr. Speaker, I say to you what I said very clearly to the news media, that there was no witch-hunt at the Post Office, but there will be justice and that is what we intend to do.

Some hon. Members: Hear, hear!

Mr. Lamontagne: I would like to quote one passage of the letter we sent to many of our workers:

> You will be advised of either any administrative action or disciplinary action which may be taken in regard to your action.

There is an article in the collective agreement which tells us that we must send these letters within ten days of whatever accusation or allegation we have against the workers. In cases where there is no allegation or accusation, these letters will be withdrawn. We had ten days to do it and I think in the name of justice we had to do it.

Mr. Rodriguez: Mr. Speaker, my final supplementary is to the Postmaster General. In view of the fact that in all modern industrial relationships in the private sector after a prolonged strike, modern management never proceeds with a witch-hunt and sending out letters as the Postmaster General is doing, can he give the assurance that these letters will not remain on the files of the CUPW members across this country permanently?

Mr. Lamontagne: Mr. Speaker, obviously, we are talking about one union, CUPW. In answering the question put by the hon. member, I would ask him to read the constitution of this union, which constitution says there is to be no fraternization with management. They negate completely negotiations or communication with management. How can we—

Mr. Rodriguez: Answer the question.

Mr. Lamontagne: I am answering the question, but when talking about a union like this, and when we hear on television and read in the papers what their leaders are saying, and even what Mr. McDermott, the President of CLC, has said about this, I wonder if the hon. member is not part of the Charge of the Light Brigade.

* * *

SPORTS

CANADA'S PARTICIPATION IN MOSCOW OLYMPICS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is to the Minister of State (Fitness and Amateur Sport). On May 24 I wrote to the minister, and I have not yet had the courtesy of a reply to that letter. I would like to read part of the letter in order to put my question in perspective:

> Our own House last week passed a unanimous resolution expressing our concern for the abridgement for freedom of thought and expression in the Soviet Union as demonstrated by those trials.
>
> In view of the upcoming 1980 Olympics to be held in Moscow, could you tell me whether there are any plans in your department to re-examine our country's position vis-à-vis participation in the Moscow Olympics?

Would the minister answer that question?

● (1502)

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I regret that the hon. member has not had a reply. I will see that that is done immediately.

In the matter of the question, however, I am quite prepared to accept that there be sport boycotts when related to sport, but when the matter is outside the realm of sport I do not feel the sport should be used as an instrument through which retaliation is executed.

Mr. Friesen: Mr. Speaker, in the interests of consistency—and I know this government would always want to be consistent—is the minister prepared to apply that policy to all other countries where discrimination is going on?

Mrs. Campagnolo: Mr. Speaker, in view of the fact that I have been told the Russian Olympic team is more than one-third Jewish, I think the hon. member's question is not relevant.

PRIVILEGE

MR. DIONNE (NORTHUMBERLAND-MIRAMICHI)—REMARK MADE BY LEADER OF THE OPPOSITION

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question of privilege arises from a remark made yesterday by the Leader of the Opposition in which he cast aspersions on all members—

Mr. Speaker: Order, please. The hon. member may want to consider giving the Chair proper notice of this question of privilege under the terms of the Standing Orders.

MR. RODRIGUEZ—ANSWER GIVEN BY POSTMASTER GENERAL

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on a question of privilege arising from the answer the Postmaster General (Mr. Lamontagne) gave me this afternoon in this House to the first question I put to him.

The point I want to raise is the suggestion or the accusations in the answer the Postmaster General gave, that I was more interested in protecting lawbreakers in the Post Office than in coming to grips with the problems in the Post Office. At no point in my question to the Postmaster General did I raise any concern with respect to those who have been indicted and those who have been charged with having broken the law. I raised specifically the question of letters which have been sent to employees in the Ottawa local, for example. Some 800 letters have gone out to CUPW employees of the Post Office.

I should like to put the letter on the record. This one is addressed to Mr. Patrick Berry, machine processing, and reads as follows:

Dear Mr. Berry

A review is currently being undertaken of all the activities which occurred during the period from 19th October 1978 to 26th October 1978, inclusive.

Your actions during the above noted period will be investigated further. You will be advised of any disciplinary action which may be taken in regard to your conduct.

A copy of this letter is being placed on your personal file.

Yours truly

A. Clare
Plant Manager

The question I asked dealt with the fact that this letter was being placed on the personnel files of hundreds and hundreds of CUPW employees of the Post Office. In trying to make political points or whatever, the Postmaster General said to this House that I was more—he was imputing a motive to the question I asked—said I was more interested in protecting lawbreakers than raising a legitimate question. I say that the Postmaster General is certainly being irresponsible and certainly disrespectful to members of this House when he stands up and imputes motives of the kind he imputed to me.

The second point I want to raise, is that the Postmaster General accused me of being part of "The Light Brigade Charge." Mr. Speaker, I happen to be the Post Office critic for my party in this House. Questions which arise with respect to human relations within the Post Office at this particular time are extremely important. We are in a period following a strike, Mr. Speaker, and tension is high. We are in a period where very shortly we will be dealing with a Crown corporation in the Post Office. It is absolutely essential that there be good industrial relations in the Post Office. It is with that concern, and with the agreement of my party, that I raised this question today. We are absolutely at the crux of the relationship with the Post Office.

I pointed out in my question that in modern industrial relations in the private sector, after a strike, where there are modern and avant-garde approaches to industrial relations, no witch-hunting takes place after a long and bitter struggle in the work place.

I asked the Postmaster General if he would reconsider this letter which he has told workers will be placed on their personnel files and if he would give us an assurance that it would be removed. The Postmaster General got up and accused me of being part of a "Light Brigade Charge". That is contrary to the concept of responsible ministers responding to critics in the opposition parties of this House. The Postmaster General wraps himself around Dennis McDermott. I want to say, while Mr. McDermott is not here to claim privilege, that to accuse Mr. McDermott of abandoning the rights of workers in the Post Office—that he made a broad statement that in effect—

Mr. Speaker: Order, please. It seems to me the hon. member has left his original point which had some bearing in privilege in respect to a response that he got in the question period. He is now going into a criticism of the response given by the minister. I am sure he is aware that he cannot, at this point, be critical of the minister's answer. That is a matter for debate. If the hon. member has a question of privilege I will be glad to hear it.

Mr. Rodriguez: In conclusion, then, Mr. Speaker, I believe I do have privilege in this matter. I think the only honourable thing for the hon. minister to do is to withdraw those remarks which imputed motives to me this afternoon.

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I do not think I ever questioned the motive of the hon. member. I said I wondered if—

Some hon. Members: Oh, oh!

Mr. Lamontagne: I do not think there was any question of giving motive to whatever he thought. The way he asked the question there was nothing else left in my mind but maybe that was his thought. If it was not, good for him. As far as my allegation regarding the charge of the Light Brigade is concerned, I have the article here. Mr. McDermott said it; I did not say it. I said I wondered if he was part of it; I did not say he was part of it. It is up to him to judge.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on the same question of privilege. The issue being raised here, I think, is of very great importance indeed, whether the

Postmaster General (Mr. Lamontagne) recognizes it or not. The hon. member for Nickel Belt (Mr. Rodriguez) asked a question, and he asked it not about people who were breaking the law; he asked a question not about people who have been charged; he asked a question about hundreds and perhaps thousands of men and women currently working for the Post Office who had a letter sent to them from the Post Office which I say, coming from an industrial town, would never be sent by General Motors to UAW members under such circumstances.

Not only did he ask a question about men and women who were not breaking the law but about men and women who are good citizens of this country and in whom he is interested. The question of privilege pertains exactly to what the minister said. I do not have the "blues" here but I know I have exactly the gist of his comments. The minister said in reply that the hon. member for Sudbury—

Some hon. Members: Oh, oh!

Mr. Broadbent: —that the hon. member for Nickel Belt was more interested in protecting lawbreakers than he was in coming to grips with the problems of the Post Office. Mr. Speaker, that is a very serious accusation regarding any member of this House, that he is interested in supporting lawbreakers. The hon. member for Nickel Belt never, inside or outside this House, at any time, has taken that position that I am aware of nor in this question specifically does the minister's irresponsible reference have any appropriate reference to what the hon. member, for my party, asked in very good conscience for a very good cause.

Mr. Speaker: Order, please. I will have to examine the record. There is an allegation that the answer given by the minister did make some sort of imputation of motives to the hon. member for Nickel Belt. The minister in response has said—I take it his response was that if he did that, he did not intend it, but intended to say that he wondered whether that was the case. I do not know.

● (1512)

I shall have to examine what was said in the first instance by reading the record, and then in turn examine the contribution of the minister today to determine if in fact there is any basis for a question of privilege. I will undertake to do that and we can raise that in the House tomorrow when we have had an opportunity to examine the record.

MR. HORNER—STATISTICS USED IN STANDING ORDER 43 MOTION

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I rise on a question of privilege arising out of the abuses occurring, to me particularly today, under the provisions of Standing Order 43.

Standing Order 43 was re-adopted in the House of Commons in 1975. It is to allow the opposition or government members to bring to the attention of the ministry matters of urgency and pressing necessity. Standing Order 43 is being used to make false accusations against ministers, and questioning minister's words, as was done today with regard to the figures used in manufacturing. There are more people working in manufacturing today than ever before in Canada. There are 2,006,000 people working. There are 130,000 more people working in manufacturing today than there were a year ago.

Those are Statistics Canada figures. I have them here with me. Why did I have them with me? Because I am aware of the abuses that are occurring under the provisions of Standing Order 43. The hon. member for Prince Edward-Hastings (Mr. Hees) and I got into a discussion yesterday during the question period, if you recall. One could go back and check the pattern. He apparently thought he lost that round, so he came in with a cheap attack on the manufacturing figures by the use of Standing Order 43, whereby I could not rise to correct him.

He did not dare ask me a question on manufacturing today, but he uses that tactic. He is an old boxer and telegraphs his punches, and he telegraphed this one, so I came—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Horner: As a House, Mr. Speaker, we have to help you create an order of some semblance of fairness so that the people of Canada can have an accurate picture of what is going on in this country. You cannot allow the use of Standing Order 43 to abuse the words of the ministry and not be challenged. I really believe the accusations which the hon. member made on the question of manufacturing figures really put my word in jeopardy. I cannot allow that to happen because I am not wrong, I have the figures here. And you, Mr. Speaker, cannot create an order of good will, or a semblance of order which lends itself to rational debate, if continued abuses of the provisions of Standing Order 43 are allowed to continue.

Some hon. Members: Hear, hear!

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, to begin with, the minister started with a false premise. He said I was under the impression that I lost the debate yesterday. I won it hands down.

Some hon. Members: Hear, hear!

Mr. Hees: Secondly, I based my question yesterday and my motion under Standing Order 43 today on statistics that were produced in his own department, Stats-Can. These figures were produced very recently, which stated that the manufacturing industry in Canada in each of the months of September and October lost 11,000 jobs.

An hon. Member: What year?

Mr. Hees: That is this year. And, Mr. Speaker, 11,000 jobs a month is at an annual rate of 130,000 jobs.

I would like to repeat the question on which this is based and which I asked the minister yesterday. You will see the

figures that I used, and that I used again today. Here is the question I asked yesterday and repeated at the beginning of my motion today. I said:

As the principal reason for this country losing manufacturing jobs at the rate of 11,000 a month is that productivity here remains well below the level in the United States, thus causing our costs to be higher than theirs and making our products uncompetitive with those of our principal competitors, would the minister advise us when he intends to introduce productivity incentives to be paid in direct proportion to increases in productivity, so that we can stop this serious loss of manufacturing jobs which is going on at an annual rate of more than 100,000 jobs?

Mr. Speaker, on that very serious question, which you can hardly find more important to the country, the minister chose to ignore it. He did not deny any of the figures, and then simply told us about a new airplane that he is building.

Some hon. Members: Oh, oh!

Mr. Hees: Something that he was so proud to tell us, that it was able to stay in the air for an hour, something a little better than what the Wright brothers were able to do at Kitty Hawk 70 years ago.

Some hon. Members: Oh, oh!

Mr. Hees: Mr. Speaker, what he is objecting to are my figures, and I repeat, I say his department stated recently, "We are losing manufacturing jobs at the rate of 11,000 a month" which is 130,000 a year, very much in excess of 100,000 a year. So he is wrong, and obviously I am right.

Some hon. Members: Hear, hear!

Mr. Speaker: In any case the House will realize at once that we are locked in a classic disagreement and not a matter of either privilege or order under the circumstances.

* * *

POINT OF ORDER

MR. LANG—INCORRECT REFERENCE TO DEPARTMENT OF JUSTICE

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I rise on a point of order. In answer to a question put by the hon. member for Calgary North (Mr. Woolliams) I made reference to the Department of Justice, when obviously I should have referred to the office of the Attorney General. I would like to make the record clear in that regard so there will be no misunderstanding.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am amazed at the wondrous thin skin developed by the Minister of Industry, Trade and Commerce (Mr. Horner) since he has left us.

In any event, I ask a question of the government House leader with respect to the business of the House of Commons. What is his intention for today, tomorrow and into next week, up to at least the budget? Could he at the same time designate next Monday as an allotted day in accordance with the discussions we have had?

Mr. MacEachen: Yes, Mr. Speaker, I am quite prepared to designate Monday as an allotted day. And in reply to my hon. friend's question with respect to the business of the House, I would like to advise that for this afternoon we will be continuing the discussion on Bill C-10, the child tax credit measure. At eight o'clock we will move to Bill C-14, the unemployment insurance amendments. This change in business has been worked out co-operatively in order to take into account the desire of a number of members to be present at the state dinner being held tonight in Toronto for the Prime Minister of Israel. I appreciate the co-operation that has made possible this rearranged business.

I would gather the Unemployment Insurance Act amendments will be debated for a day or so. Following that we would attempt to return to Bill C-10 if it is not completed, which is unlikely, certainly not third reading. Then we would deal with the old age security bill and the borrowing authority bill, both of which, I understand, will be returned from committee today. That, I think, will probably take us well into next week. If necessary I will add some more items to the list.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there are two matters arising out of that answer and connected with the budget to be brought down on November 16, that is, the government's intention with respect to the carriage, and more important at the moment, the beginning of the debate on the budget.

● (1522)

I understand there is an agreement to begin the budget debate on Friday, November 17. I assume it is the intention of the government to carry it on for the balance of the week, although there might be some change in that. However, with regard to Friday, can I have the government's undertaking that it intends to begin on Friday as we discussed and, I believe, agreed?

Mr. MacEachen: Yes, Mr. Speaker. I propose to call the first day of the budget debate on Friday in order to give members of the opposition an early opportunity to extol the virtues of the minister's budget.

Mr. Baker (Grenville-Carleton): I want to assure my friend we will not let such an opportunity pass by. The final matter is with regard to the commodity sales tax review and the reference with regard to it. As I mentioned last week, we are prepared to agree to have that reference go without debate if my friend wants to make the appropriate move. As he perhaps knows, there are over 100 briefs waiting to be considered by the committee. If he could do that today or tomorrow, it could be done without debate.

Mr. Knowles (Winnipeg North Centre): First, Mr. Speaker, may I thank the government House leader for designating

Monday as an allotted day. I believe the arrangement is that the motion for that day will be put down by the New Democratic Party. With regard to Bill C-14 which we shall commence tonight, although the government House leader did not say it in so many words, I take it we shall stay with it tomorrow. *Hansard* might note the minister is nodding his head up and down.

Mr. Baker (Grenville-Carleton): In a wavy line.

Mr. Knowles (Winnipeg North Centre): The government House leader referred to a couple of other bills being reported back from their committee study today. Because Bill C-5 is a bill that comes into effect when it has finally been passed and been given Royal Assent, that is, the old age security bill, and therefore affects the discontinuance of the spouse's allowance of widows who may lose their husbands this month, I hope that can be brought back very soon so we can pass it, get it over to the other place, and finally get it on the books.

We agree to the suggestion that the budget debate, apart from the minister's statement next Thursday night, start on Friday, November 17.

I have just one further comment to make. It is the same one I made last Thursday. In view of continuing misunderstanding as to what is in Bill C-12, having to do with the indexing of pensions of public servants and others, I hope that debate might get started fairly soon so there can be exposed to the public what the government's intentions are under that bill.

Mr. Andras: Mr. Speaker, with regard to the comment by the hon. member for Winnipeg North Centre (Mr. Knowles) about Bill C-12, I will be in a position very shortly to convey the information which I know is pertinent to the deliberations on that bill. I will consult with the House leader for the timing of such a reading at which time all the pertinent factors, specifically the degree of supplementation possible for the next three years, which I think is the key issue, will be made clear. I say to the hon. member that I think he will receive my information favourably.

* * *

[*Translation*]

POINT OF ORDER

MR. CORBIN—REMARK MADE BY LEADER OF THE OPPOSITION

Mr. Eymard Corbin (Madawaska-Victoria): I rise on a point of order, Mr. Speaker.

Mr. Speaker: The hon. member for Madawaska-Victoria on a point of order.

Mr. Corbin: Mr. Speaker, referring to Standing Order 35 which says, and I quote:

No member shall . . . use offensive words against either House, or against any member thereof.

Committee Reports

Yesterday afternoon, Mr. Speaker, as can be read in *Hansard* for Wednesday, November 8, page 928, the Leader of the Official Opposition said at about 3.42 p.m., and I quote:

[*English*]

Mr. Speaker: Order, please. I do not have any way in which I can receive the point from the hon. member at the present time unless it is by way of a question of privilege. If it is a disorder that took place yesterday, it would need to have been raised or brought to the attention of the Chair at that time. If it relates to privilege, having occurred in yesterday's proceedings, and being raised today by way of privilege, it would have to be upon specific notice under the standing orders. In the absence of that notice, I have no jurisdiction to proceed with it at this time.

Mr. Corbin: Mr. Speaker, the matter I wish to raise occurred at a time I was serving as a member of the Standing Committee on Health, Welfare and Social Affairs, which is my duty as a member of the House of Commons. At that time the Leader of the Opposition (Mr. Clark) made a comment in the House which was offensive. It only came to my attention during today's question period when I read the comments he made at that time. I take the earliest opportunity to raise this.

Mr. Speaker: Order, please. I regret to advise the hon. member that, although I understand his dilemma, namely, that he was serving on duties of the House of Commons when what he considers to be an offence was made, I have to consider whether I have jurisdiction to take it into account and, if I do, if it was disorder I would have had to take it into account at the time it occurred. If it is privilege, the only basis upon which I can deal with comments made yesterday in today's proceedings is if I have received proper notice under Standing Order 17, and I have not. Therefore, I have no jurisdiction to deal with it.

If the hon. member feels aggrieved, perhaps he can take the earliest possible opportunity in debate to refer back to that remark. I would guess there would be opportunities in future debates to do that, but I regret procedurally I have no power to deal with it at this time.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS

First report of Standing Committee on Finance, Trade and Economic Affairs—Mr. Kaplan.

Order Paper Questions

[*Translation*]

HEALTH, WELFARE AND SOCIAL AFFAIRS

Second report of Standing Committee on Health, Welfare and Social Affairs—Mr. Gauthier (Ottawa-Vanier).

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

* * *

TELECOMMUNICATIONS ACT

MEASURE ESTABLISHING NEW POLICY

Hon. Jeanne Sauvé (Minister of Communications) moved for leave to introduce Bill C-16, respecting telecommunications in Canada.

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

* * *

[*English*]

TRANSPORTATION OF DANGEROUS GOODS ACT

MEASURE TO PROMOTE SAFETY AND TO PROTECT ENVIRONMENT

Hon. Otto E. Lang (Minister of Transport and Minister of Justice) moved for leave to introduce Bill C-17, to promote public safety and the protection of the environment in the transportation of dangerous goods.

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

* * *

QUEBEC AND MONTREAL PORT WARDENS ACTS

MEASURE TO AMEND

Hon. Otto E. Lang (Minister of Transport and Minister of Justice) moved for leave to introduce Bill C-18, to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an act to amend and consolidate the acts relating to the office of Port Warden for the Harbour of Montreal.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 147, 247, 249, 256, 257, 271, 272, 274 and 417.

I ask, Mr. Speaker, that the remaining questions be allowed to stand.

[*Text*]

BUREAU OF PENSIONS ADVOCATES

Question No. 147—**Mr. Forrestall:**

1. Where are Bureau of Pensions Advocates offices located in Canada?
2. How many Pensions Advocates are assigned to each office?
3. How many claims were processed in each office for each year since 1970?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs):

1.		2.
	St. John's, Nfld.	1
	Charlottetown, P.E.I.	1 (part-time)
	Halifax, N.S.	3
	Saint John, N.B.	2
	Quebec, P.Q.	2
	Montreal, P.Q.	3
	Ottawa, Ont.	4
	Toronto, Ont.	1
	Hamilton, Ont.	1
	London, Ont.	3
	North Bay, Ont.	1
	Winnipeg, Man.	3
	Regina, Sask.	1
	Saskatoon, Sask.	0 (serviced by Regina)
	Calgary, Alta.	1
	Edmonton, Alta.	1
	Vancouver, B.C.	3
	Victoria, B.C.	2

3. Bureau of Pensions Advocates—Applications to Canadian Pension Commission, Requests for Entitlement Board and Quantum Hearings and Appeals to the Pensions Review Board by Districts—1969-70 to 1977-78

District Office	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
St. John's, Nfld.	117	88	180	150	110	117	125	161	211
Charlottetown	127	74	209	167	209	166	187	204	259
Halifax	534	435	833	1159	1167	959	1261	1716	1528
Saint John, N.B.	344	303	334	494	579	422	522	670	621
Quebec	405	404	412	482	490	413	442	638	399
Montreal	534	442	624	871	969	994	1061	1180	1275
Ottawa	1014	838	1055	1256	1283	1326	1482	1759	1531

[Mr. Speaker.]

3. Bureau of Pensions Advocates—Applications to Canadian Pension Commission, Requests for Entitlement Board and Quantum Hearings and Appeals to the Pensions Review Board by Districts—1969-70 to 1977-78

District Office	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
Toronto	496	391	475	530	504	466	528	529	485
Hamilton	308	196	186	336	333	273	581	680	508
London	505	440	836	787	942	865	1057	1427	1410
North Bay	266	249	265	359	448	636	384	413	387
Winnipeg	394	422	760	809	1133	788	827	994	920
Regina	166	165	221	232	246	187	178	241	171
Saskatoon	130	95	103	203	143	167	193	213	219
Calgary	392	365	670	607	491	417	354	517	511
Edmonton	262	225	278	253	380	295	325	434	312
Vancouver	839	736	952	990	1112	848	857	1288	1191
Victoria	389	358	555	589	611	602	494	641	661

URBAN AFFAIRS—LAWYERS IN PROVENCHER

Question No. 247—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Ministry of State for Urban Affairs and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

AGRICULTURE—LAWYERS IN PROVENCHER

Question No. 249—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Agriculture and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

FEDERAL PROVINCIAL RELATIONS—LAWYERS IN PROVENCHER

Question No. 256—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Ministry of State for Federal-Provincial Relations and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

LABOUR—LAWYERS IN PROVENCHER

Question No. 257—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Labour and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

MULTICULTURALISM—LAWYERS IN PROVENCHER

Question No. 271—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Ministry of State for Multiculturalism and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

SCIENCE AND TECHNOLOGY—LAWYERS IN PROVENCHER

Question No. 272—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Ministry of State for Science and Technology and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

NATIONAL DEFENCE—LAWYERS IN PROVENCHER

Question No. 274—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of National Defence and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

AGRICULTURE—TAX WRITE-OFFS

Question No. 417—**Mr. Brisco:**

Are the same tax write-offs allowed for greenhouse agricultural projects, such as the growing of tomatoes, as are allowed for field grown products outside of a greenhouse environment?

Points of Order

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): See reply to question No. 1,718 of the third session of the thirtieth parliament, *Hansard* No. 146, page 6724, dated June 26, 1978.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

* * *

POINTS OF ORDER

MR. McKENZIE—DELAY IN ANSWERING QUESTION NO. 238

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a point of order. This afternoon the President of the Treasury Board (Mr. Andras) stated that he would be providing us with the necessary information to deal with Bill C-12, to amend the Supplementary Retirement Benefits Act. I wish to ask the parliamentary secretary and the President of the Treasury Board whether they would consider answering a question I placed on the order paper on October 17. It was in regard to whether there was in excess of $9 billion in the Public Service Superannuation Account. That is question No. 238. The answer to this question would certainly help hon. members to deal properly with Bill C-12 concerning retirement benefits.

● (1532)

MR. ELZINGA—DELAY IN ANSWERING QUESTION NO. 223

Mr. Peter Elzinga (Pembina): I, too, rise on a point of order, Mr. Speaker, with regard to question No. 223. This is the third session during which it has been on the order paper and the government has had some two years to answer it. It simply deals with special or annual air passes granted to presidents of Crown corporations and government commissioners, and asks how often these special passes have been used. I wonder if I could get a commitment from the parliamentary secretary allowing me to expect an answer in the near future.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, as regards the first intervention, we will give the question serious consideration, and attempt to provide the best possible answer, as quickly as we can.

As for the second intervention, the hon. member must understand that his question is directed to several agencies and departments. It will certainly cost Canadian taxpayers a lot of money to satisfy his fancy, but we will nevertheless take his question in serious consideration.

[Mr. Brisco.]

[*English*]

MR. ORLIKOW—DELAY IN ANSWERING QUESTIONS ON CROWN CORPORATION SALARIES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise more in sorrow than in anger to ask the parliamentary secretary whether the government will, some time this session, answer a series of questions which have been standing in my name on the order paper for a long time—I think this is the second year—having to do with senior officers of Crown corporations, who they are, and what salaries they receive. If the government does not want to answer the questions, I wish the parliamentary secretary would tell me so, in which case I might pursue them at some appropriate time in one of the standing committees. It does seem to me that the questions are not so complicated nor so difficult that the government cannot answer them in a matter of two years if ministers put their minds to it.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): With respect to this intervention, I can tell the hon. member that I can see his name very often in the questions I have the occasion to answer. I can see he looks happy. I will try my best to keep that happy look on his face as long as possible.

* * *

[*English*]

PRIVILEGE

MR. LAWRENCE—MINISTERIAL CORRESPONDENCE

Mr. Speaker: Order, please. I want to indicate to the House today that I have come to some conclusions with respect to a question of privilege raised by the hon. member for Northumberland-Durham (Mr. Lawrence) on November 3, having to do with a number of matters which were the subject of an interesting discussion at that date. I have not made up my mind on two or three issues which I think should be discussed further; I want to leave them with the House in the hope that they may be argued at some convenient time.

Perhaps I might simply say at this stage that on November 3, the hon. member for Northumberland-Durham raised a question of privilege which came to his attention as a result of certain testimony before the McDonald royal commission. Briefly, the facts are as follows. In reply to a query on behalf of a constituent, the member for Northumberland-Durham received from the then solicitor general, on December 4, 1973, a letter which read in part:

> I have been assured by the RCMP that it is not their practice to intercept the private mail of anyone and I trust the above explanation will set your constituent's mind at ease.

The hon. member for Northumberland-Durham indicated to the House that in testifying before the McDonald commission in relation to this particular letter, former Commissioner Higgitt had said:

That is not, that is not an assurance the RCMP is giving to the minister at all and as a matter of fact the practice was, in matters of this kind, the practice was very often ministers' letters were not exactly drafted on precise statements of fact.

On the basis of this evidence the hon. member alleges that a deliberate attempt was made to obstruct him in the performance of his duties to the extent that the minister's letter to him, dated December 4, 1973, was not exactly drafted on precise statements of fact.

The law of privilege in this regard is stated in Erskine May in the nineteenth edition at page 136:

It may be stated generally that any act or omission which obstructs or impedes either House of Parliament in the performance of its functions, or which obstructs or impedes any member or officer of such House in the discharge of his duty, or which has a tendency, directly or indirectly, to produce such results may be treated as a contempt even though there is no precedent of the offence.

More specifically, under the heading "Presenting Forged, Falsified or Fabricated Documents to Either House or Committees of Either House", May goes on to say:

It is a breach of privilege to present or cause to be presented to either House or to committees of either House, forged, falsified or fabricated documents with intent to deceive such House or committees or to subscribe the names of other persons or fictitious names to documents intended to be presented to either House or committees of either House or to be privy to, or cognizant of, such forgery or fraud.

That appears in the nineteenth edition at page 141. At the same page May deals with conspiracy to deceive either House or committees of either House, as follows:

It has already been seen that the giving of false evidence, prevarication or suppression of the truth by witnesses while under examination before either House or before committees of either House is punished as a contempt; and that persons who present false, forged or fabricated documents to either House or to committees of either House are guilty of a breach of privilege. Conspiracy to deceive either House or any committees of either House will also be treated as a breach of privilege.

The very interesting debate on this question of privilege which took place on Friday last has left me with a number of issues to resolve. The first of these, of course, is whether or not the hon. member, within the classic definition of the law of privilege, has in fact a matter of contempt or a matter of privilege.

In addition, there were a number of ancillary items which I felt arose during the course of debate. I will enumerate five of those now. The first deals with whether the complaint was raised at the earliest possible moment. The second is whether a letter from the Solicitor General to a member can be treated as a proceeding in parliament in order, therefore, to qualify for consideration under our rules of privilege. Third, can a contempt committed during one parliament be dealt with in another? The fourth point which I want to bring before the House now is: does the sub judice convention impose any constraints upon the House in this case? Fifth, does the constitutional doctrine of ministerial responsibility affect in any way the law of privilege?

I have no difficulty in disposing of the first three of these ancillary items. I am prepared to find that, first, the complaint was raised at the earliest possible opportunity. It was before the McDonald commission that Commissioner Higgitt acknowledged for the first time that the letter in question was "not exactly drafted on a precise statement of fact". Nothing said before the Keable inquiry earlier in the year would lead to that conclusion, and what was said in the House on November 9 by the then solicitor general indicated that the RCMP opened mail only in certain very distinct cases and circumstances. Furthermore, in connection with certain questions put by the hon. member to the solicitor general in respect to that pronouncement on November 9, I am satisfied that the hon. member can draw a relationship between the letter and his questions on that particular occasion.

His questions were directed to the Solicitor General at that time on the grounds of asking whether the Solicitor General was sure that these were the only categories in which mail openings were conducted by the RCMP, and I therefore accept the hon. member's argument that there was a direct relationship between his letter and his conduct on specific occasions in the House. I find, therefore, in that relation the letter does become a proceeding in parliament for the purposes of privilege.

I can also easily deal with the problem about this House dealing in this parliament with a contempt committed by an earlier parliament. I would refer hon. members to the nineteenth edition of May at page 161, where it is stated:

—a contempt committed against one parliament may be punished by another;

The matter is obviously put to rest by that quotation.

The last two ancillary issues, however, give me greater difficulty. I want to indicate to the House at once my own preliminary analysis of these two problems and also of the form of the motion, which is the third matter which I want to leave for the House, because we did not have argument directed to that question.

● (1542)

I want to refer hon. members to paragraph 24 of the recent report to this House of the Standing Committee on Rights and Immunities of Members on the sub judice convention, which reads as follows:

Your committee recommends that the Speaker should remain the final arbiter in the matter, that he should retain the authority to prevent discussion of matters in the House on the ground of sub judice, but that he should only exercise this discretion in exceptional cases where it is clear to him that to do otherwise could be harmful to specific individuals. In exercising this discretion your committee recommends that when there is a doubt in the mind of the Chair, a presumption should exist in favour of allowing debate and against the application of the convention. In the view of your committee prejudice is most likely to occur in respect of criminal cases and civil cases of defamation where juries are involved.

My preliminary analysis of the question of matters sub judice is, in the first place, that this touches privilege, and

surely no body but this House can have jurisdiction where matters of privilege are involved if, in fact, privilege is found.

The second thing is that in my preliminary analysis the proceeding which is the parallel inquiry about which concern might be expressed if the sub judice convention were to apply is not in fact a trial. It is not a civil or criminal court. There is no verdict to be given, and therefore no prejudice, it seems to me, could result from discussion in this House parallel to the discussion taking place before that royal commission. Therefore, on the face of it, because it would involve privilege, which is in the jurisdiction only of this House, and because no prejudice would be apparent, it would seem that the sub judice convention ought not to be applied. However, that was not argued, and I would like to hear argument, if there is any to be made, contrary to my preliminary analysis.

I am also concerned that although the sub judice convention may not have application in this forum, the wisdom of avoiding parallel inquiry is something which was not argued. When we draw upon the testimony before an inquiry, at what stage is it appropriate to draw upon that testimony to proceed with another inquiry here? That testimony can be cross-examined. It may be contradicted. On the other hand, surely this House is not about to wait patiently for the conclusion of the proceedings before the McDonald inquiry before it takes steps of its own, particularly if the House feels that it has been treated with contempt and that a matter of privilege is involved. That is an issue upon which I would like to hear further discussion.

Furthermore, the matter of ministerial responsibility is a question which gives me some concern, and while I recognize that ministerial responsibility is a constitutional doctrine, again I say my preliminary analysis is that it does not have procedural significance as far as the Chair is concerned and, in any case, does not override privilege even if it did have some procedural significance. Nevertheless, it has been quite a generally accepted extension of that doctrine of ministerial responsibility that when serious dereliction of duty by an official of a minister takes place, the minister is expected either to assume responsibility for that in the House or, alternatively, to advise the House of the appropriate disciplinary measure which has been taken.

I say to the House that while I do not think there is procedural significance to the doctrine of ministerial responsibility, it appears that we are now embarking on a different course in having the House, through a question of privilege, reach around the minister and examine directly the conduct of an official. Both of those—parallel inquiries and taking that step in terms of ministerial responsibility—it seems to me are probably not procedural matters but are risks the House is taking. It may be that they are risks which will be examined in debate, and the House will take decisions. They are substantive matters to be considered by the House and not properly procedural matters for the Chair. Those are two concerns I want to leave over for further argument. I do not expect hon. members to be prepared to argue without having time to put their thoughts together.

[Mr. Speaker.]

The final concern I want to leave with the House—and I freely say that it would not be looked upon by me in any case as a fatal concern—is the form of the motion. The customary form of a motion on a question of privilege is very precise and explicit, in that the matter is referred to the Standing Committee on Privileges and Elections.

The form of the motion put forward by the hon. member, on the one hand, seems to make a declaration which is in fact a finding that contempt has taken place. On the other hand, it calls for an inquiry to be made in the committee. I have looked at the form of the motion, and it is a departure from previous motions of privilege which have been accepted, but I am far from satisfied that it is out of order. I am not at all convinced that it is out of order and, frankly, I think if there is a procedural irregularity regarding the motion, I would not want to stop an important question like this on that ground. However, if the motion is found to be procedurally irregular or a departure from our regular procedure, I would be sympathetic to an amendment or an alteration to the motion, if we were to carry the matter forward.

I have not, and I do not think I should go on to deal with the basic question of whether the question of privilege has been decided finally by me in favour of the hon. member for Northumberland-Durham. I will not do that until I have heard other argument.

These other considerations having been set aside, and in line with the precedents I have cited I think most members of the House would find it very difficult to accept that this House is powerless to do anything about a deliberate act to deceive either a minister or, through the minister, the House. However, the final determination will be after argument on those other three points.

I do not want to hear any further argument on the points I have set aside, but I would be grateful if the House would direct itself, at a time which is convenient, to further argument on the questions of whether a parallel inquiry should take place and whether the doctrine of ministerial responsibility in any way affects this question of privilege. I have said already—and I want hon. members to look at my remarks—that I do not think that those are procedural questions, but I would like argument on them nevertheless, as well as on whether the form of the motion should be altered in order to keep it within our practices, if we set these other objections aside.

Mr. Lang: Mr. Speaker, thank you very much for your indication as to how we will proceed. I will be conveying that immediately to the Deputy Prime Minister (Mr. MacEachen) who, no doubt, in the usual way will have discussions with the other House leaders in order to determine the convenient time to which you refer.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am rising to express the same thing, except in reverse. I will be speaking to my friend as well as to the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we agree to come to an agreement as to a reasonable time to do this.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO PROVIDE FOR CHILD TAX CREDIT

The House resumed, from Tuesday, November 7, consideration in committee of Bill C-10, to amend the Income Tax Act to provide for a child tax credit and to amend the Family Allowances Act—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: When the committee rose on Tuesday, November 7, 1978, clause 1 was under consideration.

On clause 1—

Miss Bégin: Mr. Chairman, as you can see from a reading of *Hansard* for Tuesday night, I had not finished my contribution. May I be given a few moments to finish my reply to the hon. member for Broadview?

Mr. Knowles (Winnipeg North Centre): Agreed.

Miss Bégin: The hon. member for Broadview spoke of a problem which surely does exist, but I do not think we can bring about any change. The problem is the difference between the treatment of common law marriages pursuant to the Income Tax Act, and legal marriages. The hon. member gave an example of two common law parents with two salaries which total more than $18,000. This mother would be entitled to the child tax credit. If these two people were legally married, they would not qualify for the child tax credit. If common law marriages were recognized under the Income Tax Act, the door would be open to uncontrollable situations. Because of that, I do not see any valid amendment to the bill presently under study. Common law marriages do not have the factor of stability which legal marriages have. That is the basis around which the social policy in Canada has been built. I think this is accepted by hon. members.

● (1552)

Mr. Orlikow: Mr. Chairman, I should like to enter into this debate for a few moments. I would like to have an explanation from the minister concerning what I consider to be major differences between the speech she made during the debate on this bill, and the speeches she made before the bill was introduced. I am referring to the area in her speeches relating to the extent and depth of poverty in this country.

First I will refer to a couple of examples, and then I will put on the record what is the real situation in the country, for the benefit of all hon. members. On Tuesday, November 7, as reported at page 883 of *Hansard*, the minister said:

> However, in the last ten years absolute poverty in Canada, as given by the indicators of Statistics Canada, has been reduced from 20 per cent to 12 per cent.

She said the same thing in the speech which she gave when the House was considering second reading of the bill. The minister should think about the statements which she made the other night and compare them with the statements which she made in a speech to the Sherbrooke Federal Liberal Association. Her speech was made on March 13, 1978, and it is entitled, "The Myths of Social Policy". She was referring to the dangers of people not understanding what is going on in the country when she said:

> That danger is that in the current swing of the political pendulum we will overlook the needs of millions of Canadians who are far less fortunate than we are. It is, after all, very easy to turn our backs on poverty.

Later on in the speech she said:

> Many, many Canadians believe these myths; you may believe some of them too. But many others know differently. The others are found among the 600,000 working families who must spend two thirds or more of their income to provide the basic necessities of food, clothing and shelter. They are among the nearly two million children living in families with incomes that are inadequate for their needs. They are among the hundreds of thousands of elderly who live below the poverty line.

Further on in the speech she said:

> —Canada's poor families are getting along on an average of one seventh of the income of families in the upper one fifth of our population.

She was referring to her audience when she used the word "you", and I am sure she would say the same thing about members of parliament.

She continued:

> You are likely all in that upper one fifth. Divide your family income by seven and try to imagine what it would be like living on that one seventh.

What happened to the minister between March and November? In March she made that speech, and in November she came into the House to explain and defend the bill which is a good one. Surely the minister knows that there is poverty in Canada. I do not know if anyone else on that side of the House or any other cabinet minister realizes that. The minister was aware of that fact last March. Thus, I cannot understand how she reached the position which she has taken in this debate.

In the minister's speech on second reading, she created the impression that we did not have much poverty, yet approximately two days ago she referred to the fact that the percentage of Canadians living in poverty has dropped from 20 per cent to 12 per cent.

The figures reported by Statistics Canada do not bear out the 12 per cent referred to by the minister. In its fifth annual review in 1968, the Economic Council of Canada indicated that, based on figures from the 1961 and 1965 census, 20 per cent of Canadians were living below the poverty line at that

time. Its most recent figures are for 1975 and 1976. They indicate that 11.8 per cent of families and 38.1 per cent of unattached individuals are living below the poverty line. If those figures are combined, approximately 19 per cent of all Canadians were living below the poverty line at that time. I emphasize that the figures used by the Economic Council of Canada and Statistics Canada are conservative ones. They are much lower than the ones used by Senator Croll in his study as a member of the Senate committee.

I should like to refer to the most recent figures for September, 1978. The definition of poverty by Statistics Canada is a conservative one. Perhaps a lot of people classified by Statistics Canada as not living in poverty are living under straitened circumstances. According to the latest income distribution figures, there were 712,000 families and 779,000 individuals living below the poverty line in 1977. This is an increase of approximately 66,000 families and 98,000 individuals who fell below the poverty line in 1977. The minister should tell Canadians and hon. members that in fact there is a great deal to do before we can boast about moving toward a more equitable society. We must move toward eliminating a substantial proportion of the existent poverty.

On second reading the minister argued, because of the very substantial increase in the Canadian gross national product over the last few years, that there has been an increase of 25 per cent in the standard of living of people above the poverty line. If one wants to compare the manner in which poor Canadians live to the lifestyles of poor people in South America or Africa, one would have to say that poor Canadians are living in luxury. The governments of all countries should compare their peoples with the lowest incomes to those with higher incomes.

The minister indicated that Canada had not changed very much in the last 25 or 30 years, that people at the lowest tip of the income distribution scale are receiving between 4 per cent and 6 per cent of the gross national product, and that people in the top one-fifth are receiving something over 40 per cent. That is just the point. We are all living today better than we were five or ten years ago.

● (1602)

The question which has to be faced, and I would have hoped that this minister was just the person on that side, if anybody, to address this problem, is that we have made no real changes in the distribution of wealth in this country and that the people in the bottom fifth of our society are still getting a disproportionately low percentage of the gross national product. There are still far too many people, and they are not in the 12 per cent which the minister spoke about, living in poverty in what should be an affluent country that can look after the needs of all of the people, and which we are not doing.

Miss Bégin: Mr. Chairman, my stand and opinion on poverty in Canada have been consistent. Perhaps the hon. member is using my speech as a vehicle for speaking to other members in this House, possibly those to his right. He cannot be talking to me because he knows very well that I have always said that there is still too much poverty in this country of affluence. Many times I have mentioned the 600,000 families with close to two million children who live below the poverty line. I find this unacceptable, and I want to help to erase that situation.

[Mr. Orlikow.]

Mr. Stevens: Your government has contributed to that.

Miss Bégin: The hon. member for York-Simcoe, the social specialist for the Conservative party, says that we have done nothing about poverty. That is not true. Many things have been done to erase poverty, and it is important to remember what this government has done. Poverty had decreased to a certain degree in this country. The measure of redistribution, however, has not changed, and this bill will help that by putting $300 million more into that group of poor families living below the poverty line. It will be quite a step, certainly not revolutionary, but it is of great importance.

Mr. Stevens: Mr. Chairman, I would like to pursue with the Minister of Finance a line of questioning that I originated during this committee stage with his parliamentary secretary. It has to do with identifying the on-going expenditures with respect to the family allowance program and then relating it to the on-going loss of revenue which may ensue as a result of the tax credit proposal. When I raised this question I specifically requested more detailed information that led to the government telling us that the total savings and costs of these various programs are X hundreds of millions. I was looking for a more detailed breakdown showing the number of family allowance cheques that were involved and the number of tax credits that the government anticipates will be going out.

I suggest that perhaps the parliamentary secretary misunderstood what I was getting at. He tabled a list of certain expenditure reductions and revenue additions or reductions for the year 1978-79 and 1979-80, but perhaps the parliamentary secretary was not aware that the list he tabled had already been put into *Hansard*. I was well acquainted with that list and, in fact, it was what prompted me to ask for further details.

The refundable tax credit, according to the minister, will result in a loss of revenue of $810 million in the fiscal year 1979-80. Can the minister give us more detail as to how he arrived at that figure, which is the first entry on the table I referred.

[*Translation*]

Mr. Chrétien: Mr. Chairman, we take the number of children receiving family allowances who are, according to the information we have, in families where parents do not pay income tax or pay just a little amount and compare it with the number of family allowance cheques we issue during the year with all the information we could get from the Department of National Health and Welfare and from the Department of National Revenue, based on income tax return forms filled by Canadians, we came to the conclusion that the total amount for fiscal year 1979-80, which is the first year in which these tax credits for children will be paid, will be $810 million.

[*English*]

Mr. Stevens: Mr. Chairman, what I am asking the minister for is at least an outline of the detail behind the statements which he has made. When the minister says that he takes the number of family allowances and calculates from there, can he tell us the actual numbers behind the $810 million estimate he has given us?

Mr. Chrétien: Mr. Chairman, we made a model of certain family incomes that would be involved, and we processed that scientifically with the departments involved. I have explained the ingredients in the model. I cannot bring the model here because it is an IBM machine and there is no room in the House.

Mr. Stevens: The minister may jest, but I think it is a very important question. In the past we have found in many instances that government figures have been proven wrong, literally within six to 12 months. In this case we are being asked to accept an estimate of $810 million as the net revenue loss for the fiscal year 1979-80. Would the minister give us back-up figures to substantiate his estimates?

Mr. Chrétien: Mr. Chairman, I think that it is one of the elements of the program. There is the refundable tax credit which will be a loss of revenue for that aspect, and we have said there will be an offsetting element, a net gain to the government of $35 million.

Mr. Stevens: You are just dealing with one element.

Mr. Chrétien: It is the process of paying back the credit to the people who will qualify. There is also the reduction in the family allowance, the elimination of the $50 tax credit per child, and there is the modification to exemptions for children age 16 and 17. These elements will offset the $810 million for a net of $35 million. Those are the ingredients which make up the model and enabled us to arrive at an estimate of $810 million.

There are many things that can go into such a model. Can the hon. member provide, for example, the total number of children, the number of families earning under $22,000 a year, their exemptions and so on? It is a complicated question, and we rely on the figures provided by the experts.

The hon. member made a statement to the effect that the government was seldom correct. I was pleased to report to a committee, where the hon. member for York-Simcoe and I seem to meet so often, that we do make errors, and that this year we underestimated our revenue and over-estimated expenditures. That kind of error pleases me.

Mr. Stevens: Mr. Chairman, I will not make any comment on the last little misrepresentation.

● (1612)

Mr. Chrétien: With the reduction of 16 and 17-year olds, 250,000 families will be affected. With the elimination of the $50 credit, 2.7 million families will be affected. The child tax credit that we are introducing will affect 2.5 million families.

Mr. Stevens: I think that is partly the information I was looking for, Mr. Speaker—2.5 million families will be affected as a result of the tax credit. How many children are involved?

Mr. Chrétien: About five million children.

Mr. Stevens: Let me go to the next stage. That is fiscal 1980 which, if we accept the minister's figures, indicates a loss of revenue of $810 million. Could the minister give the House the estimate for fiscal 81-82?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I must say that we do not make such estimates precisely because we do not prepare estimates five years in advance. To be able to give precise figures in this area it is necessary to make very difficult extrapolations because it would be necessary to know the exact income levels of Canadians in two, three and four years, as well as the exact level of inflation during the same years. The hon. member mentioned a few moments ago the difficulty of obtaining very precise figures for a single year and then he asks me for something which is almost impossible to give under the circumstances, namely to give him the figures with the same precision for the next five years.

[*English*]

We have a good idea that this program will not become more expensive to the government because the revenues it is based on have been indexed and the tax credit program has been indexed as well. They will move parallel. With the higher income and growth in the GNP, the program will move up on both sides of the ledger. The one forecast I can make without scientific information is that the number of children is going down, relatively speaking, so the impact will tend to diminish on the expenditure and revenue side of the government over a period of time. This is a phenomenon that has been in existence for many years. The family allowances program is taking less of government expenditures than before because families tend to be smaller.

Mr. Stevens: Mr. Chairman, the minister may say it is impossible to give these longer range projections, and he refers to five years. I think that was more than just a slip. He must know that in the United States at the present time all budgetary presentations are made on a five-year basis, showing two years of fairly definitive figures, and three years of forecasts. In the United Kingdom all budgetary calculations are based on a five-year period. If the minister is unaware of this I will be pleased to send him the last United States budget and the last United Kingdom budget. He can then see for himself that what he says is impossible is exactly what our two biggest trading partners have been doing for some time.

Mr. Chrétien: Mr. Chairman, I just want to explain to the hon. member again that this program is designed, in terms of expenditures and revenue, to be neutral because it will move

on both sides of the ledger. We are making forecasts for five years ahead of time with all sorts of estimates, but we do not go into every aspect of every program. That would be a waste of time. We deal in bigger figures than that, trying to analyse what would be the growth of the economy and so on. In fact, for the first time in Canadian history, last February for the first ministers' conference I tried to make a planning program for five years ahead. Sometimes that comes back to me because we have set a pattern of growth that would be the ideal for the country that we are not achieving at this time. It was done in order to have a model against which to measure performance, so I am ahead of other nations.

Mr. Stevens: Mr. Chairman, one thing we know that this government and this minister are not ahead on, and that is performance. He has just admitted he is finding it hard to live up to his target of only a few months ago.

Mr. Chrétien: Mr. Chairman, I should like to reply to that comment. The hon. member's party has acquired a new member for Ottawa Centre who is supposed to be challenging the hon. member for the position he occupies. But the hon. member for Ottawa Centre predicted, on a very neutral basis, not in order to boost the party in power, a 5 cent growth. He was obviously not a friend of ours. Of course there is fluctuation in the pattern of growth, but to the chagrin of the hon. member opposite last month he realized we were quite close to target and forecast a surplus in trade.

Mr. Stevens: The minister is overlooking the fact that when my colleague made the 5 per cent prediction he made it in the context of responsible government, but the fact is that we have not had the leadership to achieve a 5 per cent rate of growth. The 5 per cent rate of growth minimum in Canada is not a totally unachievable target. There is no reason why we could not achieve it if we had better government.

What disturbs me about this bill is the lack of planning with regard to expenditures and revenues. One of the problems this government is now living with—and I think the minister might agree—is that Ministers have indexed the revenue sources available to them. They have indexed many of their expenditure programs and are now in the difficult position of having expenditures indexed to inflation, revenue indexed to inflation, so the revenue is levelling out and expenditures are going up. The result is a $12 billion deficit. That is exactly what this bill is going to put in place.

We reduced the $20 family allowance and the minister says that gave us a $690 million reduction in expenditures, but then it is indexed again. The only year we gained the $690 million reduction in expenditures is one year.

Miss Bégin: No; wrong.

Mr. Stevens: Surely the minister understands that on a $20 basis the expenditure that is said to be saved in reducing the family allowance from $28 to $20 is again indexed next year. What I am saying is that when you have the expenditure side indexed and you have the tax credit indexed, it means there will be an error, increasing loss of revenue, tax revenue, yet an ever expanding expenditure on family allowances. I am saying that if we carry on with the 8 per cent inflation this government has inflicted upon us, once indexing takes hold, the $20 family allowance goes up $1.60, and the $200 tax credit under the same 8 per cent calculation goes up $16.

The dilemma we are faced with in the country is that loss of revenue and rising expenditures in the years ahead—not speaking of this year—are going to widen that much more with every family allowance going up $1.60 per month, with every tax credit going down, as far as revenue is concerned, by $16. If either minister could respond to that I would be very interested to hear their answer.

• (1622)

Mr. Chrétien: Mr. Chairman, we can have a long argument about that. In the process by reducing the basic payments that we were making to all families, rich and poor, we have saved a total of $690 million. We have reduced the base from $25.85 this year, which was supposed to increase to $28.80 next year. That has been reduced and has resulted in a saving of $690 million. This saving will be forever because the indexing will be based on a lower base, that is the programs henceforth will be parallel. I do not say there will not be a few dollars here and there, but the principles are such that the program is self-financing, even more with the diminution of children. Relatively speaking it will probably be less expensive in terms of loss of revenues to the government in future years.

Mr. Stevens: Mr. Chairman, the minister has a staff of three, and he has more staff within calling distance all waiting to work their calculators. I would ask the minister to take a static situation, the same number of children, do not worry about income increases, and tell us what fiscal 1981 will look like, assuming we have 8 per cent inflation for indexing purposes. I believe, if I judged correctly from the minister's response, that the consequence of what I have described as indexing on the tax credit side and indexing on the family allowance side has not been driven home to him yet. Sure, he can say that they have a national expenditure saving of $690 million by reducing the family allowance amount from $25 to $20. But unless the minister makes it very clear to this House that if inflation continues there is a $1.60 extra per $20 payment in the following fiscal year—

Miss Bégin: Per month.

Mr. Stevens: Per month, fine. Any way you want. In other words—

The Deputy Chairman: Order, please. I regret to inform the hon. member that his allotted time has expired. We will recognize him later.

Mr. Stevens: Maybe I have consent to carry on.

The Deputy Chairman: Order, please. The hon. member's allotted 20 minutes have expired. I recognize the hon. member for South Western Nova.

Miss Campbell: Mr. Chairman, first of all I would like to take this opportunity to congratulate the Minister of Finance and the Minister of National Health and Welfare.

Mr. Stevens: Mr. Chairman, I rise on a point of order. I know we are all anxious to get on with the bill as quickly as possible. However, I think it would save time if I could have an assurance from the minister that, on the basis I have represented, he will get his officials working on 1981 figures just so we can see the impact of an 8 per cent inflation if the situation is still static. Could I have the assurance that the minster will be doing that?

Mr. Chrétien: Mr. Chairman, he loves to have a lot of people work for nothing. I think I have explained the principle. I will make a calculation on the assumption that there will be no more children and inflation will be 6 per cent.

Mr. Stevens: Eight per cent.

Mr. Chrétien: It will not be 8 per cent. I will not buy that one. I will make a calculation that everyone will be quiet for next year and there will be no more children, as you mentioned.

Miss Campbell: Mr. Chairman, this is an innovative bill. I say this because the refundable tax credit and its application, in my opinion, introduces for the first time a negative income tax system. In other words—and one of the ministers may wish to correct me on this—the refundable tax credit will not only apply to families with children who are taxpayers but to families with children who owe no taxes and who, in the past, would have been unable to take advantage of the credit. These people, the ones who owe no taxes, the most in need, will receive a benefit for the first time from the tax system. I feel that the use of the tax system to provide a benefit for families, whether or not they owe taxes, brings us a step closer toward the restructuring of our whole system of income support programs. In so doing we come closer to the implementation of guaranteed annual income.

In my opinion a guaranteed annual income program would do away with a lot of income support programs now in existence, such as the old age security, spouse's allowance, guaranteed income supplement for persons 65 years of age and over, family allowance, provincial assistance and other programs of assistance. If we had a guaranteed annual income program I feel we would lessen the burden on the taxpayer, first by reducing the administrative costs of all these individual programs and the duplication of services therein, and by eliminating some of the disincentives to work that are there in the present system.

What is proposed in this bill, in my opinion, is a restructured system of financial support for families with children. I have some concerns, and before I go on to this, Mr. Chairman, I would like to talk about this restructured system. The federal income system will be used to deliver benefits to low and middle income families, including those families below the poverty line who would normally not be affected by the usual tax cuts.

Let us look at the present system. What do we have for families with children? We have the family allowance which provides a taxable benefit of $25.68 a month for each child under the age of 18 in the past year. The dependant's exemption excludes from income tax $460 for each dependent child aged 16 and under, and $840 for a dependant 16 years of age and over but under the age of 18. Both of these two items are presently indexed to the cost of living. We also have an additional measure in the personal income tax which allows a taxpayer, with children, a reduction in federal tax of up to $50 for each child, up to an income of $26,000. This measure has been in existence since the 1977 tax year.

I have looked at the financial implications for 1979-80 concerning the changes as announced in August by the Minister of Finance and the Minister of National Health and Welfare and now incorporated in this bill. They may be outlined as follows. First, we have the basic federal family allowance which will be reduced to $20 per month per child beginning January, 1979. The current rate is $25.68 a month, and because it is indexed to the cost of living it would have risen to about $28 in January. The savings from the lower payments to be commenced in January are $690 million, so I am informed. The reductions in tax revenues are $130 million, since allowances are taxable. The net saving is $560 million.

Second, the current tax credit of $50 per child under 18 years of age would be eliminated. The savings in this case amount to $260 million. Third is a refundable child tax credit which is going to be introduced to take effect based on the 1978 taxation year. The basic credit will be $200 a year for each dependent child under the age of 18. It will be available in full to any family with net family income of up to $18,000 a year. The credit will be reduced 5 per cent of net family income above $18,000, for an expenditure of $810 million, and fourth, the tax exemption for children age 16 and 17 will be reduced from $840 to $460, the same level as for children under 16. This change is being phased in over two years. Hence taxpayers now benefiting from this deduction will not be affected. The saving will be $25 million.

● (1632)

If one worked this out on paper, he would see that the restructured system will result in a net saving to the government of $35 million in fiscal year 1979-80. In other words, the aggregate benefits provided under the child support system will decline marginally with the new system. The incidence of benefits, however, will change significantly. Benefits to the poorest families will increase. Families with incomes close to the national average will be about the same, while benefits to high income families will decline.

The exact impact of the restructured system on families with different levels of income will vary with the number of children and the province of residence since income tax rates differ from province to province. The effect of the proposed changes will be to redistribute benefits from the wealthier to

the lower-income families with children. Since Nova Scotia is a low-income province, relative to the Canadian average, it stands to benefit under the new system.

I am advised that of the total of about 130,000 families in Nova Scotia affected by the proposed changes, roughly 105,000 will be net gainers. The over-all net benefit to Nova Scotia, that is, the increase in benefits over the current system, will be $8 million in 1979, $6 million of which will accrue to families falling below the Statistics Canada poverty line of $9,700 for a family of four members.

The impact of the proposed system on a two-parent family with two children under 16 and living in Nova Scotia can be stated as follows. The definition of net family income is income after deductions for contributions to Canada Pension Plan, unemployment insurance, retirement savings plan, home ownership plans, union dues, tuition fees, child care expenses and other expenses. However, net income is calculated before subtracting personal exemptions.

Going back, a family with an income of $5,000 in Nova Scotia under the 1978 benefits, the existing system, would receive $616. Under the 1979 benefits, the proposed system in this bill, they would receive $880, a positive change of $264.

A family in Nova Scotia with an income of $15,000 would receive under the 1978 benefits, the existing system, $813. The 1979 benefits under the proposed system will be $1,047, a positive change of $234. A family with an income of $20,000 would, under the 1978 benefits, the existing system, receive $832. Under the proposed system, the 1979 benefits would be $984, a positive change of $152.

When you reach the $25,000 family income, the 1978 benefits under the existing system would be $838. Under the 1979 benefits proposed in this bill, they would receive $771, a negative change of $67. I could go on and quote all the changes. However, I am just trying to show what would happen with a family of two parents and two children.

As the foregoing indicates, the benefits under the restructured system vary inversely with family income, with higher income families being net losers. The Department of National Health and Welfare estimates that families with net incomes in excess of $25,000 a year will receive $165 million less in 1979 than they would under the present system. Families with less than $25,000 will gain about $130 million. In terms of the number of families involved, there are about 1.3 million families with incomes in excess of $25,000, and 2.3 million families with incomes below this amount.

How will it work? The first benefits under this new child tax credit program will be paid during the early months of 1979. I do not question the administrative end of it, but I look forward to the Income Tax Department doing its share of the work. It will take effect on the 1978 taxation year and it will, as I have already stated, be based on net family income.

An application or a one-page claim form will be included with each January family allowance cheque to be completed by the parent who normally receives the family allowance. Normally this will be the mother.

I now wish to return to the two areas of my concern. One has to do with the parent who normally receives the family allowance cheque. I am not sure whether it states in the Family Allowance Act that the cheque should be sent to the mother or the father, or whether the father has a right to the cheque if he designates he is the one to receive it. In other words, there may be a change with many families as to who would receive the cheque on a monthly basis. In most cases, it is the husband who is working. He may want to take advantage of the set-off between what is owed under this child tax credit and the amount of his taxes.

How will this affect the receipt of the monthly cheque by the mother if the father is in a position to receive the cheque? I can see a situation where the father did not receive the benefit last year but, under the new plan, will exert a certain amount of pressure within the family relationship in order to receive it in the future.

The other area of concern is the way this is to be paid out. It seems it will need to be done in instalments. Due to the circumstances this year, I feel that a lump sum payment could be made. However, I would like to know whether the Department of National Health and Welfare, in conjunction with the Ministry of Finance, is considering making quarterly instalments on family allowance cheques so that there will be more benefit over the year. Also, if the cheque were received next June, it would be at a time when most people on the Atlantic coast are working. Has the matter of instalments under the family allowance scheme been studied?

These are my two areas of concern. First, can the father be designated to receive the family allowance cheque instead of the mother to whom it has normally been sent? Now that it is being tied into income tax, can this be changed? Will there not be a great revolution with the fathers asking for the cheques?

The other concern is with regard to the lump sum payment or whether this can be done in instalments. I realize that for 1979, because of the implementation of the program for January, it has to be done this way. I would like to know whether it can be done another way in the future.

Miss Bégin: Mr. Chairman, I have taken note and agree with what the hon. member for South Western Nova said regarding the establishment of a guaranteed annual income as an objective of social policy in Canada as well as being a completely restructured system with tax benefits.

• (1642)

The thrust of her presentation this afternoon, it seems to me, had to do with the effect on Nova Scotia families, and more particularly on families which are now good middle-class families with the money which goes with it but may be of a more recent character. The fact remains that this bill wants to redistribute family allowances within families to those most in need. To Nova Scotia it does bring benefits, and taking into account the slight monthly reduction in family allowances it would bring to the province a net additional $8 million in

1979, $6 million of it going to families in Nova Scotia who live below the poverty line right now. That, I think, is an advantage. Of course some of the wealthier families in the province will lose a bit every year, but we have kept family allowances and that is what I want to stress.

As to what measure of income we propose to use, I want to confirm that it is net income, the take-home pay. All the deductions the hon. member referred to will help bring back into the picture lots of families who make good money but who are not rich. As to the problem of the struggle of mothers versus fathers in the Canadian society of the future, who is going to get the cheque and the "tractations" which may take place within such families, I want to assure the hon. member that there will not be such a problem and that mothers can continue to receive the cheques without any disadvantage to the income tax position of the fathers. This is for the simple reason that the new child tax credit of $200 a year per child will be non-taxable; it will not be declared on the father's income. It is a net benefit and it does not prejudice the other partner in terms of income tax.

We have taken the decision to send the cheque to the mothers in recognition of the present Canadian reality and in accordance with our long standing policy. In cases where fathers have the legal custody of children, fathers will receive the new child tax credit.

As to the last point made by the hon. member for South Western Nova about making the allowance in instalments more frequently than on an annual basis, we shall, of course, be monitoring the situation. I have spoken on that aspect on several occasions in the House. We shall welcome hearing the viewpoint of mothers on this question after the first year of the program's operation. Right now, there are pros and cons on both sides. While possession of a lump sum will have certain great advantages, it is true that there may be abuses by tax discounters. It might assist family budgeting if the credit were made available in several instalments. This is simply a matter of an administrative decision to be made in future years. We intend to monitor the situation carefully and may well recommend payment by several instalments in future years.

Mr. Macquarrie: Mr. Chairman, I would like to say that always when I begin a speech by saying I would like to "say a few words" I try to make it a declaration of intent rather than a rhetorical cliché. I say it now. It is a pleasure to be participating in this debate. I haven't heard all the speeches, but I have read them all and understood some of them. I have not been able until this week to be in the chamber this session except on Thursday and Friday, and when people say they have not seen me since God knows when, that is a reflection on their own attendance pattern. But it is not for me to go into that.

The Minister of National Health and Welfare was suggesting that the hon. member for Winnipeg North was really directing his remarks to people sitting right of him, and I want to remind her that I am sitting to his right and I did not need that kind of direction she made.

Miss Bégin: Then he was talking to the angels!

Mr. Macquarrie: The score is, too, that I am sitting on his right, and to the left of most of my colleagues. If that be treason, then make the most of it, as Patrick Henry might have said if he were here.

I am pleased to be associated with a debate led in part by the Minister of Finance who is a man I have known for many years, a man of great charm and humour—and heading the portfolio he heads in the way he heads it, he needs a sense of humour. I am delighted he has one. I was impressed to read that he had declared this debate as one of the most significant social policy reforms in a decade. That is quite a sweeping statement. The minister, as I say, is a charming man, but if we ever had in this country a post similar to the oracle at Delphi I would suggest that he not even apply. I say this in terms of his prophetic record.

Some hon. Members: Oh!

Mr. Macquarrie: I was impressed by some concerns which have been raised by many of my colleagues in a matter which, in general, is one which looks pretty appealing. I think the hon. member for Kingston and the Islands and the hon. member for Egmont have still to get fulsome answers to the anxieties which they expressed with reference to certain very important matters. I was impressed too by the address by the new hon. member for Rosedale and by that of my colleague for St. John's East.

There seem to be some contradictory elements in this measure which mar our enthusiasm a bit. The lady minister is one of my favourite ministers in the whole cabinet. I cannot even hope to come close to the honourable, learned, and venerable member for Winnipeg North Centre who praised her so fulsomely, but if she would not consider it praising with faint damns or damning with faint praises I would say she is one of the most enlightened ministers of the particular group now in charge of our destinies.

Mr. Knowles (Winnipeg North Centre): The trouble is she is so lonely in that cabinet.

Mr. Macquarrie: The hon. member says she is lonely and I notice he goes over and talks with her every so often.

Some hon. Members: Oh, oh!

Mr. Macquarrie: But I, Mr. Chairman, am too young and too shy to go over and talk with good looking women.

Some hon. Members: Oh, oh!

Mr. Macquarrie: I admire him for doing so.

Mr. Knowles (Winnipeg North Centre): You may find yourself there some day yourself.

Mr. Macquarrie: The thing that does appeal, of course—and no person with a social conscience would be too disturbed by this—is that basically we are trying to direct government assistance where it is most helpful. Someone long ago, who did not belong to this House, said, "To each according to his needs", and that is not a totally erroneous description of how

the power of government should be used. It is not an improper position in any way.

I have certain little anxieties that in this measure we are, to a degree, assaulting the principle of universality and moving in effect, if not by declaration, back toward something a little closer to the means test mentality. That is something which has always upset me because I began my political career 22 years ago, when we had to deal with all sorts of senior citizens in this country who would ask the Conservative candidate, "Is it true that if you win we shall lose our old age pension?" That is something I shall never forget. It was a very mean abuse of our older people. I have a deep-seated emotional anxiety about that. Perhaps if I were back in university I might be tempted to use the word "syndrome". But what is becoming increasingly apparent—and I noticed it earlier this afternoon when my colleague from York-Simcoe, who has a calculator here—and the Minister of Finance has one over there—was engaging in a discussion about, as I recall, de-indexing, non-indexing and re-indexing. I am not a geronton by any means but I have been here a long time and one thing I am certain has happened—this is no cause and effect relationship; I have watched it—is that our legislative measures are becoming constantly more complicated.

I predict to both ministers that there will be trouble ahead in interpretation; there will be trouble ahead in administration. And I always believe it is basically a bad thing *a priori* if you confuse, compound and complicate the relationship of a citizen with his government. That is most assuredly going to happen with this measure. God knows that the Minister of Finance deserves credit for being persistent, and I am quite sure that he will continue to make predictions. I am also sure that as month follows month it will be discovered that the hon. member for York-Simcoe is far more capable of predicting the future than is the minister.

● (1652)

I do not applaud the elaborateness which is coming into this measure. The Minister of National Health and Welfare is a Canadian with a very highly developed social conscience, and I think the intent of this measure is not at all bad, but I have a feeling that as it is administered the Canadian people will find that it is not nearly so great a measure as the Minister of Finance proclaimed it to be in his opening paragraph.

Mr. Chrétien: Mr. Chairman, I want to reply to three points made by the hon. member. There is no means test at all. No bureaucrats from the Department of National Health and Welfare will be moving into houses, looking at people's assets and so forth. There is no danger of that.

The universal aspect remains, but we are trying to target surplus funds to areas where they are needed. I recognize that the system will be more complex, but we have to live with that if we want to achieve our goals.

Mr. Friesen: Mr. Chairman, I would like to say to the Minister of National Health and Welfare that my fears are not at all allayed by her remarks about who will be allowed to claim family allowance cheques. When I was working on my private member's bill regarding parental kidnapping, I discovered that it really is possible for husbands to abduct their children and get family allowance cheques, even though they are not granted custody. That has happened. The minister shakes her head. I will send her a copy of the correspondence which indicated that to me.

My question is really to the Minister of Finance. I listened to his response to the hon. member for York-Simcoe, and in his response he used the term "self-financing". I want to make sure I heard him correctly. The government collects taxes from Canadians across Canada and, to use a favourite word of the Minister of National Health and Welfare, "redistributes" that revenue in $20 cheques per child and in $200 tax credits per child. Does the minister consider this continuous accumulation of tax revenues and continuous redistribution to families across Canada to be a self-financing proposition?

Mr. Chrétien: Mr. Chairman, if we look at both sides of the ledger we find that we are reducing some payments and changing some exemptions in order to introduce refundable tax credits. The two are in balance.

I said earlier that at the end of the year there will be a difference of $35 million, that difference representing more cash in the hands of the government than before. The hon. member for York-Simcoe asked me to use my calculator. Using all the assumptions he has made, the amount will be $45 million rather than $35 million. The hon. member for York-Simcoe is not listening. Perhaps I should repeat what I said in French so that he can understand. We have made the calculations he has made. I do not now if his calculator is as good as mine, but assuming the same number of children and a rate of inflation of 6 per cent next year, the difference will be $45 million and not $35 million, as it is this year. It is virtually the same thing.

Mr. Stevens: Mr. Chairman, I assure the minister that neither calculator is at fault. Perhaps the inputs are different.

Mr. Chrétien: I used your input.

Mr. Stevens: I would like the minister to tell me where I am going wrong. On November 6 his colleague, the Minister of National Health and Welfare, told us that the $690 million figure was arrived at by taking $8 per child—that is the proposed reduction from next year's figure—times 12 months times the number of cheques issued for the children of Canada, which is 7.2 million. If the minister puts that through his calculator, he will find that he gets approximately $690 million. I took the minister's own 6 per cent calculation, which means that there will be $1.20 more on every $20 payment as a result of indexing. I went through the multiplications and got $103 million. With regard to the credit, if we take five million children, which I think was the minister's number, times $12—I have extended it, in fact, the minister might be interested to know, until 1985 using his inflation figures on both sides—what we find is that the net cost to the treasury, if

things simply stay static through the loss of revenue and the expenditure increases, will be $1 billion in that year.

Am I wrong to conclude that there will be $103 million in added expenditures due to indexing alone based on the 7.2 million cheques to which the Minister of National Health and Welfare referred earlier?

Mr. Chrétien: Mr. Chairman, we could go on ad nauseam making calculations. The hon. member asked me a precise question. I asked my officials to make calculations. We used the figure of 6 per cent. We multiplied the figures by 6 per cent, and we came to a net gain of $45 million for next year rather than $35 million. That was the calculation the hon. member asked us to make. If he changes the hypothesis and goes on to something else, we could spend eternity calculating. The hon. member's calculation included the $690 million figure. The hon. member came to that. I do not think it is fair to ask me to make calculations in the House of Commons. There should be a limit to this nonsense. We are wasting time. I enjoy it; I do not mind—hon. members opposite can put all kinds of questions to us, and we can put figures into computers and produce replies—but this is just a waste of time. We have a good bureaucracy in this country, and it can make these calculations.

Our officials do not try to fool anybody. They are honest people who want to give us honest answers. I do not do the calculations myself. I do not pretend that I do, and I never will. I think it is pure nonsense to be caught up in this situation. I am in the midst of preparing my budget, and I am fed up with this kind of nonsense.

Mr. Stevens: Mr. Chairman, I rise on a point of order. The minister knows that I have requested this information twice. He has failed to give it to us. If he wants time, that is fine. I do not expect him to be able to calculate on his knee, but I have asked for this information twice. May we have it tomorrow, and not just for next year, in which I think there will be $160 million at stake?

The Deputy Chairman: Order, please. I suggest to the hon. member for York-Simcoe that this is not a point of order but a point of debate.

Progress reported.

• (1702)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Vegreville (Mr. Mazankowski)—Transport—Movement of grain to export positions; the hon. member for Annapolis Valley (Mr. Nowlan)—Canadian Broadcasting Corporation—Request for explanation of Prime Minister's comment on state of corporation; the hon. member for Winnipeg North (Mr. Orlikow)—Finance—Funds research and development.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

Mr. Deputy Speaker: It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills, notices of motions (papers) and public bills. since there are no items on the order paper under private bills and notices of motions (papers), the House will proceed to the consideration of private members' public bills.

Item No. 1 in the name of the hon. member for Calgary North (Mr. Woolliams).

Some hon. Members: Stand.

Mr. Deputy Speaker: The motion stands by unanimous consent.

* * *

BILL OF RIGHTS FOR CHILDREN ACT

MEASURE TO PROTECT FREEDOM AND DIGNITY OF CHILDREN

Mr. James A. McGrath (St. John's East) moved that Bill C-204, respecting a Canadian Bill of Rights for Children, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

Mr. Deputy Speaker: Order, please. Before proceeding with the consideration of item No. 4, I would appreciate if the House would allow me a few minutes to put in front of hon. members some of my preoccupation regarding a few private members' public bills which, at this time appear on the order paper.

At the beginning of every session the Chair always is in a situation to authorize the first reading in one block of a great number of private members' public bills, without having the chance to pass judgment on their procedural acceptability. Thus, it is always with a reservation or caveat that first reading is given, with the understanding that the Chair may, upon consideration of second reading stage of such bills, inform members of some irregularities or infringement of the rules or practices of the House.

Although there seems to be a disposition by unanimous consent to refer the subject matter of Bill C-204 to committee, and I am sure no member would oppose the objective of the bill which is scheduled today for private member's hour, this bill includes an irregularity which creates a doubt about its

procedural acceptability; not really in itself, but in the fact that it opens the door to further abuses on other occasions.

Despite the fact that this bill, or an identical bill, was allowed to be debated earlier this year during the previous session, the Chair feels it is necessary at this time to intervene and interpose its authority, because now it becomes quite clear we will be faced within the near future with a far-reaching precedent which could be set for many other such bills already listed on the order paper.

Before proceeding with the consideration of this bill, I thought it was appropriate to make the case and establish the position of the Chair. It appears to me that this bill, and other similar ones, are out of order at first glance. This bill seems to infringe the financial initiative of the Crown.

Clause 4 of Bill C-204 reads as follows:

> Such officers and employees as are necessary for the proper conduct of the work of the task force may be selected from the Public Service of Canada and the public service of the provinces.

That clause, as well as the objectives laid down in clause 5, will necessitate expenditures of a nature which would require the financial initiative of the Crown. These financial initiatives are the first items mentioned at page 754 of May's nineteenth edition under the appropriate heading, as follows:

> MATTERS REQUIRING THE QUEEN'S RECOMMENDATION
>
> 1. Moneys to be Provided by Parliament
>
> The most frequent case of expenditure of this type is that of charges upon moneys to be provided by parliament for salaries and other expenses caused by the imposition of novel duties upon the executive government by the legislation of the session.

Further down the page, it reads as follows:

> Instances of charges imposed upon moneys to be provided by parliament occur in abundance every session. The following examples may be given:
>
> (1) The expenses connected with the establishment of a new department—
>
> (2) The expenses arising out of the imposition of new duties on an existing department or authority—

If this bill is to impose a new duty on officers of the Crown, it falls within the citation in May's to which I have referred.

Another point is disturbing for the Chair. Clause 6 of the bill reads as follows:

> Nothing in this act shall be construed as requiring an appropriation of any part of the public revenue.

Similar clauses are found in many other bills. Of course the Chair is not concerned with the application which might be made of the clause, if the bill becomes written in the statutes. That is a matter for the courts to decide. But the House should be cautioned that the Chair could not interpret the incorporation of such a clause in a private member's public bill as an acceptable way of eluding the requirement for a royal recommendation where such recommendation is required.

The practice of incorporating clauses of this nature in private members' public bills is relatively new, but it is being applied to an increasing number of bills, all of which have this in common: that there might be some doubt as to the need for a royal recommendation for the implementation of a bill because of financial requirements.

It should be understood clearly that the Speaker, and only the Speaker, has the duty and responsibility to determine whether any bill requires a royal recommendation, and that the Speaker is empowered to decline to put the necessary questions on bills which require royal recommendations but fail to obtain it.

• (1712)

It is equally clear that when the required royal recommendation is not obtained in relation to a bill, the Chair must interpose its authority before any further proceeding is embarked upon on the bill. Under the heading "Enforcement of Rules of Financial Procedure", May's nineteenth editon, page 709, states:

> Questions of interpretation are decided by the Speaker, or if they arise in committee, by the chairman. In discharging its duty of disallowing any proceedings which would infringe the rules of financial procedure, the Chair relies in the last resort upon its power to decline to propose the necessary questions. It is principally by the action of the Chair that the financial practice of the House has been developed, its principles defined, and any deficiencies in the standing orders (such as those mentioned on p. 710) supplemented.

And a few lines further down its says:

> Unless the recommendation of the Crown enjoined by SO No. 89 be signified, the Speaker cannot propose the question on a motion which comes within the scope of this standing order. Accordingly, if any motion or bill or proceeding is offered to be moved, whether in the House or in a committee, which requires but fails to receive the Queen's recommendation, it is the duty of the Chair to announce that no question can be proposed on the motion or to direct the withdrawal of the bill.

I am sure all hon. members are aware of our Standing Order 62, but this same requirement is also provided for in the British North America Act under section 54.

The rules of financial procedure are so stringent that there is no provision whereby the Speaker might leave it to the House to decide whether or not a royal recommendation is required for a particular bill or to allow the House to do it by unanimous consent. It is interesting to note—and this is important—that even if the Chair were tempted to abnegate its responsibilities in this area by allowing a bill to be proceeded with on the basis of the inclusion of a clause claiming that no appropriation would be made of any part of the public revenue, it would not be the House but one of its committees which would in fact decide on the application of the financial initiative of the Crown, because it is in committee that the various clauses of a bill are dealt with. For example, clause 6 or a like clause could be defeated in committee and removed from the bill.

The Chair has therefore come to the conclusion that clause 6 of this bill, and similar clauses in other bills, whatever their purpose or object may otherwise be, will not be given any consideration in determining whether or not there is any infringement of the financial initiative of the Crown. I therefore intend to continue, according to past practice, to examine every private member's public bill as it is proposed for consideration to ensure that the provisions of Standing Order 62 are not violated.

In the case of Bill C-204, however, it is my view that the peculiar circumstances surrounding this bill are such that its further progress should not be impeded. In fact, it has already been debated in this House during the previous session. The money implications, if not minimal, are difficult to identify, and perhaps the hon. member for St. John's East (Mr. McGrath), in his eloquence, may have been able to convince the Chair to that effect.

With all these things taken into account, I am ready to allow the consideration of Bill C-204, but I would caution the House that this decision is not to be considered as a precedent for similar bills in the future. With this proviso, I am ready to put the question on second reading of Bill C-204, but I would add that there are at least two bills which give great concern to the Chair, Bill C-210 and Bill C-237, because they involve public moneys, one of them hundreds of millions of dollars, and they both bear a type of clause 6 which I do question.

Mr. McGrath: Mr. Speaker, were it not for your charm and graciousness in handing down your ruling, I would feel obliged to place on the record of the House the fact that you, sir, have already taken up 20 minutes of the one hour set aside by the House for this bill. I will resist that temptation excepting to say that I hope in the future it will be possible for the Chair to give these rulings before these bills come up for second reading so that they will not cut into the very precious few minutes we have in private members' hour.

You must bear in mind, sir, that these bills are drafted by the law officers of the House of Commons, the very people who advise Your Honour at the table. Having said that, I also hope that you will, like Admiral Nelson at Trafalgar, cast a blind eye to the clock when it comes six o'clock so that some of my colleagues will be able to make a contribution to this debate.

I will not make a speech because this bill was debated in the House in the last session on May 12, 1978. I would simply refer hon. members to page 5390 in the May 12 issue of *Hansard*. I will not repeat the statements I put on the record at that time, except to bring the House up to date on what has happened since then.

This is the fourth occasion that I have had the honour of presenting to this House a bill dealing with the rights of children, the exploitation of children on television, the impact of television on children and the home, and the impact of television violence on children. I am particularly concerned with this bill which deals with the rights of children, because next year will be the International Year of the Child. It was so designated by the United Nations in 1976 in order to draw attention to the Declaration of the Rights of Children, a protocol which was accepted and signed by the member states of the U.N. 20 years ago in 1959. Canada was a signatory to that declaration.

I would refer hon. members to the protocol which is attached to the bill. Each member state of the UN was expected to establish a commission to mark the International Year of the Child and to draw to the attention of that state the obligation that it had assumed as a signatory to the protocol. The United Nations set out as its objective in establishing the International Year of the Child:

> To provide a framework for advocacy on behalf of children and for enhancing the awareness of the special needs of children on the part of decision-makers and the public.

● (1722)

> (b) to promote recognition of the fact that programs for children should be an integral part of economic and social development plans with a view to achieving, in both the long term and the short term, sustained activities for the benefit of children at the national and international levels.

We were a little late getting started, but we established our commission and in Ottawa we have a secretariat with inadequate funding. I hope that is something the government can be advised of in a more forceful way than I intend to pursue in this House.

As you have indicated, Mr. Speaker, there is a disposition by the House, by agreement, to have this bill discharged and the subject matter referred to the Standing Committee on Justice and Legal Affairs where witnesses can be heard. I will enlarge on that later, Mr. Speaker, but I do not want to take up too much of the time of the House now. The objectives and functions in the International Year of the Child that Canada has assumed are stated as follows:

> Promote observance in Canada of 1979 as International Year of the Child through the encouragement of the widespread involvement of individuals, communities and organizations in activities designed to advance the rights, interests and well-being of children in the context of their families and society.

The specific aims are set out as follows:

> 1. To stimulate families, communities, societal institutions, organizations, governments and all persons concerned to review the quality of childhood in their respective purviews;
>
> 2. To encourage all concerned to work together to establish long and short-term plans, programs and services aimed at strengthening the forces that enhance optimal child development and parenting;
>
> 3. To encourage the celebration of the joy of childhood and the very special place that children have in society and to create a milieu in which children's activities, creativity, imagination, ideas and thinking can be widely portrayed and demonstrated;
>
> 4. To recognize and enhance the role of parents and the art of parenting, and to find ways and means to support parenthood and the family in the Canadian society; and
>
> 5. To enhance in children the concept of their personal identity and worth as individuals belonging to a given cultural, linguistic, religious, social or ethnic group, and to the Canadian and world communities.

I thought it would be worth while to put these objectives on the record of the House of Commons.

Almost by happy coincidence with the introduction of this bill for the second time for second reading, the Canadian Council on Children and Youth issued a report of a task force which the council established in 1975 under the honorary chairmanship of Mr. Justice Emmett Hall. It was a distinguished task force representing all parts of the country, with various professional expertise in the field of children, children's rights and the family.

I had the honour of making a submission to that task force in September, 1976. It was that submission which prompted me to place this bill before the House. It was the catalyst that

brought this together and brought into perspective, in so far as the Parliament of Canada is concerned, the rights of children in this changing society. I would commend the report to hon. members. It is entitled "Admittance Restricted" with the subtitle "The Child as a Citizen in Canada."

It is interesting that the title is "Admittance Restricted." Just a few days ago we read of a highrise apartment building in Toronto which advertised for tenants but stipulated "No Dogs Or Children." That is an interesting, ironic and sad commentary on our times and the changing society in which we live.

The rights of children are summed up in this paragraph on page 17 of the publication:

> While insisting on the universality and individuality of human rights, we recognize the need for society to take special responsibility for identifying and safeguarding the rights of those who are incapable of doing so for themselves. Children have no claim on special freedoms which should not be available to all citizens, but their inability to insist upon their rights is an argument for special representation, not an excuse for ignoring them.

We have been ignoring the rights of children because they are not vocal. For example, we addressed ourselves to the rights of women because they were a vocal group in our society and we were able to redress some of the injustices that had crept into society with respect to the rights of women. It was not too long ago, and the House would do well to remember, that women's rights in Canada were not talked about. Women were looked upon almost as the chattels of their husbands in terms of law. They had virtually no rights before the courts of the land. We changed that, but that is the position children are in today; they are the chattels of their parents and very often the chattels of the surrogate parent, the state, the foster parent, the single parent.

The ultimate right of children is the right to life itself. I cannot resist bringing that in, because we should become more and more concerned with the ultimate right, namely, the right to life itself. Abortions in this country are growing at a rapid rate. There were 11,152 recorded abortions in Canada in 1970; in 1976 the number had risen to 54,536. How many of those pregnancies were aborted beyond the stage they could even be considered, in the widest interpretation, on therapeutic grounds? I will not go into that any further, Mr. Speaker.

I believe that by allowing the subject matter of this bill to go to committee, the House is addressing the fact that the Parliament of Canada should properly involve itself in the International Year of the Child. This would be the most meaningful way we could do so, by having a committee of the House examine the area of children's rights in Canada.

I believe the country looks to us as legislators to provide leadership in this field, as we had to provide leadership in the field of human rights when dealing with the rights of women, minority rights, and discrimination on racial or religious grounds. There is a large segment in society to whom we deny those basic rights. We do not give them rights before the court; they have no advocates; they are nameless, faceless, until they appear in the form of a tragedy reported in the newspaper as battered children, murdered children, abused children. Then it is too late. That addresses itself to the negative aspect of our law dealing with the rights of children. The law cannot act until an offence takes place; then it is too late. I hope the committee will address that problem when it meets.

Mr. Speaker, I thank the House in anticipation for the consideration this bill will receive. I end it by reminding the House that it is about time we considered the position of children and their rights as citizens in our changing society.

Some hon. Members: Hear, hear!

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I will try to be brief because, I hope we will be able to refer the subject matter within the time allotted, as has been agreed.

I should like to start by congratulating the hon. member for St. John's East (Mr. McGrath), who has the peculiar facility of getting his bills accepted in the House and in committee. I have often wanted to talk to him about his success. I suspect the eloquence he displays in this place must be displayed to individual members on a continuous basis. He seems to have made a very significant contribution—and I say this in all seriousness— not merely to the question of the rights of the child but to sensitizing the Canadian constituency to the problems of children. I refer, of course, to his success on the subject of advertising and the manipulation of children by advertising.

● (1732)

Unfortunately that unanimous recommendation which was initiated by the hon. member for St John's East has not yet seen legislation, but we are still hopeful we can begin to look at this whole question of restricting advertising. The reason I want to commence my remarks about the subject of advertising, which the hon. member for St. John's East has raised before, is that when we are dealing with the rights of children and dealing with a piece of legislation which wishes to place in the law the protection of children, if one looks at the question of advertising that justifies the need for a general law. We tend to be hypocritical in this country about how we treat our children. We should see ourselves as children see us. We still consider children to be chattels or property.

As the hon. member for St. John's East pointed out, there is a movement concerning women that recognizes that there is less of a feeling of property toward them, but we have not progressed very far along the road in that respect with regard to children. Let me give some examples of why this attitude toward children is so strange, unnatural and inhuman. First, how many of us have seen the example of a group care home or a home for unwed mothers attempting to settle somewhere in a subdivision. Over and over again we hear "It is okay to have it, but do not put it next to my house".

The urban areas of Canada have experienced that over and over again. This is best illustrated by the number of people who show up at protest meetings and those who go down to the city council and say, "We cannot have those disturbed children in our area." All those people, of course, will insist that they have a very humane approach to their own children and to

other children, but their actions belie this statement. They have more concern for the value of their property than they do for the tremendous resources we have in the children of this country. So there is this attitude of looking at children as chattels.

Our commercial world looks upon children not as children but as a market. This is a market to be manipulated by advertising, a market to make sure that the child will persuade the parent to buy a particular product and too often that product has no nutritional value at all. Again, there has to be something in the law that says Canadians must change their attitudes toward children. Last but not least, and it is something that the hon. member touched upon, is the whole question of discrimination against children. The hon. member referred to the commonly seen sign saying that children and dogs are not wanted. Presumably they will accept a boa constrictor and birds, but children have no place there. We are letting our children grow up in segregated areas; by this, I mean places where they do not see their grandparents. As the family network is broken down nothing has replaced it.

If a child was abused there was a time when the grandfather would beat up the father who abused the child. But that does not happen any more. Children have been left in limbo with no protection. Because our society has changed and the extended family has broken down, we in this place must replace it with rights and law.

I want to speak about one special area that the bill does not deal with specifically but which would be covered. That area concerns the problems of the native children in Canada. This group of children is more abused than any other. This is due to the native culture being under attack. It has been ever since western Europeans came to North America. When you look at that culture under seige, the victims are mostly native children because they come from a different tradition. Native parents by tradition have been kinder to their children. Europeans have tended to be more disciplinarian and have tended to use corporal punishment. However, if you look at numbers for Canada as a whole, the most abused child tends to be the native child. As I say, his culture is under attack and in our community we have tended to take away the pride of his heritage. This is a special problem we will also have to deal with.

The hon. member for St. John's East also referred to the question of the right to life, the question of the right of a child to be born. He and I have some differences over how we can accomplish this. I just want to say briefly that I do not know anyone in this place who is not seeking to reduce the number of abortions that take place in Canada. I am not sure the law that we have in fact has contributed one way or the other to the increase in abortions. But I do know this, that unless a child is a wanted child and unless we concentrate on family planning and birth control so that those who are born are needed and wanted, then we cannot begin to get a handle on the question of the abuse of children.

It is all very well to talk about the right to life, but it must be talked of in the context of the right to happiness and the right to a child's existence. Instead of arguing about what we are going to do in terms of the abortion law, let us get down to arguing about the reality of birth control. Let us get down to arguing about the reality of allowing parents to decide whether or not they want children so that every child is a wanted child, a cherished child and a loved child. This is one way we can make a substantial contribution to the prevention of child abuse.

Lastly, in the field of child abuse and in the field of crime we have arrived too late on the scene. In Canada the theory is, in order to solve a crime the criminal is the one to be attacked rather than the cause of the crime. The same is true with regard to child abuse. We do not have preventive programs, such as programs to identify the high-risk parents, being those parents who are likely to need some kind of counselling and support so they will not abuse their children.

There is one program in North America, I believe in Colorado, that has shown a good deal of success. In my community of New Westminster we have one of the better child abuse programs, but it needs some additional help. There is an application presently before the minister of health to fund a prevention program, a program which will seek to identify high-risk families and prevent abuse of the child before it becomes a reality. If we can do that in the area of child abuse, we should think about doing it also in the area of crime, in terms of preventing anti-social behavior, identifying, for example, psychopathic behaviour earlier. There is not much point in the long run in attacking the parents and the victims without attempting to prevent the occurrence.

I would like to congratulate the hon. member for St. John's East who I think is doing a fine job of sensitizing the Canadian people to this particular problem. I wish him the very best. He certainly has our support to move this subject forward.

● (1742)

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I would like to join the hon. member for New Westminster (Mr. Leggatt) in congratulating the hon. member for St. John's East (Mr. McGrath) and recognizing with him the need to make Canadians and this House aware of the importance of protecting and promoting children's rights. And in that respect, in the little time I have—as the hon. member suggested, we are looking forward to having an opportunity to consider that question more fully in the committee on justice and legal affairs—I would yet like to point out a few of the accomplishments that have been made in the area of the protection of children's rights.

Children's rights may be affected in various ways, particularly by what is called family law. First, several legal decisions can affect the individual status of children. Adoption and status claim actions are exemples of that. Second, certain matters can affect the material or financial status of children. That is the case of alimony claim actions or support orders

that nearly always accompany separation as to board and room and divorce. Third, certain matters have to do with the protection and social well-being of children. I will mention petitions to get the care of the child, tutelage, and judicial hearings in the area of juvenile delinquence.

Most of those matters come under the jurisdiction of the provinces and not the federal government as child protection is obviously a shared jurisdiction. However, the Department of Justice made remarkable efforts in areas under its jurisdiction to promote legislation to provide better protection for the rights of children. Some of those efforts, for example, were intented to strenghten as much as possible the family tie and find human and constructive solutions to problems which could be solved through unified family courts. There are now some provinces four or five different courts dealing with family law. Household breakdowns raise several problems that can all be brought before one traditional court or another. No court has jurisdiction to pass judgment on those matters, let alone assess the problems from which they origin. The federal government considers it necessary to put up a system of courts which would be the only one with jurisdiction in family law, not only to put an end to the scattering of family problems in federal courts but also to make available to the people a judicial institution specially designed to deal with the family as a distinct entity.

This is a new concept which offers tremendous advantages as regards the settlement of disputes and which proposes many alternatives for solving various family problems. Most of these courts would not only allow couples in the process of separation to avail themselves of consultation or reconciliation services, but they would especially help married couples from getting to that point by facilitating their reconciliation. The principal mandate of this court would be to offer services likely to help people, if at all possible, to come to some common ground of understanding, instead of resorting to prosecution. Of course, the federal government cannot institute, by its own will, such courts in the provinces, as the administration of provincial justice, including the setting up and organization of civil and criminal courts as well as civil procedure, are, in terms of legislation, a provincial responsibility. However, the Department of Justice, following the recommendations contained in the Law Reform Commission's working paper on family courts, published in 1974, has made available to the provinces funds aimed at promoting pilots experiments by way of family courts.

Another area under federal legislative jurisdiction that involves children's rights is of course the matter of divorce. As many members are aware, the report on family law put out by the Law Reform Commission of Canada was tabled by the Minister of Justice (Mr. Lang) in the House on May 4, 1976. The report urged that the children of estranged parents be the legislator's first concern. To that end, the commission recommended that the Divorce Act be amended to recognize two basic rights of children, when their parents are divorced. The first was the right to social and psychological help, in terms of reaching the best possible arrangement in the circumstances concerning custody and education. The second was the right to financial help. The commission further recommended the establishment of a new divorce process ensuring that arrangements concerning children be made in an extra-judicial context, to reduce the current need for a defensive position in husband-wife dealings that lead to the divorce. The commission is of the view that a legal framework based on confrontation and responsibility without social and conciliation services hardly protects human or psychological values, the key factor in safeguarding children's interests.

The commission concluded that under the current Divorce Act, it is improbable or impossible in practice to examine a number of factors that are vital to children, and to openly discuss those factors. The commission recommended the setting up of a new mechanism to solve children's problems arising out of divorce, a mechanism aimed at supporting parent and court efforts to arrive at a sensible and human solution. Within that process, the commission recommended further that the court be empowered to order that a child be represented by counsel other than that of either parent. The commission finally recommended that the Divorce Act take into account children's desires, to the extent the court finds this appropriate, based on children's age and maturity. The Department of Justice is studying the recommendations put forward by the Law Reform Commission of Canada and their report on family law, as well as numerous briefs sent to the department in response to that publication and recommendations by the Law Reform Commission and other recommendations by a number of bodies, groups and individuals concerning the current Divorce Act reform.

[*English*]

Another area of concern of the Minister of Justice has been the problem of abduction of children by non-custodial parents. The Minister of Justice, as a result of his deep concern, introduced Bill C-51 on May 1 of this year in the last session of parliament. This bill proposes to amend the current section 250 to create the offence of abduction of a child under 14 by a parent either in contravention of a custody order made by a Canadian court or in special circumstances where there is no custody order in relation to that child made by the court anywhere in Canada, but the child is taken with intent to deprive the other parent or guardian or any other person who has care or charge of that child of the possession of that child. The offence would not apply to a person who abducted a child in circumstances where the court is satisfied that the obtaining or retaining of possession of that child was essential for the welfare of the child, but the amendment specifically provides that the court shall not be so satisfied by reason only of the granting of a custody order in favour of the accused after the possession of that child was obtained or retained.

In addition, the Minister of Justice has actively encouraged the provincial attorneys general to enact provincial legislation that would provide for the mandatory recognition and enforcement of foreign custody orders in Canada, and to date eight provinces have done so. In 1976, Canada proposed that the 1980 Hague Conference on Private International Law deal with the problem of international child abductions and it appears that formal approval has now been given by the Netherlands State Commission to include the subject of child-napping on the agenda for the 1980 meeting.

Another question of concern is child abuse. The Minister of Justice has also shown concern over increasing the responsiveness and the effectiveness of the criminal law in cases of child abuse. This concern has resulted in an amendment proposed to section 4 of the Canada Evidence Act contained in Bill C-51, introduced on May 1 of this year and, we hope, reintroduced soon in this session. This amendment recognizes that criminal convictions are difficult to obtain in child abuse cases because it must be established beyond a reasonable doubt that a particular person assaulted the child.

Abuse of children generally takes place in the privacy of the home in the absence of witnesses who can or will testify. Normally the only witnesses to the abuse are the other members of the family, that is, the other parent and other children. Under existing evidence rules, if the parents or adults of the household are not legally married, the law considers them strangers for the purposes of criminal proceedings and the prosecution can compel one to testify against the other. However, if the parents are married, the spouse not charged is neither compellable nor competent to give evidence for the prosecution, even if he or she were willing to do so, unless the offence is one of a number of specified exempted offences, and a non-sexual assault on a child is not one such offence. The amendment proposed provides that the wife or husband of a person charged with an offence against any specified code sections where the victim is under the age of 14 is a competent and compellable witness for the prosecution without the consent of the person charged. The specified sections include common assault.

Additional study is continuing in the Department of Justice in an attempt to increase the effectiveness of other Criminal Code provisions relating to cruelty to children. In particular, this involves the offences of abandonment and exposure, failure to provide necessities of life, and assault as well as the provision relating to the right of a parent or school teacher to use reasonable force by way of correction against a child.

[*Translation*]

Mr. Speaker, unfortunately, I lack the time to go over the list of measures that the government has taken over the years to promote children's rights. In this regard, I think the move by the hon. member for St. John's East, which will allow us to discuss the matter at lenght in committee and formulate any recommendation that may be necessary to improve the situation further is welcomed by the Minister of Justice and the government. I expect that later on in the debate, which is unfortunately getting shorter, somebody will seize the opportunity to move that the subject of the bill, once it is withdrawn, be referred to the Committee on Justice and Legal Affairs.

• (1752)

[*English*]

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): At the outset, Mr. Speaker, I should like to congratulate the hon. member for St. John's East (Mr. McGrath) for presenting this bill for further consideration, despite the fact that it has been before the House before but was not referred to committee for consideration.

I assume the Chair will give us a little extra time because of the remarks made at the outset of this private members' hour. I intend my contribution to be very short and I do not propose to encroach upon the time limit.

The hon. member for New Westminster (Mr. Leggatt) talked about group homes. I should like to say that in my riding of Toronto-Lakeshore such a home was opened only last week. More and more communities are realizing the feasibility of providing such group homes. I am glad that the subject matter of this bill will probably be referred to the Standing Committee on Justice and Legal Affairs for consideration; it is to be assumed that no one will talk it out today. I will therefore restrict my remarks to the question whether the implementation of a bill of rights for children is the best mechanism for reaching the objective the hon. member has in mind and also whether the timing is right.

The several principles of the United Nations declaration of the rights of the child which are included in Bill C-204 can be summed up as a child's right to an environment which encourages his or her physical, mental, social and spiritual growth. Quite frankly, I am not sure how we can legislate for that, or even legislate against actions which would interfere with growth. We are, in fact, faced with a dilemma because children are so completely dependent on adults for their development over such a long period of time and under conditions of such intimacy that I think a positive declaration of rights can amount to nothing more than guiding principles with little impact in law. Yet despite the probability that there would be little legal impact, I recognize that the bill would still be very useful as this nation's statement of its ideal role vis-à-vis children regardless of the reality. There is, though, a danger, as I see it, in such a document. We risk assuming that in the act of printing words we have made the ideal reality. Let us not fool ourselves. Not all of Canada's seven million children are assured protection, health, social security, an atmosphere of affection or full opportunities for play and recreation. And saying they should be won't make it so.

Another danger with respect to the bill is that it introduces a subtle adversary concept. The idea of children's rights or "kids' lib" is too often pitted against the concept of parental rights. I have had this experience myself. In my constituency, some parents who are excellent at the job of child rearing and

who have made the UN's ten principles a reality in their homes have a real distrust of the concept. One man said to me the other day that children would be able to call an ombudsman who would decide whether he had a "right" to stay up until 9.30 p.m., decline to practise the piano, skip breakfast, etc. We know this is not the intention of the legislation before us but I do not think we will be any further ahead if we implement legislation which parents distrust and fear. For some time to come, children will be living with their parents or other caretakers. What the family needs, regardless of its constitution, is not a divisive mechanism but rather as much support as possible in as many ways as possible.

We hear a lot these days about parents who abuse their children. The parents we don't hear enough about are those millions and millions who are doing a superlative job in the face of almost impossible odds. Often it is one parent alone who must provide loving care to increasingly sophisticated children in a world where the only constant is change. Then when the parent turns to experts for help, he or she receives conflicting advice.

Parents, too, are sometimes confused about the changes in spiritual values and social values which are taking place. Take the prevalence of violence, for example. If our objective is to assure that children grow up in an environment which encourages their physical, mental, social and spiritual growth, I must seriously question the extent to which a statement of rights would go in meeting it. When I examine the United Nations declaration of the rights of the child, I noticed that the word "need" could in every case be substituted for the word "right". To my mind this would be a much more positive and productive way of thinking.

I want at this time to refer, as did the hon. member for St. John's East, to the excellent report "Admittance Restricted" which has been put out by the Canadian Council on Children and Youth. I would recommend it for reading by anyone who is interested in this subject. I had myself intended to place a portion of it on the record but time will not allow me to do so. Reference is made to it in a report which appeared in the *Globe and Mail* earlier this week under the heading "Children neglected, study says" and in the Winnipeg *Free Press* over a CP story headed "Children's needs ignored: report—parental neglect criticized." Unfortunately, I cannot go further into that aspect because of the time restraint.

Let me add one further point before resuming my seat. Next year, 1979, will be considered the Year of the Child. The United Nations has taken up this concept and we in Canada are doing likewise. I might mention that the hon. member for South Western Nova (Miss Campbell) was one of the first in this House to consider that the government should become involved in the Year of the Child. I can only say that advances are being made, and will be made, and that next year will be a year in which Canadians as a whole will be involved in children's issues.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I am delighted that the hon. member for St. John's East (Mr. McGrath) should have brought this measure before the House again for the second time this year. I am also delighted to note that we have been able to put aside partisanship and have agreed that we should refer the subject matter of the bill to committee. It will be my pleasure to move such a motion in a moment.

I am very glad we have an opportunity to debate this question so near to the year when countries around the world will devote their attention to the needs of children. The subject should certainly be sent to a committee of the House where it can be discussed in a fulsome way. I look forward to participating in that discussion. There is already growing up around the world a practice of adopting children who cannot get enough to eat, who lack proper clothing and who have no prospect of an education. There are members of this House who have adopted children around the world and I wonder whether I could put forward the suggestion that, as a gesture to launch the International Year of the Child, all hon. members give close consideration to this possibility.

I understand, of course, that we cannot get into the question of abortion in a debate of this kind, but I am sure this subject and related matters will receive attention during the discussions in committee. I say this because if there is any group of children in need of a voice, it is that group of children who are in their mothers' wombs and who are crying out in their silence for us to defend them.

Some hon. Members: Hear, hear!

Mr. Stewart (Cochrane): I thank you, Mr. Speaker, for giving us a few minutes extra before terminating this debate.

I therefore move, seconded by the hon. member for Saint-Jean (Mr. Smith):

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-204, respecting a Canadian bill of rights for children, be not read a second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Justice and Legal Affairs.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the amendent?

Some hon. Members: Agreed.

Amendment (Mr. Stewart, Cochrane) agreed to.

Motion (as amended) agreed to.

Mr. Deputy Speaker: It being after six o'clock I do now leave the chair until 8 p.m.

At 6.04 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

UNEMPLOYMENT INSURANCE ACT

MEASURE TO AMEND

Hon. Bud Cullen (Minister of Employment and Immigration) moved that Bill C-14, to amend the Unemployment Insurance Act, 1971, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, I am getting off to a good start with this bill; I have had three notes tonight about immigration cases, and I am talking unemployment insurance! It is evident that this is a somewhat versatile ministry; not only do the questions come from the other side, but from this side as well.

The government has decided, as one of the major features of its revision of priorities, to recommend changes to the unemployment insurance program, coupled with a significant redirection of its employment strategy. The essence of the changes we propose to the unemployment insurance program is twofold. First, we want to reduce some of the disincentives to work which are present in the program. Second, we want to encourage workers to establish more stable work patterns and develop longer attachments to the active work force, thereby reducing their dependency on unemployment insurance.

The proposed changes to the unemployment insurance program should, therefore, be considered both as program improvements in themselves, which will reduce the negative aspects of the program, and as cost savings to be applied to other more productive programs. The cutbacks are necessary and will result in a better, more balanced program than ever before. The new emphasis will be on encouraging all Canadian workers to look for, accept and remain at work.

I want to emphasize again, as I did in my announcement on September 1, that the government has moved on several fronts to provide more work for people who would otherwise be on unemployment insurance. The employment strategy in 1979-80 will have an impact of some $710 million, creating an estimated 113,000 work-years of employment and training for some 360,000 people. A further $300 million of funds for economic development activities have been announced.

Our new target for jobs and training in 1979-80 represents a 70 per cent jump over what we have accomplished and are accomplishing in the current year. By any standard that is a very significant increase.

On the job creation front, we could not be content solely with the strategy as outlined for 1979-80, substantial as it is, so we announced an immediate start-up of a job experience training program involving some $45 million, which should mean that some 58,500 young Canadians already should be employed in meaningful work by this winter. Also we have made changes to the employment tax credit program to make it more acceptable to the business community.

The growing costs of the unemployment insurance program, which were just over $4 billion in the latest fiscal year, could not be ignored. Nor could we ignore the employment disincentive effects which were adding to other problems in the labour market.

On September 1, I outlined the thrust of the government's proposed changes. As I said at that time, we are determined that the program be realigned to meet today's economic and social needs, and in particular, to contribute in a positive way to strengthening the labour market. The bill provides for six major amendments which would require some claimants to work longer before qualifying for unemployment insurance benefits; change the minimum insurability under the program; reduce the current rate of benefits; require high income recipients to repay a portion of unemployment insurance benefits received; and provide a new financing formula for the labour force extended phase.

● (2012)

In our original proposal applying to repeaters, it had been contemplated that if an individual drew down 26 weeks of benefits, he or she would have to work that same number of weeks in order to establish a new claim. However, thanks to the solid representations of caucus colleagues, particularly those in the Atlantic region, we made two significant changes to the definition of repeaters so that it would create less hardship in those regions of Canada with high unemployment where jobs are harder to find.

Under these changes, repeaters would need to work up to six additional weeks of insurable employment over and above the usual variable entrance requirement of from 10 to 14 weeks. By way of example, if an individual in Alberta drew down 16 weeks of benefits, that individual would have to work the required 14 weeks in any event, plus two additional weeks to establish a new claim. Similarly, if an indidivual, again in Alberta, drew down benefits of 26 weeks, then that claimant would only have to secure the 14 weeks plus six weeks. The ceiling, therefore, in areas of low unemployment is 20 weeks and in areas of comparatively high unemployment is 16 weeks.

Not satisfied that this was going far enough, the government is now proposing that the repeaters provision would not apply in any region where the applicable regional unemployment rate used for the program is over 11.5 per cent. For example, this means that in Newfoundland and its three UI economic regions, the repeater section would not apply, should the unemployment rate remain over 11.5 per cent.

Turning to another important provision, "new entrants" and "re-entrants" are those claimants who either enter the labour force for the first time or who re-enter it after a period of absence.

In simple terms, new entrants and re-entrants are people who do not have 14 weeks of insurable employment in the year preceding their qualifying periods. New entrants and re-entrants would be required to have at least 20 weeks of insurable employment in a qualifying period to gain eligibility for UI benefits.

The change in the minimum insurable earnings is meant to make the program more equitable in relation to part-time workers. The present structure excludes from insurable employment those who work 20 or more hours a week at less than the provincial minimum wage, such as domestics, but it includes those who earn high hourly wages in only a few hours a week.

A section of the bill provides the necessary regulatory authority to ensure that a minimum of 20 hours of work in a week will be needed for any employment to be insurable, no matter what the wage rate.

The other changes proposed in the bill, namely the reduction in the weekly UI benefit rate from 66⅔ per cent of average insurable earnings to 60 per cent, and the transfer of the labour force extended benefits from the government alone to tripartite financing, would not, of course, exclude anyone from benefits.

I should emphasize here that when all these amendments are fully implemented and despite the correction of the anomaly which will now see government, management and labour sharing the cost of the labour force extended phase, there will be savings to employers and employees and therefore it will not be necessary to increase premiums.

The government also proposes to provide for a repayment of UI benefits by higher-income UI claimants. Higher-income claimants are defined in the Act as those with net incomes of over 1.5 times the yearly maximum insurable earnings, an amount estimated to be $20,500 in 1979. Claimants with incomes over this level would be required to repay a portion of the UI benefits received in that year at a recovery rate of 30 per cent. Any repayment, of course, would not be included in taxable income.

Representations from many sources resulted in a further amendment which will increase the minimum fines for employers who deliberately give false information on insurable earnings or insurable employment or reasons for separation from employment generally on the record of employment. The present minimum fine is $25. The government proposes to increase the deterrent effect by raising it to $200.

All the changes to the UI program I have proposed will result in a net program cost reduction of $935 million in fiscal year 1980-81, when fully implemented and matured.

Mr. Speaker, there has been a great deal of concern expressed about those who will be prevented from establishing UI claims. I share those concerns, but I may point out that for new entrants to the labour market it is far preferable in my view, both socially and economically, that they be given meaningful work experience rather than just income maintenance. It is also preferable that those who are marginally attached to the labour force, either by choice or circumstance, be helped to become more substantially employed and, hopefully, not to make unemployment insurance a way of life.

I mentioned earlier in my comments that the employment strategy for 1979-80 will have an impact of some $710 million, and that a further $300 million of funds are available for economic development activities. This means over $1 billion will be available next year to provide jobs for Canadians.

We are examining ways of deploying these funds to alleviate the effects of the expenditure reductions in the UI program as much as possible. For example, the previous formula for distributing Canada Works funds is being revised, and we are discussing with provinces ways to tailor the mix of employment strategy programs to best meet the needs of each province.

I recently met with my provincial counterparts and I am pleased to say that some provinces responded positively to my suggestion that funding be shifted more towards high unemployment areas.

I have also reviewed with provinces the potential impact of the UI changes on welfare costs. I advised them that, even if there were no employment strategy, our estimate is that additional welfare costs in 1979-80 would not exceed $51 million, of which 50 per cent is paid by the federal government. In other words, we are talking of costs to the provinces of $25.5 milion in 1979-80 and $43.3 million in 1980-81. While all provinces have not fully accepted these estimates, they have not refuted them. Nor have they put forward any alternative changes which will be as feasible, equitable and cost-effective as those I am proposing today, in this bill.

It is virtually impossible to make changes to a program like Unemployment Insurance, without affecting people. What I have tried to do is wield a scalpel instead of an axe, eliminating anomalies and excesses while strengthening the basic purpose of UI. Nevertheless, I realize that people are involved and we must and shall do our best to help them.

One particular group which feels it is a target for government expenditure reductions is women, and I would like to devote some time to try to allay their concerns.

Women should be entitled to the same opportunities and benefits as their male co-workers in the labour force.

Some of the UI changes may well affect women but they also affect men, and in terms of absolute numbers, more men than women will be affected. However, to the extent that the work patterns of women tend to be somewhat different from those of men, they may be more affected by the new entrant and re-entrant provision. Similarly, because a larger percentage of women tend to be employed in part-time work, they will be more affected by the minimum insurability provision than men. But we will compensate for the effects of these changes by increased and continued efforts to improve the status of women in the labour force.

I would like to clarify our aims with respect to women on employment training. It has been charged that recent changes in training allowance rates are an attempt to discourage women from taking training. This reveals a misunderstanding of the purpose of the allowance, which is not to provide a training incentive. Rather, it is intended to remove financial barriers to training. What we are saying now is that any person, male of female, living with a fully-employed parent or spouse should continue as a dependent during training. The basic allowance provided to such people is only intended to

offset additional costs, such as transportation, incurred in training.

We will monitor very carefully both the number of women in training and the quality of their training experience to make sure the program becomes even more effective in serving women's employment needs. I can assure this House that we will quickly take any steps needed to achieve this aim.

● (2022)

Over the years, female participation in training programs has increased substantially, to the point where about one-third of the trainees are women. We are, however, not satisfied that women are receiving the types of training that can best improve their opportunities for employment. Too much of the training taken by women is still concentrated in the traditionally female occupations and academic upgrading courses. We want to redress this imbalance to ensure that training leads many more women into satisfactory employment.

The main thrust of recent policy developments in the training program is to improve effectiveness by linking training more directly with skill needs and job opportunities in the labour market. This will benefit all clients—both men and women—who look to training as a way to enhance their employment prospects. And we are taking special steps to ensure that women share equally in these opportunities by reserving places for them in those skill courses in which women have been under-represented.

We believe that the industrial training program, which offers trainees the opportunity to gain work experience as they learn skills directly relevant to the employer's requirements, is particularly valuable for assisting women to enter non-traditional, better-paid occupations. Accordingly, we are placing special emphasis on increasing female participation by setting targets for women. This cannot be done by governments alone. It must be done through the concerted efforts of employers, unions and women themselves. I emphasize "women themselves" because it is they who will provide the impetus, when all is said and done, to bring about the needed improvement in their own status. As full members of the labour force, they must demonstrate the ambition that will justify their promotion to a fair share of the top jobs in the future. They must not hang back from competing for the jobs that were once considered those of men alone.

I would also like to clarify a misconception which appears to exist in the House and elsewhere. Specifically, it has been claimed that women have been dropped as a target group in all our various employment programs. This is not so. In our small Outreach program, however, we decided last year that priority must be given to a number of specific categories of severely disadvantaged and chronically unemployed workers. Severely disadvantaged female workers are certainly included. But women can in no way be considered severely disadvantaged just because they are women. The directive for the Outreach program established priorities for, first, isolated or remote communities; second, native people; third, the chronically unemployed, such as welfare recipients; fourth, the mentally or physically handicapped; and fifth, persons who find great difficulty in entering or re-entering the labour force, such as ex-inmates, alcoholics, etc.

Earlier last week the Supreme Court handed down an important decision relating to unemployment insurance and women. I refer to the case of Stella Bliss. Notwithstanding that the Supreme Court has ruled in favour of the government in this case, I have directed a thorough and sympathetic review of the maternity provisions of the Unemployment Insurance Act. When that review is completed, I shall be recommending changes to the cabinet. Because the review will take time, such changes would be the subject of a future bill. My only regret is that it is not possible to include these changes in the bill before the House today.

I have heard arguments that rather than amending the act, all we need do is to tighten up our administration and get rid of the cheaters. This is simplistic, and I must emphasize strongly that stricter administrative controls are no substitute for the package of amendments we are presenting in this bill. We have introduced additional controls and are planning to put others in place.

I want to close on one important note. We are in the House to represent the people of Canada. That is our function. We must ask ourselves, therefore, what it is that the Canadian people expect from their unemployment insurance program. Do they want it to be tightly administered, with a firm but fair hand? Do they want it to be free from work disincentives? Do they want it to do the job it was designed to do—provide temporary financial help to Canadians who are between jobs?

I know the answer to all those questions is "yes". I know it from a continuing series of studies which the unemployment insurance program has commissioned over the last year. These nation-wide studies have told me Canadians strongly support the directions I am proposing. The views they express have hardly changed at all from the first study in September, 1977 to the latest, in September 1978—after I announced the changes to the UI program. I tabled the detailed findings of the first three studies with the Standing Committee on Labour, Manpower and Immigration earlier this year, and I am prepared to do the same with the latest.

Whenever the government moves to tighten its administration of a major social program such as this, criticism is to be expected. Informed criticism which is sensitive to the views of Canadians is the lifeblood of parliament. We welcome this sort of constructive comment.

But in considering this bill, I ask the House to consider not only my words and the government's reasons for amending the Unemployment Insurance Act, but to listen to the Canadian people. From the evidence before me, the measures we have proposed are administratively sound and equitable both to those who pay premiums and to those who receive benefits. They will, to an important degree, permit the government to reallocate funds to more positive uses. I know Canadians will approve of this legislation.

Mr. Bill Clarke (Vancouver Quadra): I was very interested, Mr. Speaker, to hear the minister's presentation of numbers. He is very good at that, and I will put forth a few numbers myself in a few minutes to compare with those that he has given us. There is one number that the minister did not mention, and that is the reduction of 250,000 beneficiaries under his proposal. He has not in any way indicated to the House that the savings that will result from having 250,000 fewer people on the program will solve the problems the minister has been told about so often with regard to the very program he is now adjusting.

The minister has said that $51 million will be transferred to the provinces. Even though 50 per cent of the proposed cash outlay will be paid by the federal government, by the minister's own calculations there will be a burden of $25.5 million transferred to the provinces, including those that can least afford it. I am sure that some of my colleagues from those areas will have a lot to say about that. I expect that the $51 million he has proposed will probably range as high as $80 million.

The minister in his speech referred to the government's policy on women vis-à-vis the UI program. I do not think there is any reason to accept the minister's statement that he could not have the amendments before us now to deal with the problems of pregnant women, particularly as they were brought to light in the Stella Bliss case, even though the ruling by the Supreme Court was handed down only a few weeks ago. The minister's first statement, which was later changed, was made only a little over eight weeks ago, and the minister knew full well the problems illustrated by the Bliss case. Even though the Supreme Court ruled, as the minister said, in favour of the government, the government can take no pleasure in the fact that they have not yet proposed amendments that would deal with such a problem. Perhaps when the bill gets to committee there will be time for the government to present an amendment to alleviate that problem.

Women who are adoptive mothers face another problem. There is discrimination against adoptive mothers in favour of natural mothers. A minor adjustment would correct this. The minister need not look very far to determine that adoptive mothers need a period of adjustment every bit as much as natural mothers.

● (2032)

Before I get into debate on Bill C-14, I would like to take the House back to August 1, when I am sure all Canadians welcomed the statement of the Prime Minister (Mr. Trudeau), concerning restraint of government expenditures. He had been to the conference at Bonn and had learned to his surprise, we presume, that some other governments thought that perhaps Canada was spending too much money and had too much debt. After having his knuckles rapped at Bonn, on August 1, he announced, apparently without consulting his ministers, that Canada was in for a period of restraint and there would be cutbacks in government expenditures.

[Mr. Cullen.]

We now know that what the Prime Minister meant was a cut-back in planned expenditures or, as the President of the Treasury Board (Mr. Andras) put it last year, a decrease in the rate or increase of government expenditures. All that means is that perhaps we are not going to spend some money that the government at one time planned to spend. Inevitably, it also means that under this government expenditures will increase.

After the Prime Minister's address on August 1, Canadians were anxious to hear what the Minister of Employment and Immigration (Mr. Cullen) would have to say. In the mood of restraint, the people of Canada thought that some of the problems in the unemployment insurance system would be corrected.

The Minister of Employment and Immigration made two announcements, both dated September 1. The minister is very good with numbers. He indicated that the savings through changes to the unemployment insurance program for the fiscal year will be $580 million; for the 1981 fiscal year, the total annual savings will be between $750 million and $1 billion, and the figure he gave us tonight is $953 million. On September 1, the minister said he was going to save us $580 million, but in his other release on the same day concerning employment strategy for the fiscal year ending 1980, he told us that it will cost $710 million. The minister is quite good at calling deficits by some other name. I think he calls them "commitments." In this case he claimed to save $580 million and then announced another program that will cost $710 million. I think the people of Canada might be forgiven if they wonder what the minister means.

It might be useful to go over the history of unemployment insurance, Mr. Speaker. I often think that the minister and the government believe that we on this side of the House are against unemployment insurance or do not think that social programs are a good thing. I want to remind the House and the government that it was actually this side that proposed many social reforms, particularly the original employment and social insurance act which was proposed by the Bennett government in 1935.

Mr. Cullen: That was the year they were defeated.

Mr. Clarke: The important thing to remember is that it was a Progressive Conservative government which proposed the legislation. It turned out to be a little slow to get going so it was not until the 1940s that the program went into operation.

In 1971 when the Liberal government enacted the proposals of the then minister of whatever it was called, Mr. Mackasey—

Mr. Alexander: He was the architect of disaster. I remember him.

Mr. Clarke: —the proposed changes included a reduction of premiums. I believe this minister may have obtained some of his skill in numbers from the former minister who proposed the changes in 1971. That minister was confident that he was

going to save money through the changes although the premiums were actually being reduced. It was the old Liberal trick again—they indicated they had discovered how to pay out more benefits at less cost. I have a chart here, Mr. Speaker, which will show how they worked it out.

It became obvious that the combined premiums of employer and employee could never meet the cost of the program. With the abolition of the unemployment insurance fund, general revenue moneys were transferred to the unemployment insurance account without the requirement of a vote in this House. That is where the present minister comes in with his cute terminology. We are straightforward people on this side of the House and it seems to us that if you spend $4 billion when you only have an income of $2 billion, you end up with a deficit of $2 billion. The minister refers to it as a "commitment" and apparently believes the taxpayer is willing to make up the shortfall.

It is interesting to know that these tricks used by the government result, as the Auditor General noted recently, in an overstatement of the assets on the statement of assets and liabilities of Canada of some $2 billion because the expenditures are not matched with the fiscal period into which they should fall. For instance, on March 31, 1978, the statement of assets and liabilities of Canada shows a $2 billion advance to the unemployment insurance account. It will never be recovered, yet it is shown as an asset. It will be written off next year. Not all of us can defer a $2 billion expenditure into another accounting period.

Since 1971, despite the increase in premiums, combined payments have never covered the cost of the program. The schedule I have here shows that in 1970-71, the year before most Liberal amendments were made, the deficit or shortfall or whatever was $300 million. Immediately after the changes were made in 1971, the deficit was $686 million. It ranged around the billion dollar mark in 1975, last year it was $1.6 billion, and although the figures for 1978 are not final, the interim figures are sufficient to show that the deficit will be over $2 billion this year.

That is not the only problem, Mr. Speaker. An additional problem is the precipitous increase in labour turnovers. The costs of those turnovers may represent our single largest factor in terms of lost productivity. It is very difficult to quantify that kind of a figure but it could well exceed the losses in Canada due to strikes. Concerning the strike situation in Canada we find that the Prime Minister said that Canada has the worst record for strikes.

● (2042)

Again, that is not the only problem members have had. Members on all sides of the House have found themselves over the past six or seven years turned into ombudsmen for unemployment insurance claims. The jungle of the Unemployment Insurance Commission has become vast and I have forgotten how many of hundreds of offices there are. The number of unemployed is so great that Canadians cannot cope with the system themselves and the number of appeals to members of parliament has become enormous. Largely these problems are caused by inequities in the system as it now exists. We were quite hopeful the minister would give us some kind of a program that would clear up these inequities. I would like to mention a few, especially the forcing, through the regulations, of self-employed and retired taxpayers to contribute to the deficit through the income tax system. That may not seem unusual, but if we are going to have an insurance scheme, and the government still persists in calling it an unemployment insurance scheme, then to force individuals to pay for that scheme without permitting them to participate in the benefits, because they have no coverage, certainly has to be considered inequitable.

According to the annual report of the unemployment insurance account, which I have here, the total cost to the government for the extended benefit period of the program—and the minister indicates that is all paid by the government—is over $1 billion. The total cost to the government in the 1977 calendar year was approaching $2 billion. The interesting factor that is revealed by the financial statements, however, is for phase 2 and phase 3, the initial benefit period and the re-establishment benefit period. In those two cases in 1977 the government cost was only $1 for every $3.60 paid out. In 1976 the ratio was even wider; the cost to the government was $1 for every $4.50 paid out. That illustrates that the scheme could be an insurance scheme if the government was able to keep the economy rolling, as we have been urging them to do for the many years I have been here. Because of the government's other policies which have created the situation where we have so many people unemployed and where people are unemployed for so long that benefits run out, the government has to pick up the total cost. The original good idea of having an insurance scheme to protect Canadians when they need protection has gone down the drain. The government is now complaining about the cost.

It is now the minister's intention to say that he is going to share the costs of the extended benefit period with his other partners, as he calls them, the employers and employees. I will be saying something about the plan to share that cost with other partners, but I think that employers and employees may wonder if they really need partners of that kind.

On September 1 the minister said "It is anomalous that the entire cost of this benefit . . ."—referring to the extended benefit—"should be borne by the Canadian taxpayer. I propose that it will now be partly financed from employer-employee premiums." Extraordinarily enough, he continues in his remarks by saying "This will in no way mean an increase in employer-employee premiums for 1979. In fact there will be a net annual saving of $50 million to $100 million to the employer-employee account. It is likely therefore that premiums can be reduced for 1979".

It is obvious that this minister learned well from his predecessor that on the one hand you can have a saving and on the other hand reduce premiums. The minister has just said by his explanation that the $2 billion deficit or short fall can be eliminated by reducing premiums. I am sure his partners will

be glad to read that now, Mr. Speaker, but I am not so sure they will think it is right or true when they get the final bill next year.

Is it any wonder, we have to ask ourselves, that the administrative side of the department is such a nightmare given this bit of history? I want to refer to a remark made by the Auditor General in his 1977 report where he had this to say about the operation of the unemployment insurance. On page 68 of his report he says:

The over-all system, when viewed as a financial system, does not contain control procedures sufficient for ensuring that claims for initial and continuing benefits are adequately validated before or after the issue of the warrant.

The second point the Auditor General makes is as follows:

There are also weaknesses in the control and balancing of data throughout the entire system that could allow unauthorized transactions to be entered or cause valid transactions to be misplaced, without being detected.

We have heard a lot over the past few years of the problems in administration of the fund, not to mention the abuses. The Auditor General commissioned the firm of Clarkson, Gordon and Company, chartered accountants, to do a study of the benefit and overpayment system of the Unemployment Insurance Commission. In the report that was given to the Auditor General under date of February, 1978, we find two interesting tables showing the analysis of a statistical sample of 1,027 claims. The 1,027 samples included a total of 122 overpayments. That is a rate of 12 per cent, which resulted in the figure we heard mentioned earlier this year in the House of $95 million. I do not think that is the most important figure because the government does recover some of that. The more important figure which shows the chaos which reigns in the department in so far as the handling of cases is concerned is a different summary of the same sample results which, in addition to showing the 122 cases of overpayment, showed another 180 cases of follow-up inadequacies and 320 cases of compliance deviations.

● (2052)

When you add all of that, you get 622 cases or 60 per cent of claims which contained some kind of irregularity. Only 12 per cent resulted in overpayments, but 60 per cent contained some kind of irregularity. With that kind of experience, I do not know how we can expect the administration to solve the policy problems they have. They cannot even solve their administrative problems.

We will soon have the Auditor General's report for 1978. The Minister of Employment and Immigration will no doubt again be in trouble, trying to explain what his department has been doing with all its money. In his report on the 1977 accounts, with regard to the unemployment insurance account the Auditor General indicated there were $142 million in overpayments during the 1977 calendar year. That is the comparable figure to the $95 million for 1976. I do not think I need say any more on that. The government increases its expenditures and overpayments at about the same ratio.

I do not want the minister or hon. members to think it is just people outside of the government who think the government is not handling things properly. I refer the minister, because he mercifully might have forgotten, to a letter which emanated from his office on June 30. I quote:

In 1977, for example, we imposed 62,104 administrative penalties and initiated 6,854 prosecutions. Over 500 employers were prosecuted. Overpayments related to unreported work and earnings and other forms of abuse and fraud were valued at $37.6 million in 1977.

Those were the department's figures, not the Auditor General's. Of course, they do not balance. If the department admits to 62,000 administrative penalties and nearly 7,000 prosecutions, that is an indication that the minister must take a very serious look at this.

A further statement was put out by the minister's office on October 26 this year. It is a five-page document explaining the $142 million in overpayments. The minister admits to 447,000 overpayments detected by the commission, a healthy increase over previous years.

The minister must also take a close look at the administrative side. I do not like to belabour this. However, there is no point in tidying up the policy if you cannot tidy up the administration. I refer to the matter recently brought to the attention of the house by the hon. member for Leeds (Mr. Cossitt). It is raised every time there is a postal strike in this country, which has been quite a few times in the six years I have been here. I remind the minister of this because he said he would look into it.

This year across Canada there were 150,000 unemployment insurance cheques that were not picked up at special distribution centres during the postal strike. Of course, the government has explanations for this. The minister stated the staff would attempt to find out why the cheques were not picked up. He predicted the investigation would reveal in the vast majority of cases that the recipients were either unaware it was possible to pick up the cheques or were back at work and could not leave the employment they had recently obtained.

They may have been out of the country, they may have been at work, they may not have known. However, the minister was not above spending a million dollars not too long ago to warn claimants and all Canadians about cheating the system. The indication is that there were obviously a lot of people in Canada who were entitled to their insurance benefits but did not need them that particular day or week.

Perhaps it would be appropriate to try and assess the real problem in unemployment insurance. It is becoming more and more clear it is not an insurance scheme. No insurance scheme could continue to have losses as this scheme has over the many years it has been in existence.

In answer to my question in the House in April of this year, the minister said the government was considering a type of means test by which an individual's total income would be taken into account. There is something in this regard in the proposals in the bill before us. We will talk about that in a moment. In the same answer, the minister said something that caught my attention. He referred to the top echelon of the salary range who contributed a substantial amount to the fund and derived very few benefits in unemployment insurance.

The minister is sucking and blowing at the same time. On one hand he says he will tax back the benefits from high income earners. On the other hand, he says the commission are making quite a profit on the high income earners, because they pay a lot into the fund and, in his words, derive very few benefits in unemployment insurance.

The government has to decide whether it is going to have an insurance scheme or a welfare scheme, as many Canadians think it is. There are certain people in this country who are wondering about that. After the minister's statement, the *Globe and Mail* in an editorial of October 4 observed, and I quote:

A participant in an insurance plan is entitled to receive whatever benefits he has purchased, regardless of whether they exceed or fall short of his needs at the time he becomes eligible to receive them. Not so the participant in a welfare program, who is—or should be—entitled to receive benefits sufficient to meet his needs, neither more nor less.

On one hand the minister says there are certain people who are getting benefits who should not receive them. On the other hand, he says there are certain people who will have to pay more but they will not get any benefits. That is not a consistent view. The *Globe and Mail* continued in its editorial, and I quote:

For too long, Canada's unemployment insurance plan has been operated as though it were an insurance plan, plain and simple. But the plan is not funded solely through premiums, as are insurance programs; the size of benefits do not actuarially reflect the cost of purchasing them, as do insurance benefits.

It is interesting to note that in 1971 the ratio of heads of households, which is what some of the minister's amendments are aimed at, numbered about one third of the beneficiaries of the plan. By 1975 the proportion of heads of households was 14 per cent of those receiving benefits. Where is the minister taking us with these policies? Will the next step be family income? We wish he would share that information with us so that we may know where we are going. It is obvious that this is not an insurance scheme.

● (2102)

We on this side are calling for a complete overhaul of the system which would restore it to its original function or else change its function. We do not have the troops over here to analyze things the way the government does but it may be that the government is moving increasingly toward a guaranteed income scheme. I am sure the Prime Minister would like it—everybody gets a certain amount of the dole, enabling us to do away with all this nonsense about unemployment insurance premiums which, after all, represent merely another form of taxation. It is not a premium any more, as we know.

In past years we on this side have called for a special inquiry. Failing that we have sought a complete overhaul of the system. It was appropriate and timely for the Leader of the Official Opposition (Mr. Clark) just seven days before the minister made his statement on September 1 to have spoken as he did in Halifax about the developmental use of unemployment insurance funds. I think it might be a good idea to get some of that speed on the record. He said:

Unemployment Insurance

First, we will use funds from the present $4 billion unemployment insurance budget to help private employers create new jobs which give on-site training to Canadians who are now unemployed. Such a program will be of particular benefit to young Canadians who lack practical work experience but it will not be limited to them. Care will be taken in restructuring the program to ensure that support is limited to jobs which are, in fact, new and permanent. Incentives would be highest during the intitial hiring period. That program will offer employers a major incentive to create new jobs. It would give the unemployed a working wage income plus the chance to develop work skills.

Let me stop there for a moment and ask hon. members to compare that statement with the statement made by the minister on September 1. There was probably a similar desire but in no way the kind of program which would achieve what my leader has proposed.

The second proposal of the Leader of the Opposition was this:

—to redirect unemployment insurance funds to help fund the payroll costs of hiring unemployed Canadians to work on worthwhile new capital projects. I am not talking about simply another version of LIP or OFY or similar programs, too many of which fund projects of little ongoing economic value.

The kind of projects we will fund will be those which have permanent value in adding to the social or economic wealth of a community or region. The major role in deciding specific project categories will be with the provinces and local governments who know local needs better than Ottawa does.

This kind of thing would encourage Canadians to work and ease the burden on Canadians who are paying the bill. It would ease their minds, too. What they see now is money going out to encourage people to lie around instead of getting into the mood of work.

Given the climate of restraint, Canadians were looking forward to the minister's statement on September 1; people were probably quite pleased to think the government was moving to cut down the unemployment insurance deficit. The minister made six proposals. It is interesting to note they were not the same six proposals as are embodied in the bill which came out this month—we may find out the reason for this difference as the discussion proceeds. Those proposals covered a higher entrance requirement for repeaters, a higher threshold for new entrants, an increase in minimum insurable earnings, the reduction of weekly benefits, special recovery from high income claimants and the refinancing of the labour force extended phase of benefits. On the last proposition the minister said, laughably, it would be more equitable because the cost of second phase benefits would be shared.

On the same day as the minister made his statement, I made a response for this party in which I noted that in our view the measures proposed by the minister were a step in the right direction. No one would argue that it is not essential for the government to get its expenditures under control or that something should not be done, in particular, about abuses of the unemployment insurance scheme. However, I went on to say:

Even so, we realize there will be unequal hardships felt in the five eastern provinces where jobs are scarce. For example, the finding of 30 weeks of work after a 30-week claim period will be impossible in many areas. The government does not take that into account.

Toward the end of my statement I said this:

Missing from the government's announcements is an over-all plan to make Canada once again an attractive place in which to invest and to stop the flow of

investment dollars from Canada which has taken more than $1.5 billion to other countries, principally to the United States.

At that time we demanded the recall of parliament and the presentation of a new budget. Keep in mind that this was over two months ago. We looked for an incentive budget. It did not take long for other sectors of opinion to respond. The minister's statement was made on September 1. On September 6 the *Globe and Mail* reacted in this way:

The federal government has finally admitted that unemployment insurance is not insurance.

The editorial went on:

Employment Minister J. S. G. Cullen has now admitted the non-insurance of Canada's unemployment insurance by tying the size of benefits to the total of the beneficiary's annual income.

That is a means test, if you like. Then the provincial governments took stock of what was going to happen to them. In addition, the churches, the missions, in Toronto were moved to worry about the effect of the number of jobless who would be on their doorsteps when people ran out of benefits and were no longer the government's responsibility. The message finally got to some of the members of parliament who come from areas which would be hardest hit by the new programs. By September 18, the *Globe and Mail* was reporting:

Liberal MPs from the Atlantic region are "strong and solid in their opposition" to some of the Liberal government's proposals to tighten the unemployment insurance program.

Said the *Citizen* in Ottawa, "Unemployment Insurance Changes are Unfair". The *Journal* said the new measures were a political program. The Edmonton *Journal* said the Liberals were flouting parliament and introducing all these new programs and taking the country in a new policy direction without going to parliament. We agree with that. The bill to amend the Financial Administration Act which would allow the public accounts of Canada to delete—

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. gentleman but the time allotted to him has expired.

An hon. Member: No!

Some hon. Members: Unlimited time.

● (2112)

The Acting Speaker (Mr. Ethier): Perhaps I was ill advised. The hon. member may continue, and I ask him to forgive the Chair for this interruption.

Mr. Clarke: Thank you, Mr. Speaker. It was my impression that as the responder to the minister I could go on for a little while longer. I assure the Chair that I will not be standing here at 12.30 tomorrow, but I would like to continue my remarks.

I was saying that it had been pointed out forcefully by the Auditor General that a tiny piece of legislation which would certainly not upset anyone on this side was required. The President of the Treasury Board has been advised that a small amendment to the Financial Administration Act would allow an item called "accounts internal to the government" to be deleted from the public accounts. That would include the little item of $2.1 billion to which I referred earlier by which the assets in the statement are overstated as of March 31, 1978, in the public accounts volume 1 which came to us this month.

After the press noted what had happened here I think it was predictable that people in sensitive areas would get in touch with their members of parliament, particularly with hon. members opposite. The hon. member for Gloucester (Mr. Breau) was quoted as saying that he doubted the legislation would even get through parliament, given the number of other bills which had to be dealt with before a spring election. The combined force of hon. members opposite who, after all, have access to the minister, and through him to the cabinet, apparently succeeded in their efforts at having the minister withdraw measures which would hit repeaters in favour of a scheme to tax back a portion of the benefits received by members of families which have excessive total family incomes. The minister has not quite succeeded in that part of it, but it was interesting—

Mr. Cullen: Mr. Speaker, I rise on a point of order. I hesitate to interrupt the hon. member, but I know he would not wish to mislead the House. I know he is misleading us unintentionally, but never at any time was it suggested by members of this House from the Atlantic region that we should deal with unemployment insurance on a family income basis. That was not their emphasis at all. I do not know where that story came from—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Vancouver Quadra.

Mr. Clarke: This was written by a woman. Perhaps she was angry with the minister and wanted to put that in. If I made an incorrect statement, it certainly was unintentional. I was reading only what I saw. In any event, I do not want the House to think for a minute that hon. members opposite from sensitive areas have a monopoly on compassion. There are very many members on this side of the House who are much more familiar with their areas than is the minister, and they realized the very serious implications of that bill for their own areas. My colleagues from poor provinces, if I can call them that, will be speaking in the debate and drawing these matters to the attention of the minister. Suffice it for me to say at the moment that the only reason the minister heard nothing from these MPs was that there was a summer recess. The government would not recall parliament, and even though we have been back for a month now it has taken this long to introduce this bill, which the government says is very important.

Having observed what was in the newspapers, the government decided that perhaps it was being a little too tough. The *Globe and Mail* was moved to observe on October 13 that the government was retreating from the stiffer standards it said it would require of applicants for unemployment insurance benefits. The government's problem was that it would not admit what the country in general knew, that unemployment insurance benefits had little of insurance about them and much of welfare. The conclusion of the *Globe and Mail*—which I think

will be borne out as time goes on—was that the piece by piece approach of the minister simply would not work, even if the government had the courage to stick to it.

I think it was predictable, and it is a fact now, that the bill as presented to us this week differs from the September 1 proposals. The minister did not tell us why the proposals have changed, but I could suggest a few reasons. Before doing so, I should give the House an idea of what the changes are. First, the proposal originally was that so-called repeaters would have to work the greater of the number of weeks that they had been on claim or the number of weeks ordinarily required under the variable entrance requirement for their region.

The example I used was that of a worker who had been unemployed and on claim for 30 weeks. He would then require 30 weeks' employment before being eligible for benefits again. The government completely ignored what we pointed out, that in many areas in Canada it is impossible to get 30 weeks of employment, and those are the very places where there are likely to be claims for 30 weeks. It is interesting to note also that the effective date of that original proposal was to be April 1, 1979. No one can tell me why it was necessary to delay the effective date seven months from the date of announcement, but now it will be effective on proclamation.

We find that the number of weeks has been changed to "up to an additional six weeks more than the variable entrance requirement." In an attempt to recognize some of the problems which I have been outlining and which the House will be hearing more about, the government then decided that in regions where the unemployment rate was above 11.5 per cent the new provisions would not apply at all. Are we to take it from that that if the unemployment rate in a particular region is only 11 per cent or 10.5 per cent, that is not a serious problem? I do not think we on this side would agree that high rates of unemployment like that are not serious.

In any event, that is one of the changes the minister proposed. Another change is that where originally 40 weeks of insured employment within two years was required for new entrants, the requirement will now be 20 weeks of insured employment or only the variable entrance requirement; in other words, the 10 to 14 weeks, if a claimant works 14 weeks the preceding year. I suppose we could say that the 40 weeks has now been reduced to 28. Again the effective date has been advanced to the date of proclamation rather than April 1, 1979.

Regarding the increase in minimum insurable earnings, while the minister was unable to give any details in his September 1 statement, the provision was to be effective April 1, 1979. In the next two months prior to this bill's introduction the minister came up with details, and he now says in the bill that the minimum weekly insurable earnings will be increased to 20 hours for hourly or salaried workers and to 30 per cent of maximum insurable earnings for others. Again the effective date has been changed to January 1 instead of being April 1. That is a very serious change because there are many jobs, particularly seasonal and part-time jobs, which just do not exist for 20 hours in any given week. That means that nobody who has an opportunity to take a two-day a week job, 16 hours, will be able to take that job because of the complications there will be regarding benefit rights. Instead of encouraging people to go to work for 20 hours or whatever, the minister has introduced another disincentive for people to go to work.

• (2122)

The reduction of the payment rate to 60 per cent from two-thirds has not changed. It has the same effective date of January 1. But the government seems to have overlooked in that reduction that for some people two-thirds of the wage is closer to a necessity, and 60 per cent to some at the other end of the scale is still more than adequate for an amount to be paid for not working. Undoubtedly my colleagues will have more to say about that aspect.

Referring to the recovery of benefits from high income claimants, the minister reduced his proposal from the $22,000 trigger level to approximately $18,000. Many workers in many cities in Canada would be faced with a problem if they lost their jobs at $18,000 or $22,000. I listened for the minister to explain how the new amounts were arrived at. The wording is 1.5 times the maximum yearly insurable earnings. If that was in effect this year, the income threshold would have been $18,000.

There has been no change in the refinancing of the labour force extended benefit stage. I commented on that earlier. It seems to be an attempt by the government to transfer the burden of the unemployment insurance deficit to the provinces. We will hear from some of my colleagues concerning the problems their provinces will have in meeting this increased burden.

Perhaps it is a good move to change the minimum fine to $200. Missing from the minister's statement was the revision of the amount of money which the proposals were going to save. In September he gave us a range of figures which would reduce the expenditures of the program because of the amendments proposed. Now he has made some substantial changes from the proposals of September 1 to the time the bill was presented; but he has not given any indication as to what the saving will be.

Another thing which the minister did not do was attack the basic problem. In the abuses and overspending of the unemployment insurance account, the basic problem is payments made to people who quit their jobs because they would rather go on unemployment insurance, or those who are fired for cause, sometimes the cause being that they simply do not want to quit and choose to wait around until they are fired. Obviously there are some problems in that area. Instead of attacking it at the administrative level, the minister took a shotgun and fired it at all repeaters. He shouid have taken a rifle to get at the 20 per cent of claimants who are estimated to be abusing the system.

Not all of those people are abusing the system on their own; some are abusing it with the help of the system. We have heard of cases where individuals, through no fault of their

own, were paid benefits only to be told later by the government that they had to pay back this amount of money. When one receives unemployment insurance, it is traditional to spend it as soon as it is received. In most cases these people have found it impossible to pay back the amounts which they have received. My colleagues will have more to say about that as well.

The minister has provided us with a further disincentive to work, especially in the seasonal job area. Apparently the government has ignored completely the fact that any insurance scheme will be subject to widespread abuse, if the replacement ratio is high enough so that there is no significant penalty to not working. Actuaries call that anti-selection or moral hazard. Private insurers have found, as the benefits increase, that the incentive to collect benefits is very much greater. Private insurers have moved to reduce the benefits paid for that very reason. It is amazing how much better one can feel if one knows he has to go to work, rather than lie at home and get paid for not working.

In addition to the government mounting an attack against working Canadians who happen to be unemployed by taking this shotgun approach rather than the rifle one, it is attacking the provinces by attempting to force them to pick up these higher bills. It will be especially hard on the poorer provinces. I have heard that it will amount to some $80 million for the Atlantic provinces.

It reminds me of the maiden speech of the hon. member for Rosedale (Mr. Crombie) when he told the House that we have two nations in Canada. Of course, he was not referring to geographical regions; he was talking about the haves and the haves nots. He made a very sensitive speech outlining the problems of the haves and the have nots.

The minister has created another kind of two nations: the Canadian who wants to work and cannot, and the Canadian who does not want to work if he does not have to. By its policies the government has destroyed the initiative of a whole generation of Canadians by making it easier for them to sit around on pogey rather than work.

We all know of people who accept unemployment insurance benefits because they have paid into the fund and feel entitled to such benefits. A recent study by the Fraser Institute in British Columbia indicated that no more than 10 per cent of those who exhaust their unemployment benefits go on welfare. That was more or less confirmed by Mr. St. Laurent of the minister's own department. It indicates that a large measure of the people who are receiving unemployment insurance are doing so because they feel they are entitled to it, and not because they need it. This fact is supported by the number of cheques which remained unclaimed during the recent postal strike, and only 10 per cent of those who exhaust their benefits go on welfare. I suppose this policy is an aid to the Liberal government policy of having more and more state intervention, with expenditures now at $50 billion in Canada and rising.

With difficulty this week I obtained a figure from an official of the Department of Finance which indicated that when all the government's current borrowing authorities are taken up and after Bill C-7 is passed, the total debt of Canada will be $69 billion. That works out to just about $3,000 for each and every Canadian.

• (2132)

The question the government does not seem to have addressed itself to is how it is going to pay back this $69 billion. Has the government considered seriously that $6 billion, which is something like 8 per cent of the total budget, is the amount that Canada is paying in interest on the debt? When looking at the $3,000 for each and every Canadian, and that might not sound like a lot of money, we should keep in mind that the personal federal income tax statistics for 1976, just released, show that the total revenue raised by personal income tax in 1976 was less than $14 billion. We have an annual bill for interest on debt of $6 billion. In 1976 there were only 8.8 million taxpayers in Canada. If we try to relate the national debt, which is $69 billion, at $3,000 per capita, to the amount of money paid by the taxpayers, which averages out at $1,600, those who do not pay taxes are not going to help us pay back that $3,000 per capita.

If we look at the national debt on the basis of the number of taxpayers we find that this averages out at well over $7,000 per taxpayer, yet taxpayers are only paying on the average $1,600 each. We have not heard anything from the government in the six years I have been in this House about how it is going to create any kind of government surplus with which to pay back this deficit. All we get are more and more deficits. The very deficit we are talking about now in the unemployment insurance fund has been caused by the policies of this government, a government which is not considering these factors.

I am going to close, and I do not want to hear too many cheers—

Some hon. Members: Hear, hear!

Mr. Clarke: —but before closing I must stress a number of problems which have been created for residents, workers and would-be workers in the eastern provinces particularly, as well as in other depressed areas in Canada, and there are many. There are depressed areas in the north, in the west and in the centre of Canada. Perhaps those in the east are a little more vocal, particularly the Atlantic provinces, so we think of them more often.

There are problems in the opposite direction for the working areas of the country, if I may call them that, those areas of high employment where any number of employers are having great difficulty in finding workers to fill the jobs because this government is encouraging workers to sit around rather than work. Instead of trying to get at the real problems, this government has used the scatter-gun approach.

We must stress again what can be done by this government to get the economy straightened around. This will go a long way toward solving the unemployment problem and, therefore, the unemployment insurance difficulties.

If the minister had more co-operation from his many colleagues who have held the finance portfolio during his time here, he would not be here debating this bill with us at this time. We are anxious to get this bill to the committee because we need much more information from the minister. I intend to indicate what it is that we do need. Much more study is required and many questions have to be answered. It is likely we will be proposing amendments in the committee. We want to have a very much closer look at the 11.5 per cent trigger rate for the suspension of the repeater penalty. It is entirely possible that the 11.5 per cent is too high in certain areas, and that a cut-off should be based on some lower percentage figure. The minister has not indicated how he arrived at the 11.5 per cent figure.

It is possible we will want to propose an amendment having to do with the 20 weeks of insured employment, suggesting that perhaps there should be some revision there, with some scaling on a regional basis. The minister has seen fit to have 48 regions now instead of 16 so it should be easier to make calculations and pinpoint problem areas. It may well be that in some areas a lower threshold than 20 weeks should be adopted.

It may be that areas of the bill which will deny benefits, for one reason or another, as proposed by the minister, should be reconsidered, and that certain people should be exempted from paying premiums. After all, if this is to be an insurance scheme, if one does not have coverage one should not have to pay the premium. We are going to need more information in this regard.

I have prepared a memorandum for the minister regarding information we will require. It is a little longer than I want to read into the record at this time and I will have time to do that in committee. I have two copies here which I will send to the minister right away. This memorandum requests quite a number of pieces of information about the number of unemployment insurance beneficiaries in various areas. I would ask the minister publicly now to bring the information requested in this memorandum with him to the first meeting of the committee.

Some hon. Members: Hear, hear!

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, for a moment there I thought we were in reversed roles. I would have liked to have had the opportunity of leading off. I would then have had every reason to take as much time as the hon. member for Vancouver Quadra (Mr. Clarke). Our position will be very clear in respect of this bill from the opening gun, and it will be clear consistently throughout the debate here and before the committee.

An hon. Member: Oh, oh!

Mr. Rodriguez: I am glad you are all anxious to listen. I am glad that you have all now come awake and are prepared to listen. I have witnessed in the last couple of years—the last three years at least—

An hon. Member: From the riding of Nickel Belt.

Unemployment Insurance

Mr. Rodriguez: During the last three years I have seen introduced in this House Bill C-69, Bill C-27 and now Bill C-14. This reminds me of the old rape victim syndrome. This bill is the epitome of placing the blame on the rape victim for the predicament in which she finds herself. I think in that same way we can look at Bill C-14.

Before getting into a discussion of the bill I think hon. members ought to be very clear on a few background facts. I think it is important to set the stage with these background facts. The first fact we must keep clearly in mind as we take part in this debate is that Statistics Canada tells us that on a day to day basis there are 40,000 full-time, part-time and casual jobs available in this country. I want you, Mr. Speaker, to keep that in mind as we take part in this debate.

Secondly, the unemployment rate in this country according to the latest figures is 8.2 per cent, with the number of persons unemployed, seasonally adjusted, being 910,000. The minister confirmed just the other day that in effect all the indicators show that high unemployment will continue for the rest of this year and into 1979. Those are the facts I would like to put as a backdrop to this debate in principle on Bill C-14.

• (2142)

Superimposed on those facts I would also like to put before the House a quote from the Economic Council.

Mr. Railton: Yawn.

Mr. Rodriguez: Doc, it's past your bedtime. Daddy Warbucks, it is nine o'clock. I would like to put a quote on the record from the latest report of the Economic Council of Canada, the chairman of which is that darling of the Liberal benches, Sylvia Ostry. At page 97 of that report it says that it is evident that the most efficient method of reducing the cost of unemployment insurance to the taxpayer is to reduce the incidence of unemployment itself, and that this obviously presupposes measures to re-energize the economy. That is a statement from a far more respected council than the Fraser Institute, which has also been quoted in this House. I believe the Liberal government hooks up these right-wing institutes out on the west coast, subsidizes them and then has them come up with these right-wing reports.

We all know that we are debating the principle of this bill at second reading. I like to think that a principle is much the same as a theme. What is the theme of Bill C-14? I think that the theme which the government has taken is that if things can be made tough enough, if the government can dismantle enough of the unemployment insurance program, it will force the unemployed to take jobs. Throughout the government's explanation for the bill and throughout the government's propaganda we find the same song and dance over and over. The government says that it will cause more people to work because it is removing the incentives which stop people from working. I do not know how the tightening of the unemployment insurance program rules will create one single job. The unemployment rate in my own area is 11.2 per cent. How will

the tightening up of the program help Inco or Falconbridge to create more jobs?

An hon. Member: The government will do it.

Mr. Rodriguez: The government has not done it. The government made a prediction that it would create 50,000 jobs, but it created only 8,000. The program was a miserable failure, so I do not put much stock in the prediction that they will create jobs.

The central thrust of this bill is to make the victims pay for the predicament in which the government puts them. It is a principle which is dead wrong. We have no consideration on this side of the House where we stand with respect to the principle of this bill.

The minister announced cutbacks and changes to the UI program in September. While watching a program on national television the hon. member for Vancouver Quadra, the UI critic for the official opposition, stood up, looked right into the camera and said: "If we were the government, we would have gone further with these cutbacks." Tonight, he is sitting all over the fence. He cannot do that. Television is now in the House and it will show where the Tories stand, whether they are from eastern, western, central, northern Canada or wherever. They will not be able to get off the horns of this particular dilemma.

Mr. Nystrom: They tend to get slivers.

Mr. Rodriguez: The hon. member says that these people tend to get slivers, and that is right. There are not enough jobs available in this country for the number of people who are registered officially as being unemployed. I mentioned earlier in my backdrop that there are only about 40,000 full-time, part-time and casual jobs on a day to day basis in this country and that there are 910,000 people looking for work. That means there is one job for every 20 people who want to work and who are looking for work.

Hon. members must keep in mind that we are not dealing with real unemployment figures. We are not talking about the unofficial figures, which tend to be much higher than the official figures. The minister has gone into secrecy with regional figures on unemployment because they are too embarrassing, and very shortly they will probably stop producing the figures showing the ratio of the number of persons unemployed to the number of jobs available. Many of these jobs are not available permanently. The Social Planning Council of metro Toronto in their study entitled "The Problem is Jobs, not People", found that of 16,900 jobs that existed in Ontario in August, 1978 only 5,000 were available for a period of longer than four weeks. That means that of those jobs surveyed, 11,900 of them were for less than four weeks' duration. Conveniently, the department considers a permanent placement to be longer than one week with respect to collecting unemployment insurance benefits.

This legislation will not do anything about unemployment except make it more difficult to be unemployed. Once again, the government is saying they have no responsibility for unemployment and that the unemployed are to blame. It is a lie we are becoming familiar with, a lie used to cover more government inadequacies. Legislation like this has one major purpose, and that is to cover up the fact that we have a tired and morally bankrupt government that has no policies to deal with the problems which we face in this country. At a time when it is critical for us to have economic planning to deal with a failing economy, instead we get knee-jerk policies based on gallup polls.

The Economic Council of Canada stated the situation correctly in their last annual review when it said that "in devising unemployment strategies there is a need for selective targeted policy instruments. In this way, the particular problems of women and the young, as well as of certain provinces, industries and occupations, may be recognized specifically." Obviously, Bill C-14 was conceived as a knee-jerk reaction. There was no consultation with the provinces, labour or anybody. It was conceived and dropped on the people of Canada in September of this year, and there is no doubt that the government through this bill has focussed its attenion on many of these particular groups I have mentioned. In so doing, they are trying to make a bad situation even worse.

• (2152)

Let us look at the situation as it applies to women in this country. I do not think the minister and his bureaucrats have spent much time looking at the facts as they relate to women as employees and as potential employees in this country. The major change this bill seeks to accomplish is to deny unemployment insurance benefits to those people who cannot find long-term work. We all know it is a fact of Canadian life today that women as a group are last hired and first fired. It seems to me they fall squarely into this category where the Unemployment Insurance Act is being amended.

Further, these changes, as they apply to women, seem to be largely based on the results of the comprehensive review of the unemployment insurance program that was released in 1977. That review made the dubious statement that women misuse the UIC program through non-availability and refusal to work. The review also suggested that women, as secondary wage earners, generated unexpected increases in UIC expenditures.

The Advisory Council on the Status of Women correctly pointed out that such sweeping generalizations had no facts to back them up. That did not deter the minister and his nabobs in the Unemployment Insurance Commission. They are not confused with facts and should not get credit for seeking out facts.

There are facts available about women in the labour force but the government chooses to ignore them. I will put them on the record tonight, however. Labour Canada figures for 1975 show that 31 per cent of women in the work force are single and need a job to support themselves. They show that 9.4 per cent of women in the work force are widowed, divorced or separated and must work to support themselves. They show that 20.7 per cent of women in the work force are married to

men earning less than $10,000 a year and must work to support both themselves and their families. They also show that 47 per cent of families where both husband and wife work earned less than $15,000 in 1975, below the median income.

Thus we can plainly see, Mr. Speaker, that most women in our society are like any other workers. They are working to support themselves and their families, not to buy a second car. Working women are not "a social phenomenon", as one of our Edmonton Conservatives once said in this House. They work to earn a living and as such deserve the protection of an unemployment insurance program.

This is especially true because, bad as the unemployment situation is for men, it is even worse for women. The situation will be worse yet if this legislation passes. Women often find it more difficult than men to find long-term jobs, so the requirement for people to work longer to be eligible for benefits if they have previously been on claim will hit women hard. Keep in mind, Mr. Speaker, that all of this is happening at a time when there is evidence that the use of unemployment insurance by women is actually decreasing.

A comparison of unemployment insurance claimants over the last ten years in Ontario, again done by the social planning council of metro Toronto, shows a discernible downward trend in the use of the program by women. In other words, while more women need to enter the work force to make ends meet within families, they are actually able to use UIC less and less as the government attacks them, first through regulations and now through legislation.

The requirement that new entrants must work longer will hit young men and women equally hard, but it will particularly attack older women who might be returning to the work force after raising a family for a number of years. Many of these women who have spent many years in the home lack necessary skills and find it very difficult to find other than casual jobs. Many of these women go to work for such firms as temporary employment agencies. Now they will not only have to work for these leeches but they will also lose their eligibility for UIC benefits.

The same thing is true of the amendment limiting benefits to those people working more than 20 hours a week. This section of the bill is not aimed at people making a lot of money in a few hours, as the background to the bill suggests. It is aimed at the thousands of women who work part-time in department stores because they cannot find full-time work.

The federal Liberal government has talked a lot about changing the legislation to cover only those with a stable attachment to the work force, but this sort of legislation makes it clear they will never admit that women are not attached to the work force only because there are not enough jobs for them.

The author, R. H. Robinson, dealt accurately with this point in an article in the *Canadian Forum*. He wrote:

> Working women and women wanting to work are coming more under attack with rising unemployment. There are multiplying signs of a drive, like the one which followed the Second World War, to make women believe that their true place and role is not at work but in the family and at home. Instead of being marginally attached to the labour force, they would be completely detached from it. This is like treating an illness, not by curing the patient, but by denying that she exists.

How familiar that sounds, Mr. Speaker, to those of us who have sat in this chamber for years hearing the government deny that the problems of this country, like unemployment, existed. The government is once again trying to have it both ways. First the government accuses women of being only secondary wage earners—those who are going to be discriminated against in this bill—taking jobs away from men. Now they are saying that they do not want women to work enough to be eligible for benefits. It is all part of the same Liberal game plan to blame the unemployed for unemployment.

I see it is ten o'clock, Mr. Speaker, so I will call it ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—MOVEMENT OF GRAIN TO EXPORT POSITIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question tonight arises from the continuing problems Canada is experiencing with its grain handling and transportation system. The time has come when something must be done to jar this minister and this government into action, because we have a grain handling system that is inadequate and underutilized in certain areas at certain times. It has been in this state for some period of time.

The inadequacy of our grain handling and transportation system is responsible for loss of sales in the international export market. It is responsible for our loss of reputation as a reliable supplier of grain in the export market and it is responsible for the build-up of frustration and disgust amongst producers. And to put it bluntly, it is causing farmers and this economy a loss of untold millions of dollars. Unless something positive is done very soon—perhaps even something revolutionary—Canada will suffer and lose its traditional position as a leader in grain sales throughout the world. It will no longer be in the forefront of the world grain trade picture.

We need a quantum leap in our system to capture the growing market opportunities of the 1980s. The minister has spoken of studies, of co-ordinators, of consultants and of straining the existing system. In answer to my questions on November 7, he replied, in part, as reported at page 865 of *Hansard:*

> One of our objectives is to test those strains and to keep strain on the system.

Mr. Speaker, it is going to take more than strain on the system to move the amount of grain we must move if we are to capture the potential market. The minister is indirectly blaming the farmers in his answer. We must bear in mind that this is the same minister who brought in Operation LIFT—that disastrous policy of paying farmers not to grow wheat.

● (2202)

He said as reported at page 865:

—that we have just had three all-time record crops. If only one of those had been average instead of record, it would be a problem of grain supplies rather than a problem of movement.

He is saying that it is the farmers' fault that we have a problem in moving our grain because they grow too much wheat. There is not much hope in the statements of the minister in his response to my question of November 7. Quite frankly, what we need in this country, in addition to an improved grain handling system, is a full-time Minister of Transport. We need a full-time minister in charge of the Wheat Board because this minister has been a flop in those two portfolios. I am not sure about justice; I am not qualified to comment on that, but in terms of transport, in terms of moving grain and in addressing himself to those very serious problems, he has been a flop.

We know there are inefficiencies in the system. At a recent meeting in Calgary of the Canada Grains Council the railways pointed out there was underutilization of the system, and that of course raises the question of whether we need additional hopper cars or additional rolling stock. Frankly, I think we do, but that does not mean that we should not be utilizing the system to the fullest extent.

In Canada today we have a primary elevator system that is literally plugged 75 per cent to capacity, 35 per cent more than last year. The terminals are half full, down 35 per cent from last year. The producers' stocks are up by 20 per cent; they are carrying about 42 millions tonnes of grain in stock. We are losing sales to our traditional customers. As a matter of fact representatives of the United States have served notice that they are going to pursue the Chinese market very aggressively.

Today we have a system in this country that is limited to moving 21 million tonnes of grain, and our export sales are limited by that amount. We had the promises of WEOC in 1973 and we had the promises of this government in 1974 that they were going to overhaul the grain handling system from the granary to the ship in the harbour. Since that time we have not increased the capacity one iota.

I want to quote from an address given by the senior economist to the Canadian Wheat Board, Harold F. Bjarnason, on October 18, 1978, who was talking about the 21 million tonnes that we have moved and then went on to say:

The only reason that this near record export volume did not exceed the 1972/73 level of 21.4 million tonnes was that our transportation system could not physically handle any more grain exports during the prime demand period. A yearly volume of about 21 million tonnes thus seems to be the maximum quantity our present system is capable of moving into export. If we had had greater capacity in our system, we would not have to defer 1.5 million tonnes of export grain to the 1978-79 marketing year.

[Mr. Mazankowski.]

He goes on to say:

All in all, it seems safe to say that, if transportation had been available when the demand was, exports last year could have reached 25 million tonnes.

That means, Mr. Speaker, that we have lost a sale of 4 million tonnes of grain in the last crop year and that means a direct loss to the farmers of something in excess of a half a billion dollars. If one considers the ripple effect in the economy, it works out at about $2.75 billion.

What about the future? To quote Mr. Bjarnason again, he states that:

—by 1985 we should be able to export roughly 20 million tonnes of wheat and up to 10 million tonnes of feed grains—

In addition there were 1.5 million tonnes of oilseeds. That totals 31.5 million tonnes. That means we must increase our grain handling and transportation capabilities by 50 per cent.

It is significant to know as well that the bulk of this increase will come from the west coast, so we must move very quickly. We must prepare to move well in excess of 15 million tonnes from the west coast. The most we have ever moved, and that occurred in the record year of 1972-73, was nine million tonnes. We must develop Prince Rupert and increase its capacity of moving anywhere from three million to four million tonnes, which is the equivalent of 125 million to 150 million bushels. We must expand Vancouver's capacity to reach 11 million to 12 million tonnes. That will give us 450 million to 475 million bushels. We must also move quickly to expand Thunder Bay and Churchill.

● (2207)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, lamentations, jeremiads, complaints, criticism, negativism, but never constructive suggestions, never positivism. That is the typical attitude of the Progressive Conservative party which is content with destroying everything and is not—I am convinced the public realizes this—really playing the role of a responsible opposition. All the hon. member did was criticize regardless of the facts and the excellent policy of the Minister of Transport who is doing one of the best jobs ever done in the whole history of Canada.

Mr. Speaker, this government is very concerned about the difficulties we have had this fall with the movement of our grain for export markets. In fact, it has been concerned about that for several years and has many programs to reduce this problem in future years.

Last year, transportation and grain handling systems moved nearly unprecedented volumes of grain in spite of the transportation problems which were much more serious than in 1972-73 when this record was achieved.

Capacity was increased to the point where we expected to export 23 million tonnes during the current crop year before the strike occurred which could reduce actual exports a little

under that level. This is substantial increase in capacity over the seventies when our capacity was 21 million tonnes.

To a large extent that increased capacity is the result of the guidelines the government set for the grain industry. We indicated in 1974 that we would be upgrading the grain handling system from the grain warehouses to the ships in ports. That we are doing, and everyone can see striking examples of it.

In 1973-74, the government bought 2,000 hopper cars. Since that time, we bought 6,000 more. In 1977, the hopper cars bought by the Government of Canada carried 38 per cent of the grain shipped from western Canada. Since 1974 those hoppers cars have also contributed to the improvement of the operation of our transportation system. Since then, the turn around time of cars was shortened by four days, that is 17 per cent, which allowed the average car to carry about 3.3 more loads per year.

The federal government has also contributed to the repair costs of several thousand boxcars that will increase our capacity in the short term. Recent improvements to branch lines to Churchill under the prairies branch lines renovation program have also effectively increased our grain exportation capacity through that port.

We are also increasing the capacity of grain terminals in Canada. Under the storage improvement program of the Canadian Wheat Board, the storage capacity should improve by 40 per cent in Vancouver. Half of the storage capacity increase of 5.8 million tonnes must be done before the coming winter. The rest will be completed by the end of next year.

Major improvements are being made to increase our present and future export capacity. We are now studying all possible means to transport a maximum quantity of grain through the St. Lawrence Seaway before its closing, including the extension of operating hours whenever possible. But we do not deal only with those urgent problems, Mr. Speaker, we are also concerned by problems that will be faced in the long term by our grain transportation and handling system. We commissioned an inquiry, the Hall commission on complex social and economic factors related to that system. We should soon establish in the prairies a comprehensive basic branch line system that will be operated at least until the year 2000.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

[*English*]

CANADIAN BROADCASTING CORPORATION—REQUEST FOR EXPLANATION OF PRIME MINISTER'S COMMENT ON STATE OF CORPORATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I am pleased to participate in this adjournment debate on a matter which was raised in the House last week and this week. It started with a question, albeit a set-up question, from the hon. member for Northumberland-Miramichi (Mr. Dionne) to the Prime Minister (Mr. Trudeau) asking about coverage of the federal-provincial conference. I wish to quote the relevant words. The hon. member for Northumberland-Miramichi asked the Prime Minister to check with the Secretary of State (Mr. Roberts) so that, among other things, and I quote:

—we can determine whether the CBC is trying to fulfil or thwart its mandate as a force for unity in this country.

● (2212)

As part of his answer the Prime Minister said several things. Then he said:

I am sometimes amused when the CBC talks about the terrible state of the country considering the terrible state of the CBC.

That was said on Thursday, November 2. I rose in my place, Mr. Speaker. This occurred at about five minutes before three o'clock and I was trying to put a supplementary question to the Prime Minister about what he meant about the terrible state of the CBC. I know the right hon. gentleman's mood that day, at the end of the federal-provincial conference,—perhaps he was tired—but I wanted to find out whether this was a flippant or facetious remark, and I wanted him to define what he meant about the state of the CBC. After all, he is the leader of the land, a prime minister who has been in charge of cabinet and orders in councils for ten years, but unfortunately I did not catch You Honour's eye until Tuesday. When I did put the question to the Prime Minister, as recorded on page 868 of *Hansard* for Tuesday, the Prime Minister answered my question as to what he meant. He had the nerve, Mr. Speaker, and he smiled when he said it, to say:

—when I commented on the technical difficulties the CBC had experienced from the first day of the conference. If the hon. member had been following the proceedings, he would have seen that as a rather light reference to the difficulties the CBC had. I stand by my remarks. The CBC is very critical of many institutions in Canada. It should not be without criticism itself nor beyond the scope of criticism. I often hear it from the other side.

Those remarks were greeted with loud applause from the government benches, as was the initial statement back on Thursday. It is patently clear to anyone in this House that the Prime Minister was not referring to technical difficulties in the CBC. The question by the hon. member for Northumberland-Miramichi was about coverage and the seriousness of his question was for the Prime Minister to check to see if the CBC is trying to fulfil or thwart its mandate as a force for unity in this country.

I wondered if I would raise this matter in the adjournment debate or accept the Prime Minister's facetious answer to me on Tuesday. The more I thought about it the more I thought I would take the time and trouble of the House tonight to make a point that I think in capsule commentary summarizes why the mania over Trudeau in 1968 has frankly become the delirium with him in 1978.

In that remark on Thursday, without any qualification, when questions on technical difficulties of transmission were never asked, the Prime Minister replied in the most insidious form of criticism which really has been a hallmark of his administration against institutions. That, I submit to you, Mr.

Speaker, is one of the reasons this country is so divided that it is searching almost for its constitutional soul, its internal soul.

I am not denying that all members and all Canadians have many strong feelings about the pros and cons, the good and the bad, the plusses and the minuses, of the only national broadcasting system that we have. But that is not the issue. The issue is not that there should not be criticism of the CBC. We all know that. But this man was asked that question as the Prime Minister of the land. He is not an ordinary citizen. He is supposed to be the leader of the land exercising responsible leadership. And for him to give blanket condemnation without qualification, saying "considering the terrible state of the CBC", is demoralizing to those who work within it and is most unfair.

It is not just a case of the CBC. That is a popular whipping boy. This Prime Minister, unfortunately, because he has intellect, abuses it by appealing to the baser instincts of his constituents. And frankly, Mr. Speaker, his constituents are from coast to coast because he is the Prime Minister. You can take the symbolic head of this land, the Crown, and where do we find the Prime Minister in England? Pirouetting behind the Queen. If it were an individual act, one would not think too much about it, but it was just one of many incidents which I suggest in all seriousness appeals only to the baser instincts of many Canadians.

• (2217)

It was the Prime Minister who not many years ago said that opposition members were nobodies. If opposition members are nobodies, let us just imagine what government backbenchers are. I do not want to proceed too far with that.

It was the Prime Minister who, on August 1, appeared on the nation's screen with his reformation after his trip to Morocco. The conversion of Saul on the road to Damascus looked like a little exercise compared with the Prime Minister's conversion regarding economic realities.

What did the Prime Minister say about another institution of ours, a popular whipping boy, the Post Office? I still remember it: "Canadians are getting sick and tired of the Post Office, and so am I". Of course he is, but the man forgets that he has been the leader of the land. He has had responsibility for doing something about the Post Office, the CBC and parliament, if he has felt so aggrieved. One of the problems of our land is this Prime Minister and his sophistry which, for those who do not know, is false argument intended to deceive. That is not acceptable any more. That is why I have taken the time to participate tonight.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I can understand the hon. member's feeling of frustration to a certain extent. He obtained an intelligent answer to his question, and I think he would like to have a leader who would be as gifted as the Prime Minister of Canada (Mr. Trudeau). I have the feeling, and this is unbelievable, Mr. Speaker, that the hon. member is not used to accept clear, precise and brief answers, and I think it would be a good thing to check and to review what the Prime Minister told him.

[Mr. Nowlan.]

To put it in a nutshell, the whole problem arose when the Prime Minister, answering a question asked by an hon. member on the government side, said last November 2, and I quote:

[*English*]

I am sometimes amused when the CBC talks about the terrible state of the country, considering the terrible state of the CBC.

[*Translation*]

Mr. Speaker, on November 7, 1978 the hon. member for Annapolis Valley (Mr. Nowlan) merely asked the Prime Minister to explain that part of his answer. The Prime Minister replied that he had referred to the technical difficulties that the CBC had experienced on the first day of the constitutional conference. And he told the hon. member that if he had been following the proceedings, he would have seen that as a rather light reference to the difficulties that the CBC had. The Prime Minister added that he stood by his remarks. He said that the CBC was very critical of many Canadian institutions, that it should not be without criticism itself nor be beyond the scope of criticism, as he has often heard it from the other side of the House. That was the reply of the right hon. Prime Minister. The hon. member for Annapolis Valley, returning to the charge again, still on November 7, asked the right hon. Prime Minister: Then can we assume from what the Prime Minister said that he was referring only to the technical difficulties which we all noticed during the conference, that he was not making a blanket condemnation of CBC? Then, Mr. Speaker, the right hon. Prime Minister answered, and I quote:

Oh, no, Mr. Speaker, I never make blanket condemnations, except sometimes of the hon. member. I think in the case of the CBC I was referring to some specific and recent event. The hon. member knows that I am a great admirer of the CBC and the media in general.

Mr. Speaker, I have nothing to add to that brief reply. As answers go, it is simple, brief, concise, complete. Even an ignoramus, whether he be a fool or a simpleton, would refrain from asking that changes be made to such a masterpiece.

The Acting Speaker (Mr. Ethier): Order. The hon. member for Winnipeg North (Mr. Orlikow).

[*English*]

FINANCE—FUNDS FOR RESEARCH AND DEVELOPMENT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on June 1 of this year, the Minister of State for Science and Technology (Mr. Buchanan) announced a new science policy for this country. He made a statement in which he promised that the government would set as an objective the expenditure of one half of 1 per cent of the gross national product for scientific research and development by the year 1983.

• (2222)

When the minister made that statement, some of us, including myself, pointed out that he was setting an objective for five years from now which would be substantially less than what was being spent by most of the other industrialized countries of the western world. I pointed out to the minister that countries such as West Germany, Japan and the United States already spent substantially more than 2 per cent of their gross national product on scientific research and development. The minister promised that five years from now we would be spending less than those other countries spend at the present time.

The truth of our contention was demonstrated this week by six background papers issued by the Department of State for Science and Technology. It reported that Canada's research and development effort has been inadequate to maintain an internationally competitive economy. It pointed out that R and D expenditures in Canada are only 0.92 per cent of the GNP Also it indicated that this ratio was disturbingly low compared with other developed countries. It went on to point out what some of the other countries were spending. The papers noted that between 50 and 65 per cent of R and D was performed by business enterprises in most industrialized countries, while in Canada, only 40 per cent of such research was carried out by business.

The minister's present proposal is that the people and the Government of Canada offer to the business corporations of this country, particularly the multinational corporations, further incentives in an attempt to persuade them to do more research and development in Canada. Despite the fact that over the years there have been a host of these programs, such as PAIT, DIP and others, none of them have succeeded in persuading the Canadian business community, particularly Canadian subsidiaries of multinational corporations which virtually do all their research and development at home bases mostly in the United States. Despite this fact and the lamentably low objective of the government, and without waiting to see if incentive programs worked, as part of its restraints program the government announced major cutbacks in government expenditures and support for research and development in the field of science.

I raised this question with the Minister of Finance (Mr. Chrétien) a few weeks ago. In view of the cutbacks which were announced, I asked the minister if the government had set a new target date at which time it expected the government, universities and the corporations of this country to be spending 1.5 per cent of GNP on research and development. This percentage was announced by the minister on June 1. The Minister of Finance said that a new date had not been set and that the government was reordering its priorities.

By way of a supplementary question I asked the minister if he could explain how cuts were being made in fields in which Canada plays a leading role, especially those which gainfully employ many Canadians such as agriculture, fisheries and forestry. The minister rejected my suggestion and said that there had been no cuts for scientific research in agriculture.

I want to put on the record what the situation is. In the Department of Agriculture there have been cutbacks in the estimates of $8.5 million for the coming year. One of the projects eliminated involved $3 million for the Lethbridge research laboratory. In the Department of the Environment there was a cutback of $11.7 million in scientific research, including $2.8 million for a Newfoundland environmental centre and a maritime forest research centre.

• (2227)

In the Department of Fisheries, which is increasingly important because of the 200-mile limit—and for the first time we had hopes that the tens of thousands employed in the maritime fisheries would begin to enjoy a decent standard of living—what do we find? We find a cutback in the Department of Fisheries for scientific support of $11.9 million, one example being a $2 million cutback in a technological development program which is to be reduced and eventually transferred to the private sector.

It makes no sense at all to me or to the people involved in scientific research and those who benefit from it that the government should make these cutbacks without considering the tremendously harmful effects not only on the industries concerned but the people of Canada as a whole. I would urge the government to reconsider its position and restore what already was woefully weak support for scientific research.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I should like to commence my remarks in reply to the hon. member for Winnipeg North (Mr. Orlikow) by thanking him for giving me the opportunity to bring some facts to the fore in respect of the government's position regarding research and development.

As the hon. member stated in his remarks, the minister responsible for science and technology in Canada stated clearly in June of this year the importance the government attaches to this very important aspect of the Canadian economy. The minister has clearly stated that Canada's aim and target in respect of research and development expenditures will be of the order of 1.5 per cent of gross national product by 1983. This is the goal that has been set and I think the minister has made the position of the government very clear.

As well, Canadians will realize that the Canadian government purchases each year $4 billion in goods and services. The procurement practices of the government will be changed to ensure their effective use to stimulate Canadian industrial research and industrial development.

It will be appreciated as well that for the first time the minister has convened a conference of federal and provincial ministers, in fact this week in Ottawa, to review the current state of industrial research and development in Canada. These ministers have collectively agreed that they must make every effort to ensure a higher level of support for research and development and innovative activity in Canada through encouraging and stimulating the private sector.

Tax incentives are an essential tool to encourage the private sector to perform more industrial research and development. As well, procurement ought to be used to promote and strengthen research intensive industries, and a subcommittee of the working group established by ministers of industry should also be encouraged to examine this most important matter.

The ministers have agreed that they will get together from time to time to keep abreast of the developments and results of these tax incentives, as well as the benefits that will accrue from these programs. It was agreed as well that the results of their conference should be submitted to the first ministers' conference.

I think the importance the government does attach to research and development and to science and technology in Canada is made abundantly clear by the fact that this first ever conference was held this week at the initiative and as a result of the leadership of the minister, taking into account the statements and announcements by the Minister of Energy, Mines and Resources (Mr. Gillespie) and the Minister of Communications (Mrs. Sauvé) concerning renewable energy and communications technology that the 1978-79 expenditures on research and development will be higher than provided for in the 1978-79 main estimates. Thus, while cuts have been made in research and development, as in many other areas of governmental activity, research and development also benefited substantially from the reallocation of resulting savings as shown by the doubling of that fund for 1979-80. I think it is abundantly clear that very definite steps are being taken and will be taken by the government—

The Acting Speaker (Mr. Ethier): Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.31 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, November 10, 1978

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

REMEMBRANCE DAY

TRIBUTES TO MEMBERS OF CANADIAN FORCES WHO SERVED IN WARTIME

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, each year, on the eleventh day of the eleventh month, Canada pays tribute to the memory of her heroes of two generations who laid down their lives in the cause of freedom. Three times this century, Canadians went off to war to defend our basic aspirations, freedom and peace. Tomorrow will be a time of remembrance. Once again across this vast land we shall honour Canada's heroes of two world wars and the Korean conflict, recognizing the sacrifices they made.

Tomorrow is a very special day, for another reason: November 11, 1978, marks the sixtieth anniversary of the armistice which ended what they called the war to end all wars.

I should like to take a moment to tell hon. members of the House that this morning I met upward of 100 First World War veterans whom I brought here for a special occasion this year; to take part in ceremonies at the monument, to attend a state dinner and various functions such as that. Among that group was a gentleman who will be 108 years old on November 19. He is from Elk Lake, North Bay, Ontario. His health is exceptionally good.

Some hon. Members: Hear, hear!

● (1107)

Mr. MacDonald (Cardigan): He had just finished a 20-minute interview on the radio before I left.

Nearly one in every ten Canadians who fought in that First World War did not return home. More than 50,000 lie in the war cemeteries of France and Belgium. Others found their earthly resting place in graves in the United Kingdom, in the Near East, in north Russia and Siberia, or in native Canadian soil. Some were lost at sea.

Few members of the Canadian Expeditionary Force were soldiers by profession; the force was largely an army of citizen soldiers. From every walk of life they came to render their service, and those who did not return left their country—our country—the poorer for their loss.

At the outbreak of the First World War, with a population of just over eight million people, Canada was on the verge of attaining nationhood, with a future full of promise. In 1914, as part of the British Empire, we faced the most imposing threat to peace and freedom ever experienced up until that time in history. Our very existence, and that of other peace-loving nations, was threatened by war in Europe. For that reason, as war was declared, a generation of Canadian youth lined up and marched off to defend their nation.

Even after 60 years, the mention of such names as Vimy, Passchendaele, Ypres and Arras evokes memories in the minds of many Canadians. Tomorrow, some will remember the mud, the trenches and the suffering. Others will sadly recall the death of a buddy, a friend, a father, a brother, a son. But Canadians collectively should remember with pride the bravery, the heroism and the great military achievements of our Canadian servicemen and women.

Those of both world wars and the Korean conflict who served and returned home, as well as those who stayed "over there", had an ideal. They served, suffered and died to ensure that Canada's path would be upward, that she would take her place in the world as a great, prosperous and happy nation. Tomorrow, with the poppies in our lapels, as wreaths are laid at our cenotaphs, let us all as Canadians observe a few moments of silence and remember the sacrifice of our war dead. Let us, at the same time, reflect on what they gave their lives for; a Canada united, strong and free. We owe it to all of them to keep it that way.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, before I pay tribute, on behalf of the official opposition, to this speech and these special people, I would preface my remarks by paying my thanks to the Minister of Veterans Affairs (Mr. MacDonald) who early this morning sent me a copy of his remarks. I especially commend those who made it possible that this tribute should be made at the very beginning of the proceedings of this House. We feel, now, that it has a priority which it so justly deserves because we are as close as possible to the eleventh hour of the eleventh day of the eleventh month.

We are, once again, summoned by a most solemn admonition to pause for a moment amid this busy world's activities, to pay silent, moving tribute to the memory, not only of those fallen in battle but also those who faced the ordeal of combat and now lie in hospitals and nursing homes with broken bodies and disturbed minds, who, as someone has said, "limp and grope their way down the corridors of time." In the words of President Lincoln, "The world will little note nor long remember what we say here today".

• (1112)

By the sacrifice of thousands of young Canadian men and women who put their very lives on the line for king and country, this day has been hallowed far beyond our poor power to further consecrate it.

Canada forged her nationhood with the sacrifice of her sons and daughters on land, on the sea, in the air and at home in field and factory. The debt Canadians owe to that generation of valiant men and women can never be completely and adequately discharged.

However, successive governments, following World War I, have over the intervening years put together a framework of legislation to try to compensate our veterans and their families who gave their all, and lost so much, that we might today live in a land where "freedom slowly broadens down from precedent to precedent". These acts of parliament on behalf of veterans are collectively referred to as the veterans' charter. We are still correcting and replacing old laws and enacting new measures in light of today's lifestyle.

While we on this side of the House continue to press for more improvements, we recognize in the present Minister of Veterans Affairs a man who bears the painful scars of conflict and a man who conscientiously and faithfully works for the welfare of veterans.

Some hon. Members: Hear, hear!

Mr. Knowles (Norfolk-Haldimand): We also know his activities are limited in this field, and that he has difficulty in convincing certain cabinet colleagues that aid to veterans is the very last place in which spending restraints should be applied. We feel they have their priorities all wrong.

On this Remembrance Day in 1978, therefore, we once again press this government to give all widows of veterans with disability pensions some form of widow's benefit, and to adjust ceilings and other constraints affecting war veterans' allowance to a figure commensurate with today's cost of living. This would be the very best wreath to deposit in memory of our veterans.

In closing, I call upon all Canadians, as they bow before cenotaphs across this land, to renew their covenant in the fallen and carry high the torch of freedom thrown to us, which is also a touch of Canada united from coast to coast.

Some hon. Members: Hear, hear!

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I join the spokesman for the official opposition, on this sixtieth anniversary of the armistice of 1918, in congratulating the minister for bringing to Ottawa 100 of the World War I veterans, including one of my constituents from Elk Lake who is 108 years old.

Some hon. Members: Hear, hear!

Mr. Peters: Mr. Lepage will be able to remember, I am sure, many of the promises that were made and how well we, as members of parliament, have or have not fulfilled those promises over the years.

[Mr. Knowles (Norfolk-Haldimand).]

November 11 should not be considered a holiday, Mr. Speaker. It is a day when we should remember the sacrifice that was made by the young people of Canada from 1914 to 1918, the young people of the generation who made the sacrifice from 1939 to 1945 and, later, the conflict in Korea. The soldiers and servicemen of Canada today are still serving the interests of peace around the world, in many countries. We should remember the sacrifice they are making for us and the reasons why they are willing to make that sacrifice.

Too often, when we watch television today, Mr. Speaker, we see war glamorized. All the uniforms and the movie plots developed around war glamorize it. But war was not like that: for those who served, it was a matter of deprivation and many, many hardships. Those who were able to return gave up much: many paid the supreme sacrifice and did not return.

This is the sixtieth anniversary of that war to end all wars, and it behooves all of us to indicate to young people that the sacrifice that was made, was made to keep Canada a free country; that they made that sacrifice, and they made it freely. They made it in the knowledge that it would be a sacrifice that would not have to be made by people who followed. Our young people should know that, because our veterans will not have paid the price in vain if we are able to ensure that there are no more wars and the problems of the world are settled in a more satisfactory way.

• (1117)

I am pleased that the minister has seen fit to honour 100 of those veterans of the First World War. They are getting older, and they will not be with us very long. I join with the opposition member who indicated that we have an obligation to those who did return, and I congratulate the minister for what he has done in the past. As our veterans of the Second World War and the Korean war reach the age where assistance is necessary, we in Canada have an obligation to repay them. We are not repaying them entirely. We should be repaying them with the idea that they fought in three major wars to make this a free country, a united country. Unless we keep faith with them, we will not be assured of the success of the endeavour which they voluntarily and so expensively undertook on behalf of our nation.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, it is an honour for me to take part in this tribute. I wish to emphasize, like the hon. minister and my colleagues before me, the human contribution, the sacrifice of these men whose courage stood up even in the face of death itself. It is fortunate that we set aside a day to pay tribute to those who died but also to those who remain and bear the consequences of war. Among them are many handicapped who are a living proof of the atrocities of war. This day gives us a special opportunity, to us who have

known war, to repeat to the younger generations that others have made the ultimate sacrifice to ensure their future. I am proud of the special attention that the House of Commons has always bestowed on veterans and their plight. It is my hope that through the coming years we will be able to improve their fate and their condition. Mr. Speaker, as we remember on this day the sacrifices demanded by war, let us all be ever more thankful to God for the gift of peace.

* * *

MANPOWER

CANADA WORKS PROGRAM—LIAISON BETWEEN MINISTER AND QUEBEC COUNTERPART TO SETTLE PROBLEMS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with a very important and urgent matter.

As some of Canada Works projects are having problems as a result of the regulations of the Quebec Construction Office as it is abnormal that in a single country one government should spend money to create jobs while another government applies rules the nature of which tend to paralyse the work, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That this House recommend to the Minister of Employment and Immigration (Mr. Cullen) that he meet the Quebec labour minister to look into this serious problem and come to an agreement so that Canada Works projects can be carried out without further trouble.

Mr. Speaker: The House has heard the motion of the hon. member. Under the terms of Standing Order 43, that motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1122)

[*English*]

GOVERNMENT ADMINISTRATION

SAFEGUARDS AGAINST OVER-USE OF REGULATORY POWERS—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a motion under Standing Order 43, without any preamble. If permission is given, the motion would be as follows:

This House, alarmed that the extraordinary use of regulatory powers is becoming oppressive and stifling to individual incentive and business development, a view implicitly shared by the first ministers, as expressed in their communiqué last February, and concerned that there is no adequate government action to deal with this danger, and that the unanimous recommendations made by the Standing Joint Committee on Regulations and Other Statutory Instruments have been largely ignored, proposes that parliament act immediately to deal with the danger of this continued despotism by the executive and the bureaucracy in using such authority and to provide greater safeguards for scrutiny to be made of requests for regulatory powers before such powers are granted.

Mr. Speaker: Such a motion could be presented for debate at this time, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

URBAN AFFAIRS

EFFECT ON AHOP OF INCREASED MORTGAGE INTEREST RATES—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that most major trust companies yesterday increased their mortgage interest rates to 11½ per cent, and realizing the dramatic increase in AHOP defaults, currently four times greater than conventional mortgage defaults, I move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That the Minister of State for Urban Affairs make a statement on motions today outlining what specific measures the government intends to take to avoid the certain disaster for Canadian AHOP families as a result of the high interest rate caused by the failures of this government.

Mr. Speaker: Such a motion could be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

ISSUANCE OF TEMPORARY SOCIAL INSURANCE NUMBER AT UIC OFFICES—MOTION UNDER S.O. 43

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity. In view of the fact that citizens who wish to exchange their bonds for the new issue are being told that they must present a social security number, and in view of the fact that when they make application at their local UIC office they are told that the process may take more than three weeks and, therefore, pass the deadline for the purchase of new bonds, I move, seconded by the hon. member for Vaudreuil (Mr. Herbert):

That the Minister of Employment and Immigration instruct his offices to issue at the counter temporary numbers for these Canadians.

Mr. Speaker: The presentation of this motion for debate at this time, pursuant to Standing Order 43, can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

AIR TRANSPORT

PURCHASE OF NORDAIR BY AIR CANADA

Mr. Jack Murta (Lisgar): Mr. Speaker, in the absence of the Minister of Transport, the Prime Minister and the President of the Treasury Board, I will direct my question to the Minister of Finance: it has to do with the government allowing Air Canada to spend up to $28.4 million to purchase Nordair.

Can the minister now inform the House where the $28.4 million purchase price that the government is contemplating will come from?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I cannot answer precisely the question as asked by the hon. member. I will take note of it and transmit it to the Minister of Transport.

[*English*]

Mr. Murta: Mr. Speaker, the minister is, after all, Minister of Finance and I would hope he would have some idea about this transaction and some of the particulars in terms of what has just taken place. I have to direct my supplementary to the Minister of Finance. I hope he can give me a better answer than his previous one.

The transaction has been profitable for the Nordair shareholders, but questionable for the Canadian people. There are still a number of questions to be answered. One has to do with the $1 million allocation for what is termed out-of-pocket expenses in connection with this whole deal. Can the minister give a more precise answer as to what this $1 million covers? Legal fees are expensive, but surely not that expensive on this kind of transaction.

● (1127)

Mr. Chrétien: I am aware of the transaction, Mr. Speaker. We approved it in cabinet, knowing that it was the best decision that could be made in the interest of the Canadian public. As to particulars about lawyer's fees, and so on, I am not knowledgeable about that aspect. I will ask the Minister of Transport to reply to the hon. member.

[Mr. MacFarlane.]

Mr. Murta: Perhaps the Minister of Finance or the Deputy Prime Minister could answer this question: when the government finds a buyer for Nordair, what guarantee has the taxpayer that the full investment of $28.4 million will be recovered?

[*Translation*]

Mr. Chrétien: Mr. Speaker, of course we will take all the necessary means to ensure that our investment is profitable. I think that Air Canada's takeover of Nordair at this time is a very fortunate move and we do not intend to lose out in the transaction a year from now when we decide to return this enterprise to the private sector.

[*English*]

Mr. Sinclair Stevens (York-Simcoe): The Minister of Finance indicated he attended the cabinet session when the government was giving consideration to getting into this merchandising, so to speak, of used airlines. Would he tell us how they arrived at their valuation of approximately $12 to $13 per share for Nordair, bearing in mind that only last year the stock sold for $2.10? How did they arrive at that evaluation, which would indicate they paid, in the aggregate, over $20 million more than the stock sold for last year?

Mr. Chrétien: I have just explained that I am not the one who made the transaction for the government. I said I approved the terms and conditions. This information has been known to the public for a week, yet no questions were directed to the Minister of Transport on this aspect. The file is in the hands of the Minister of Transport, and I will ask him for particulars. I am amazed that the hon. gentleman did not address his question to the Minister of Transport when he was in the House.

Mr. Stevens: Perhaps I could address my next question to the Deputy Prime Minister and President of Privy Council. In view of the apparent lack of knowledge displayed by the Minister of Finance with respect to the true nature of this Nordair deal, will the hon. gentleman ask parliament to make a reference to the appropriate committee of this House so that all details, including the shareholders involved, the method of evaluation used, and the excessive resulting payment may be reviewed by that committee?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The hon. member will recall that on Wednesday of this week the House of Commons itself supported the takeover of Nordair, and that the motion put forward by the official opposition which condemned the takeover was defeated.

I do not see the value at this point of making a reference to the standing committee, but I can advise the hon. member that if he places on the order paper these detailed questions regarding financial transactions, I will make sure that answers are given forthwith.

Mr. Stevens: I do not have to remind the hon. House leader that the vote only carried in this chamber when the government brought in its socialist partners on my left—

Some hon. Members: Oh!

Mr. Stevens: —to sustain its further intervention by the state into the private sector. When this deal is completed with Nordair, how many Crown corporations or state enterprises will we then have in Canada, give or take, say, ten?

• (1132)

Mr. MacEachen: Mr. Speaker, I will not answer that question because I do not carry these facts in my head.

Some hon. Members: Oh, oh!

Mr. MacEachen: I will not go any further except to say that I do not carry those numbers in my head. If the hon. member wants to put that question on the order paper, we will try to answer it. However, I will comment on the observation the hon. member made about socialist partners. That motion of the official opposition would have been defeated in any event, regardless of the support we received from the New Democratic Party, which on this occasion showed unusual and rare good sense in supporting the government.

Some hon. Members: Oh, oh!

* * *

THE CANADIAN ECONOMY

INCREASE IN PROFITS OF LARGE CORPORATIONS—EFFECT ON INFLATION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Finance. Current reports show that profits of the largest corporations in Canada increased, on average, by 25 per cent to 30 per cent in the first nine months of this year compared with last year.

Will the minister inform the House whether his department is undertaking an investigation into these spectacular profit increases and their harmful inflationary consequences related to recent price increases?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there has, indeed, been some amelioration in the profit picture for corporations. There is absolutely nothing wrong with that. I think corporations need to make profits in order to reinvest. We should see that as an improvement in the Canadian economy. The profits of corporations which are still under AIB guidelines will, of course, be investigated to determine whether the guidelines are being breached. But I want to say to the hon. member that when we talk about corporate profits, we have to keep the base in mind. Sometimes an increase of 30 per cent from a very low base does not amount to very much money. The same base is not used when we talk about salaries which increase from year to year.

Mr. Orlikow: Mr. Speaker, is the minister aware that, while workers are being asked by the government to limit their requests for wage increases to only 6 per cent, banks and trust companies in the first nine months of this year reported profit increases of 25 per cent to 30 per cent? Incidentally, those increases have taken place in each of the last four or five years.

Will the minister urge these financial institutions to rescind their latest increases in mortgage rates for homes, which are causing tremendous burdens for prospective home owners?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the policy of the government is to let market forces determine the level of interest rates on mortgages, and so on; as everyone knows interest rates have been rising in Canada and, because of competition on the market, interest rates on mortgages have been rising more slowly than other interest rates within the Canadian economic system.

[*English*]

Mr. Orlikow: Mr. Speaker, is the minister aware that the large newsprint firms of this country have increased their Canadian prices while experiencing tremendous profit increases, such as 179 per cent for Abitibi Paper and 40 per cent for Crown Zellerbach? If so, will he urge those companies to rescind their recent price increases, which just contribute to cost of living pressures in this country?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we have put an end to controls and the hon. member and other members of his party have regularly made long speeches in the House against the control program we had set up in Canada from October, 1975, and today he comes and asks me to set new controls. I am not prepared to do it.

* * *

MANPOWER

CANADA WORKS PROGRAM—LIAISON BETWEEN MINISTER AND QUEBEC COUNTERPART TO SETTLE PROBLEMS

Mr. Adrien Lambert (Bellechasse): My question is for the Minister of Employment and Immigration.

It relates to the motion I introduced earlier about the difficulties which certain sponsors of Canada Works projects experience because provincial government inspectors are visiting sites—and I have here the complaint of a mayor who is carrying out a contract for his municipality under Canada Works. On the one hand people want to work, and on the other there are inspectors going around sites so they will not work, and I find that abnormal. So I would like to ask the minister if he is aware of that, if many cases were brought to his attention, and if so, does the minister intend to have talks with the Quebec labour minister with a view to coming to an

agreement on that question so the work can be carried out normally as submitted by project sponsors?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, this is the first time I have heard about that problem. I thank the hon. member for his interest in this matter and I will call Mr. Pierre-Marc Johnson if possible to find out about that.

Mr. Lambert (Bellechasse): Mr. Speaker, since this issue is very important, could the minister settle once and for all not only this issue but all others, and ensure that the standards and the criteria are amended so that we can truly live what was said this afternoon and live in harmony in Canada. This is what I wish. Will the minister agree to come to a definite agreement on this matter?

Mr. Cullen: Mr. Speaker, we in the House of Commons know that the hon. member is a good federalist and that we must find the means to bring about the harmony that he referred to. I shall call immediately the Quebec labour minister about this matter and other questions.

* * *

[*English*]

SOCIAL INSURANCE

USE OF COMPUTERS LINKED WITH SOCIAL INSURANCE NUMBERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in view of the fact that we now have the support of the Parliamentary Secretary to the Minister of State for Federal-Provincial Relations, I would like to direct a question to the Minister of Employment and Immigration respecting social insurance numbers.

The minister is aware that we have a minimum of 1,381 presently listed information data banks in the federal government. Many of them are in such disparate agencies as the Department of External Affairs and the Canadian Saltfish Corporation. The prime identifier is the social insurance number.

I would like to ask the minister what specific controls he plans to introduce to guard against the interconnection of computers by means of social insurance numbers, which poses a threat to individual privacy.

Miss Bégin: What about your pay cheque?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is very difficult to determine just where the opposition stands on this matter. When we bring in legislation which gives access to these banks by individuals so they know exactly what information the government has, hon. members opposite say that is what they want, but in the next breath they suggest we are being too open. In 99 per cent of the cases, the use of the social insurance number is advantageous to the individual, who can receive cheques, refunds from the Department of Finance, social insurance benefits and benefits from a myriad of other programs which are in place.

In deference to the hon. member, I too am concerned about data banks. We list them. We indicate what is in those data banks. In cases where ministers have responsibilities for one thing or another—the security of the country or the protection of the reputation of individuals—we want to see to it that everyone does not have access to certain information. We are moving into the computer age. There is a concern which is shared by my colleague, the Solicitor General, and we are looking into this matter to see what can be done to build in as much protection as possible so that individual rights will not be infringed.

Mr. Hnatyshyn: Mr. Speaker, we are talking about preventing the kind of data traffic which is taking place, involving unscrupulous computer manipulators who are misusing this kind of information, as well as potential misuse. Quite apart from the fact that the minister now appears to have endorsed the idea of extending the use of social insurance numbers throughout government agencies—and he appears not to be concerned—what is his attitude with respect to putting curbs on private use of this government-issued number?

Specifically, does he intend either to make a strong statement in this House or to bring forward legislation or guidelines to restrict the use of this number outside government, which is getting to be more and more a factor in terms of getting service at banks and other private establishments?

Mr. Cullen: Mr. Speaker, the hon. member is misinterpreting what I said. I said that the government does not encourage the use of social insurance numbers as identifiers outside federal government agencies. That particular number is given to an individual for his or her convenience. Whether or not it is used is a determination to be made by the individual who has the social insurance number. I indicated three areas where there is legislative authority requiring that an individual provide the social insurance number. In other areas, this number might be asked for, but there is no requirement on the part of the individual to give it.

● (1142)

USE OF SOCIAL INSURANCE NUMBER IN PURCHASE OF CANADA SAVINGS BONDS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for the Minister of Finance. Given the fact that a member of the government, a parliamentary secretary, thought this matter important enough to try to obtain consent under Standing Order 43—which was denied by the government—with respect to the use of SIN in the purchase of Canada Savings Bonds, and the problem this is causing in the already stormy passage of the government's present issue of Canada Savings Bonds, would the Minister of Finance, to facilitate this matter, withdraw the provision making it mandatory to produce SIN for the current issue, until the matter has been resolved with respect to Canada Savings Bonds transactions?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, that is the law and I do not intend to change it.

[*English*]

USE OF SOCIAL INSURANCE NUMBER—REQUESTED COMMITTEE STUDY

Mr. Jim Fleming (York West): Mr. Speaker, my question is on the same subject matter and I should like to direct it to the Minister of Employment and Immigration. Considering the wide public concern and some misunderstanding about the use of social insurance numbers, and some opposition questions, as we have heard today, which I think have unduly alarmed many Canadians, will the minister recommend to the government House leader that this subject be referred to the appropriate standing committee?

Some hon. Members: Oh, oh!

An hon. Member: Trouble in the ranks. That makes two.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, that is probably one of the better suggestions we have had from the House—

An hon. Member: Follow it up, then.

Mr. Cullen: —and probably that is why it comes from the government side.

An hon. Member: You have not answered the question.

* * *

GRAIN

MOVEMENT TO EXPORT POSITIONS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct my question to the Minister of Agriculture, in the absence of the minister in charge of the Wheat Board.

An official of the Canadian Wheat Board has stated that 2.3 million tonnes of grain sales have been deferred this year, which will mean, ultimately, a loss of income to the farmers of something in the order of $350 million. He stated, as well, that four million tonnes of additional export sales could have been realized in the last crop year if we had had sufficient transportation capacity, which amounts to a loss of something in the order of $500 million.

Since these losses can be laid at the door of the government, may I ask the minister, in his over-all capacity of minister looking after the welfare of farmers, what action he is taking to ensure that these deferrals will become future sales, and what action he is taking to ensure that there will be no more deferrals of grain sales during this crop year? Has he had any discussions with the minister in charge of the Wheat Board and other ministers to ensure that we will not continually lose these potential sales?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the speech which the hon. member made was somewhat difficult to follow. As to the figures he used, and the suggestions and accusations he made about the loss of sales, I will have to check them to make doubly sure he is right. But his accusations are the type of accusations one would make if one said, for instance, that had it not rained this year, the grain would have been of a higher grade and we would have had so many million dollars more for it. So many of these things are acts of God, such as stopped shipments of grain which do not get to the port.

This has been one of our greatest years in the history of grain exports, in the most difficult of conditions. All I can say is, yes, we do have a close rapport among the people concerned, such as, for instance, the grain stabilization people, people who work in my department and the minister in charge of the Wheat Board. We are watching the situation closely, and I think we can be proud of what they have done this year. It is easy to make these sweeping accusations.

Mr. Mazankowski: Mr. Speaker, my so-called accusations come directly from the lips of Canadian Wheat Board spokesmen. I should like to ask the minister a further question. Having regard to the fact that the capacity of our handling system has not increased since 1973, in spite of the 1974 election promises, and given the fact that the Canadian Wheat Board has predicted that Canada's export potential by 1985 would reach 31.5 tons—that is roughly an increase of 50 per cent over the exports we had last year—that means that the shipping capacity must increase by 50 per cent and by 70 per cent on the west coast, and having regard to the fact that most of the increase in those shipments will occur on the west coast, does the government have an over-all plan, or is the government discussing such a plan to meet the potential targets for 1985?

Mr. Whelan: The hon. member said that these words came from a Wheat Board spokesman. All I can say is, I am sure he is aware of the report put out by the Manitoba, Saskatchewan and Alberta pools, which shows that if the facilities were used to their utmost, every grain that is exported out of this country could be exported out of the west coast ports; that is, if the facilities that are there at present were used. They are not being used to the fullest, and we are concerned about that because we want them to be used to the fullest.

We are working on new programs—I am sure the hon. member is aware of that—to try to use to the utmost the railway facilities that are there. I am sure the hon. member is also aware of the statement made the other day about the use of hopper cars, and so on: that if there were a quicker turn-around, we could handle the grain that is produced with the facilities we have, and in a more efficient manner.

Oral Questions

TRANSPORT

SHIPPING OF CARGO TO FROBISHER BAY, N.W.T.

Mr. Wally Firth (Northwest Territories): Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development, and of the Minister of Transport, may I direct my question to the Deputy Prime Minister.

The leader of my party and I have tried, on two previous occasions, to receive an assurance from the government that the freight which failed to reach Frobisher Bay, in the Northwest Territories, as a result of the aborted sea lift will be flown to Frobisher Bay at no extra cost to the people of that community. So far the government has not given us that assurance. I should like to ask the Deputy Prime Minister if he would make a commitment to the House and to the people of Frobisher Bay to have the entire cargo flown to Frobisher Bay without delay and, above all, without forcing the people of Frobisher Bay to pick up the bill for this operation.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, attempts are being made to have a responsible shipping company make the arrangements for the airlift. However, as expressed in the message to the leader of the NDP yesterday, the Department of Indian Affairs and Northern Development would have the freight moved to the north at its own expense initially if the first arrangement could not be made.

Perhaps I could point out at the same time that yesterday a reference was made to the note having been supplied by an official of the department. I must correct that by saying that it was supplied by myself.

USE OF DND AIRCRAFT TO MOVE CARGO TO FROBISHER BAY, N.W.T.

Mr. Wally Firth (Northwest Territories): Mr. Speaker, that was not a really satisfactory answer, especially for the people of Frobisher Bay.

May I direct my question to the Deputy Prime Minister this time, in the absence of the Minister of National Defence? I believe the military have many Hercules aircraft throughout the world: they have 20 or more of them. Can the Deputy Prime Minister assure the House that the military will be involved in assisting the people of Frobisher Bay by airlifting the cargo in Hercules aircraft? I am sure this could be done very rapidly.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, on behalf of the Minister of National Defence, I will take the hon. member's representations as notice and convey them immediately to the minister and to his department so that they can be considered.

[Mr. Whelan.]

[*Translation*]

INQUIRY WHETHER GOVERNMENT INTENDS TO IMPROVE LANDING STRIP IN MADAWASKA REGION

Mr. Eymard Corbin (Madawaska-Victoria): I have a question for the Parliamentary Secretary to the Minister of Transport.

I wonder if the parliamentary secretary could assure me, on behalf of the minister and the department, that before they invest millions of dollars in a fourth runway at Malton airport in Ontario, they will first fill the basic and vital needs of areas such as mine, for instance, which do not even have proper runway facilities, so that recognized air carriers such as EPA could land the aircraft for which they are already licensed by the Canadian Transport Commission?

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister stated in this House earlier this week there was no policy change concerning the fourth runway at Toronto's Malton Airport, which means that for the moment we are opposed to such expansion of the airport.

As far as development is concerned, I feel the representations made by the hon. member for Madawaska-Victoria are extremely important and legitimate because, while we desire that Canada's large cities such as Toronto have the best possible level of service, we must also of course consider areas such as St. Léonard in northern New Brunswick and others in every Canadian province, where the development of airport facilities is needed for economic development.

* * *

● (1152)

[*English*]

FINANCE

SALE OF CANADA SAVINGS BONDS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is directed to the Minister of Finance. I would first like to congratulate him for being here in the House of Commons—I know this is a busy period —when 20 of his colleagues are away. He is one of 14 who are here.

Some hon. Members: Question.

Mr. Crosbie: My question is this: yesterday at the finance committee—

An hon. Member: Where is your leader?

Mr. Crosbie: Listen to them bray over there, Mr. Speaker. Yesterday at the finance committee, in answer to a question as to where the authority would come from to cover the present Canada Savings Bonds issue, the parliamentary secretary to the minister said there would be between $3 billion and $4

billion of the current Canada Savings Bonds issue authorized by Bill C-7.

My question, therefore, to the minister is this: is it the position that unless Bill C-7 is passed by parliament, there cannot be completed the current sale of Canada Savings Bonds which is to total, in gross, from $6 billion to $8 billion; that these bonds cannot be sold and the transaction consummated unless Bill C-7 is passed? Is that the reason the minister agreed to drop his abominable $10 billion additional imposition of authority for next year?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, we are not afraid that the Canada Savings Bonds issue will not be pursued. There is no problem. We have enough borrowing authority to go through with the campaign. We hope this bill will be passed as quickly as possible, as we need the authority to carry on for the rest of the year after that campaign.

Mr. Crosbie: Mr. Speaker, I should like to point out to the minister that on October 19, as reported in *Hansard,* the minister said:

> The bill now before you requests supplementary borrowing authority of $7 billion to cover the balance of the domestic debt program for the current fiscal year, including a new series of Canada Savings Bonds—

The corollary from that is that you cannot sell Canada Savings Bonds without Bill C-7 being passed. My question to the minister, again, is this: is the government engaged in misrepresentation to the Canadian public in attempting to sell this issue amounting to $6 billion to $8 billion, when it has not yet got the legal authority or authorization from this parliament to do so? What I ask in that connection is, where is the planning function of the Department of Finance, if this is the way the minister runs his department, and the government?

Mr. Chrétien: Mr. Speaker, we have plenty of borrowing authority to carry on with the Canada Savings Bonds campaign, and I think it is irresponsible of the hon. member to try to create a false impression.

REPEAL OF PUBLIC UTILITIES INCOME TAX TRANSFER ACT

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is directed to the Minister of Finance. On Wednesday, in reply to a question by the hon. member for Edmonton West, the minister said he would be discussing with cabinet the question of repealing the Public Utilities Income Tax Transfer Act and would be in a position to give his answer by the end of the week.

Can the minister give the House the good news that the government has decided not to proceed with this repeal?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not in a position to give any information at this time.

SMALL BUSINESS

DEBATE ON HARMFUL EFFECTS OF OVER-USE OF REGULATORY PROCESS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of State (Small Business), who has the special responsibility of trying to prevent the extinction of small businesses under this government.

Having in mind the dangers posed, as he is well aware, by the over-use of the regulatory process in relation not only to small business but to all business, will he discuss with his colleagues some method by which this House in particular, and parliament in general, can examine the extent to which regulatory powers are to be used, and the purpose for which they are sought, before the legislation is actually passed, rather than having to deal with this matter after the event?

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I hardly think the question the hon. member asks about the over-all problem of de-regulation is one he should particularly ask of me. We have certainly gone a long way in establishing the office to control paperwork. I think that, while the hon. member may chuckle, this process is achieving real results. I am sure he should be addressing his question on the over-all matter of de-regulation to someone other than me.

Mr. Baldwin: I was not chuckling, Mr. Speaker, really; I was crying. I will address my supplementary question to the government House leader. He is as aware as I am that this is a problem which has been dealt with to some extent by the Standing Committee on Regulations and other Statutory Instruments. However, it only deals with these matters after the event.

Would the minister consider seriously whether there is some machinery by which, at the time legislation is being discussed, there could be reference to a committee for consideration of the purposes for which regulatory powers are sought, and what use will be made of them afterwards? I think this has been done in other jurisdictions, and I would ask the minister to give it some thought.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will accept the hon. member's invitation. I believe he is aware that in the normal consideration of the legislative process, beginning within the cabinet committee system, there is consideration given to the use of regulations under any proposed bill. We attempt very frequently to reduce the use of regulations, an obligation which we both share. Of course, his committee does it after the fact.

Mr. Baldwin: In post-mortem.

Mr. MacEachen: It is also possible for members of the House of Commons, in the standing committees, when bills are before them, to scrutinize very carefully the use of regulations and the regulatory authority, to see whether they can be reduced in any way.

I believe both in the standing committees of the House and in the other place probably more could be done to draw to the attention of ministers and the government where, in the view of members, the regulatory authority may have been overextended and may be reduced by amendment.

* * *

LOTO CANADA

COMPUTER CONTRACT WITH GENERAL INSTRUMENTS CORPORATION

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to direct a question to the Minister of State (Fitness and Amateur Sport). In view of the fact that presently under negotiation is the completion of the $23 million contract between Loto Canada and General Instruments Corporation, and in view of the fact that over and above the $23 million originally committed there is a commitment of $2 million for communication lines, $300,000 for consultation fees, and the expenditure of a lot of money which cannot be recovered in respect of leasehold improvements, is it correct to say that the government is presently also paying off 50 computer technicians and terminal operators who will not be required for their jobs, giving them six months with full pay and not using any of their services whatsoever?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, that is a very long and involved question, and you will understand that certain parts of it, I believe, should be answered on the order paper. However, on the matter of the termination of employees, we have taken a responsible course of action, one which I think is justifiable in view of the circumstances. Indeed they are receiving the six months' separation allowance.

Mr. Dick: That is very generous, since they have not worked as yet. I am wondering whether the minister would table the agreement which Loto Canada made with General Instruments, and would she also table the agreement which Loto Canada made, on behalf of the Government of Canada, with the provinces which got the provinces out of the $10-and-above games and the federal government out of the $9-and-below games? Would she table those two documents, please?

● (1202)

Mrs. Campagnolo: Mr. Speaker, I would be pleased to table the document concerning the agreement with the provinces; but as to the General Instruments contract, I think that it would be more appropriate to consider tabling it when the final resolution of that contract is reached.

[Mr. MacEachen.]

EMPLOYMENT

CRITERIA USED TO FIND CANADIANS TO FILL JOBS

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Employment and Immigration: it concerns a problem which is causing great difficulty and embarrassment to many employers trying to fill job vacancies.

I am sure the minister is familiar with certain public bodies, such as the Insurance Corporation of British Columbia, and Malaspina College, which have been looking for top executives, the fact that the problem is also affecting couples looking for household help. The problem occurs when selection is made and then the minister's department says that an inadequate search has been made in Canada. How are employers to know what is an adequate search if the minister will not see that the criteria are made public?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, that information is available to all employers. Dealing with the Malaspina College situation in particular, the individual responsible for hiring in that institution came to Ottawa and received all of the information that is required and that could have been secured from our office in British Columbia. It is not information that is hard to find.

EMPLOYMENT OF NON-CANADIANS

Mr. Jake Epp (Provencher): Mr. Speaker, I have a supplementary question to the Minister of Employment and Immigration. With regard to hiring persons who are not Canadian citizens, I asked the minister yesterday whether he was aware that the Department of National Defence was hiring medical doctors and marine engineers recruited in the United Kingdom and are not making these jobs available to Canadians first. Will the minister now fulfil his undertaking of yesterday and report to the House what is happening with respect to these hiring practices?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, a portion of the hon. member's preamble is in error, because the Department of National Defence conducted an extensive search into securing medical practitioners; in fact, that need is met by Canadian universities.

In so far as marine engineers are concerned, not only did the Department of National Defence conduct a strong recruiting campaign right across the country, working in conjunction with my department and the universities, but they found there is no institution which graduates marine engineers who meet the standards of the Department of National Defence. They must be trained after they graduate from college in the course of their military training to meet the capabilities of the marine engineer.

Because of the increase in shipbuilding activity, both in the private sector and in DND, these marine engineers are in great demand. Many of them leave the Canadian forces and move into the private sector, and on that basis we have agreed to

allow recruiting for that position by people other than Canadian citizens because it is, in fact, in the national interest.

Mr. Epp: Mr. Speaker, while the minister has partially answered my question, he still has not answered one portion, namely, that there are many graduate engineers who lack experience but who have the paper qualifications to take these jobs. Can the minister tell this House if the department has adopted a policy that it is easier to buy expertise than to train Canadians?

Mr. Cullen: That is not so, Mr. Speaker. Unless the hon. member is talking about conscription, it is voluntary as to whether an individual joins the Canadian forces, and if those with those talents and skills see fit not to join, there is no way in which they can be conscripted.

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FEDERAL-PROVINCIAL RELATIONS

NEWSPAPER REPORT ON ALLEGATIONS OF LIBERAL CANDIDATE

Mrs. Ursula Appolloni (York South): Mr. Speaker, my question is to the Minister of State for Federal-Provincial Relations. I refer to an article which appeared in yesterday's *Globe and Mail* concerning allegations by a Liberal candidate in the Ottawa area that, rather than show passionate interest in their country's future, too many Canadians are either bored with the issue of unity or hostile toward Quebec, and that Liberal party officials are trying to shut her up. Would the minister please inform the House if these allegations are true?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the Liberal Party of Canada is well recognized as being a party of freedom, and that includes freedom of speech. I do not think there is any substance to this particular report.

On the first point, the question certainly deserves serious consideration and a serious answer. Contrary to many allegations, Canadians have shown a lot of interest and concern about their country and its future. The best evidence of this has been the great interest shown by the Canadian public at large in the publications the government has put out, especially in connection with the constitutional review and the white paper on the constitution. Over 80 per cent of the close to 700,000 documents that were made available to the public through the post offices in the country during the course of the summer have been picked up by the public.

* * *

HEALTH AND WELFARE

REDUCED BUDGET FOR FAMILY PLANNING PROGRAM

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of National Health and Welfare: it concerns the tremendous cut by her department in family planning allocations. The current budget shows a 50 per cent cut in family planning allocations, from $2.1 million down to $1.1 million.

In the last year legal abortions increased by 5½ per cent. In view of the representations the minister has received from the Family Planning Association of Canada, members of parliament and citizens across the country, will the minister now give reconsideration to this subject and will she restore at least the amount of last year's budget to the family planning associations of all kinds in Canada, so that they can try to do something about preventing pregnancy?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I deeply regret that cuts became neessary to improve our economic situation in Canada. That being so there has been a very small number of cuts, which I deplore in the Department of National Health and Welfare. I had to take $1 million from the annual budget of all family planning services. It must be recognized that this service was in addition to federal-provincial agreements under which considerable amounts are given to the provinces to cover 50 per cent of the cost of family planning services for needy people. I cannot find anywhere an equivalent amount. All programs have been slightly reduced but we shall continue to offer services. In any event, as concerns national family planning agencies, in future local services should be more and more the responsibility of communities, groups and provincial governments that have already money for that purpose.

* * *

[*English*]

PUBLIC SERVICE

FREEDOM OF SPEECH OF EMPLOYEES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a supplementary question for the Minister of State for Federal-Provincial Relations: it arises from his representation that his party is a party that favours freedom and freedom of speech.

I refer the minister to section 31 of the referendum bill that is his responsibility, which prohibits certain classes of public servants from participating in any plebiscite or referendum; and, moreover, for the first time in Canadian history, by order in council.

Does the minister think that that is an appropriate way to deal with the matter of freedom of speech about which he has just spoken? If he does think it is appropriate that this should happen and public servants cannot express themselves like other Canadians with respect to the future of the country, would he indicate clearly and unequivocally to the House, before this bill is brought forward, that he will pull that odious section out of it?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I am surprised that a man with legal training, as is the hon. member, would so misinterpret that particular provision. I would remind him that in the referendum bill we have tried to follow the provisions which are provided under the Canada Elections Act at the present time, provisions endorsed by all parties in this House.

The referendum bill will come before this House and there will be an opportunity to debate it. If hon. members from all sides have constructive proposals to make on how to improve the bill, then, of course, the government will show a reasonable approach and will take into account all views from all sides, as it has done with all bills brought before this House.

Mr. Baker (Grenville-Carleton): Mr. Speaker, under the Canada Elections Act and the Public Service Employment Act, public servants have a right to vote and to elect members to this parliament. Is there any justification whatsoever, in the minister's mind, for limiting the right of public servants to vote on a question affecting their country?

Mr. Lalonde: Mr. Speaker, there is certainly no justification whatever for limiting the right to vote of public servants in any referendum, any more than in an election.

Mr. Baker (Grenville-Carleton): Then take it out.

• (1212)

Mr. Lalonde: If the hon. member does interpret the legislation in such a way, I am saying he has interpreted it in the wrong way. If it needs to be further clarified and guaranteed, obviously, it will be; but I am telling the hon. member that I am convinced that again he is raising a phony question and misreading the bill.

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PRIVILEGE

MR. LANDERS—REMARK MADE BY LEADER OF THE OPPOSITION

Mr. Speaker: Order, please. I have received notice from the hon. member for Saint John-Lancaster (Mr. Landers) of a question of privilege, pursuant to Standing Order 17(2), which follows on attempts yesterday by the hon. member for Madawaska-Victoria (Mr. Corbin) and the hon. member for Northumberland-Miramichi (Mr. Dionne) to give notice of a question of privilege with reference to certain remarks made by the hon. Leader of the Opposition (Mr. Clark) on Wednesday afternoon during the debate on transportation policy.

Obviously I have to follow the same ruling I made in respect to those notices yesterday, that a reading of Standing Order 17(2) tells me that questions of privilege, or points of order, arising out of remarks made during debate have to be raised during the course of that day, or as has always been our practice in interpreting the standing order, to indicate that an hon. member may require an opportunity to verify the record and determine the nature of the comments, that he ought to have another day in which to do that. However, notice which comes to the Chair after that day is not really proper notice within the terms of Standing Order 17(2).

I want to say, however, that the three hon. members from New Brunswick have given me notice of an intention to raise this question of privilege. Although I have to say that procedurally I cannot entertain that, all three notices pertain to the following remarks made by the hon. Leader of the Opposition on Wednesday afternoon, and are contained in *Hansard* at page 928, as follows:

> Mr. Speaker, I must say that that question is in the character of the attempts to sow fear and indeed sow confusion and almost hatred among Canadians which has become so marked among members of the other side—
>
> [*Translation*]
>
> —in both official languages, and perhaps particularly members from New Brunswick who speak from time to time in this House.

Again I say I am procedurally without jurisdiction in this matter because the time has gone by.

I simply want to ask the Leader of the Opposition to reflect on those remarks, and particularly to examine the pages of *Hansard* with respect to a similar occurrence involving the Minister of Transport (Mr. Lang) just a few months ago when remarks were made of a similar nature. The Minister of Transport at that time indicated he had made those remarks not concerning members of the House of Commons but, in fact, concerning people outside the House of Commons. After considering the arguments it was my disposition of the matter that the Minister of Transport owed it to the House to be absolutely certain that those remarks were not directed toward any member of the House of Commons.

I cannot require that of the hon. Leader of the Opposition in this particular case because, procedurally, I am without that authority. I simply invite the hon. Leader of the Opposition to examine his remarks in the light of that very clear precedent. In any event, if he wishes to take no action, which he is perfectly free to do, I invite him simply to reflect on that choice and the propriety of the language he used last Wednesday.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I intend to bring this matter to the attention of the Leader of the Opposition (Mr. Clark). I think I must say, with great respect, however, that this matter could have waited until the Leader of the Opposition was in the House today, or whenever he is in the House, so that he could have the opportunity of answering.

The situation in which we find ourselves as a result of your intervention in this matter, in the absence of the Leader of the Opposition, is that these remarks and your disapprobation of these remarks, stay on the record. They will be the subject of public comment over the three or four days of the weekend without the Leader of the Opposition having the opportunity to raise a defence.

I say that with respect, but I think it is most unfair of you to the Leader of the Opposition.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. It seems to me that, first of all, the hon. member for Grenville-Carleton (Mr. Baker) is out of order.

Some hon. Members: Hear, hear!

Mr. Speaker: In any case, the first two attempts made to raise any reference to the remarks of the Leader of the Opposition were made yesterday, and I set them aside. I surely would have to believe that the Leader of the Opposition and the hon. member for Grenville-Carleton would have been on notice, if they had any intervention to make at that time. All I said to the hon. Leader of the Opposition today, or to his House leader, was that I compared this with an earlier occurrence. I indicated that the Leader of the Opposition was not required to do anything, that if he wished to do so he was perfectly free to do so, but procedurally he was not required to do so.

I deeply resent the last remark of the hon. member for Grenville-Carleton that anything I have done is in any way unfair to anyone. I simply pointed out that the hon. member may reflect on those remarks, and that he is perfectly free to do nothing if he wishes, because that is his right.

I deeply resent the remark that that is in any way unfair to any member of the House of Commons. I think I had been very careful to treat the Leader of the Opposition, in the circumstances, with great generosity.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would not want you to leave the chamber today having any resentment toward me for any remark that I made in this House of Commons, and so I would withdraw it.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I say that without equivocation.

My recollection is that the Leader of the Opposition was not in his place. I am sure he will address himself to the remarks that were made and perhaps deal with the precedent you have mentioned which concerned the Minister of Transport.

I want to explain to you, as a member of this House who holds you in considerable respect, that the Leader of the Opposition is not one to show intolerance, and has not shown intolerance. The Leader of the Opposition in many ways is an example to many members of this House of Commons on tolerance.

Some hon. Members: Hear, hear!

An hon. Member: Where is he?

Mr. Baker (Grenville-Carleton): I am satisfied that he will indicate that, as he has indicated it on other occasions.

I want to say to you sir, that I have tried to conduct myself in this House in a responsible way, and I hope you will agree that is the case. I would not want those words to remain. I intend to protect my leader and to stand by my leader on every occasion, but I do not intend to do that by way of disorder, and therefore I withdraw the remarks.

Mr. Speaker: Order, please. I wanted to make it perfectly clear in what I was saying, for the benefit of the record, that this was the third attempt by members on the government side to raise issue with the remarks made on Wednesday afternoon. I have indicated that the manner in which it has been done is not procedurally correct.

I have examined the language used by the Leader of the Opposition on Wednesday afternoon, which is the subject of the complaint. I have not found, and I do not think it is procedurally appropriate for me now to find, that this language was necessarily unparliamentary. I simply made an observation upon which I know the Leader of the Opposition will reflect. I can confirm quite emphatically that his conduct in the House has always been exemplary. In the time that he has been Leader of the Opposition I have never found him to strain the patience of the Chair. On this particular occasion the remark was in response to a question in the middle of a speech. It was not a planned remark and it was, I presume, in response to heckling of some sort which does not show on the record of *Hansard*.

I simply said I have examined the language. I could not resist the comparison with an earlier occasion. I am simply inviting the hon. Leader of the Opposition to take the opportunity to compare his language with that used on a previous occasion which was the subject of a complaint, and take whatever action he sees fit, which in the circumstances I say may be no action at all. In any case, I simply wanted to bring it to his attention.

If I was in any way condemning him in the language that I used, I want to withdraw from that position because I was not making a final judgment on it at all. On some occasions, several occasions in the past, I have simply said to members when they have made a remark in the heat of debate that they might want to reflect on the use of that language. That is an indication that it may be something close to unparliamentary language which they would want to avoid in the future. It may also be language which they would want to explain to the House and, perhaps, withdraw. I do not know. In any case, I am simply saying that out of caution, as we always attempt to exercise ourselves on the side of decorum in the House of Commons. All I am suggesting is that the Leader of the Opposition would want to examine those words and, perhaps the next time he is in the House, make some comment on them.

● (1222)

MR. FRANCIS—CANADIAN PRESS REPORT ON AUDITOR GENERAL'S ANNUAL REPORT

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I rise on a question of privilege arising out of a Canadian Press report concerning the timing of the Auditor General's report. The Canadian Press report, which was carried in the *Gazette* and the Toronto *Globe and Mail*, suggests that the Auditor General deferred the tabling of his report from November 21 to November 23 because of pressure from government members. In fact the press report goes on to say, quoting the hon. member for Red Deer (Mr. Towers):

—It is clear the government does not want any criticism of its finances to come to light during the budget debate.

There can be no greater distortion of the facts.

The Auditor General announced that in view of the importance of his report, on the one hundredth anniversary of his office, and in his opinion the most important report to proceed from the office in its entire period of existence, it would be subject to special provisions. Hon. members of this House are invited to attend the lock-up session starting at ten in the morning. The committee will sit at 3.30 in the afternoon of the day of tabling.

As a member of the committee and vice-chairman, senior from this side of the House—I am quoting now from the transcript of the committee—I said:

Mr. Chairman, could I interrupt to make an observation . . . This may be relevant to the Auditor General. The Minister of Finance has announced a budget on November 16. The budget debate will be in its third day, the day we will be tabling the public accounts. I wonder if this will in any way affect the timing of the tabling of the Auditor General's report.

The Auditor General went on to say:

—I always feel that when the report is ready it is my duty to deliver it to the Speaker. As to whether that will be an appropriate day for the arrangements that you have asked at the previous meeting I would leave that entirely to the committee. In other words, if you were to advise me that would not be an appropriate day for the committee, who obviously have an interest in this matter, to carry out the arrangements that were described by you the other day then I would certainly like to reconsider the date that I would submit it.

It is an affront to the Auditor General to suggest pressure in any way. Those of us who know the man, know very well that he would never be influenced by pressure from members on any side of the House.

It was clear to those of us who are members of the committee that there is a considerable overlap between the membership of the public accounts committee and those who hope to participate in the budget debate. Frankly, we could not see how we could guess the kind of attendance at the lock-up and the participation at the committee session that was planned for 3.30 that afternoon at a time when there was priority given in the House to the budget. We simply called that to the Auditor General's attention.

The matter was referred to the steering committee and was considered later. I am sure reference to the chairman of the committee, the hon. member for Capilano (Mr. Huntington), would amply confirm these facts. The committee asked the Auditor General if he would be prepared to advance the date of this tabling to November 14. After reflection, he felt that he was not in a position to do so. It was then unanimously agreed at the steering committee, at which the hon. member for Red Deer was present, that a more appropriate day might be Thursday, November 23. The Auditor General, after conferring with his staff, decided that he would perhaps make that recommendation and, sir, it comes into your hands when he lays his report before you.

I want to repeat that the only consideration was the convenience of the members of the House in order that the very important report of the Auditor General could receive the attention that it deserves from members on both sides of the House. There was never at any time any suggestion of political motivation or any pressure put on the Auditor General, who is a man, very much his own man.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I would like to speak to the question of privilege raised by the hon. member on the government side. Unfortunately I was not at the steering committee meeting to which the hon. member has referred, but I would point out to Your Honour that the steering committee meetings are generally looked on as confidential matter. But certainly the hon. members on our side most directly responsible for this, the hon. member for Capilano (Mr. Huntington) and the hon. member for Red Deer (Mr. Towers), gave me an entirely different version of what had happened at that meeting. I would ask Your Honour, before you consider this matter any further, that you at least wait for the return of those members in order to hear their side of what actually transpired with regard to this unfortunate postponement of the Auditor General's report to this House.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of Treasury Board): Mr. Speaker, I was present at the meeting of the Public Accounts Committee when this subject came up for discussion. I would like to read, for the record, my intervention as given by the official transcript of that committee meeting:

MR. LEFEBVRE: Mr. Chairman, could I make a comment on this?

THE CHAIRMAN: Yes, Mr. Lefebvre.

MR. LEFEBVRE: There is no doubt with the budget being announced Thursday evening on November 16 we all know as parliamentarians the first three or four days of the budget debate are probably among the most important, with votes on the second and fourth days, et cetera.

At this point, Mr. Speaker, I made a slight error when I added these words:

Parliament will sit longer hours. The lock-up day will take place on a day where maybe the House will be sitting starting in the morning.

I was getting mixed up with the budget debate and I realize that now. I continued:

I am not trying to even suggest to the Auditor General when he should table his report. That is not the purpose of my intervention. It is just that I would hope that it would be on a day when all parliamentarians who wish to can attend your briefing, sir. I would agree with Mr. Francis, I would hope you consult with the Chairman and between you perhaps come to—if it remains November 21 that is up to you but perhaps the Chairman and Mr. Macdonell could meet on this and inform the committee at our next meeting.

MR. MACDONELL: Could I offer a suggestion please Mr. Chairman? Again, I am a servant of parliament. I am in the hands of your committee and I will certainly do my best to defer to your wishes. There is nothing very particularly sacred about the tabling date so far as our office is concerned. We just feel that it is our responsibility to deliver it when it is ready. Would it be possible, sir, for a short meeting of the steering committee this morning at which we could discuss alternative dates with you? Would that be possible, say at 11.45 a.m—

THE CHAIRMAN: Having looked at the subject matter of the agenda this morning I do not know if there will be any time for a steering committee meeting following this meeting. There could be. We could meet at lunch or you and I can get together as has been suggested.

MR. LEFEBVRE: How about just the Chairman and the Vice Chairman getting together with the Auditor General and inform the committee?

MR. CHAIRMAN: All right. That is perhaps the easiest way to do it.

MR. MACDONELL: Okay.

It seems obvious from this transcript that the article referred to by the vice chairman of the committee, my colleague, that this write-up in the *Globe and Mail*, is completely erroneous. Anyone who is a member of the public accounts committee or takes any interest at all in the office of the Auditor General knows that the Auditor General is a completely independent person. He is an officer of parliament and not of the government. Anyone who thinks he can put pressure on the Auditor General certainly does not know what the hell he is talking about.

Mr. Speaker: Order, please. I think probably we have gone fairly far on this matter, which is essentially a grievance by members of the House of Commons about an erroneous press report. We have always taken some caution to make sure that members who find that any incident in the House has been erroneously reported, either about a member or matters of the House generally, have an opportunity to say so. In the circumstances, that seems to have been amply done.

I do not know that the Auditor General needs any more defence in respect of this. In any case I am not sure there is any question of privilege involved. The matter has been contributed to on both sides. I note the hon. member for York-Simcoe (Mr. Stevens) made an intervention which indicated that the two active members of his party who are involved in the arrangement of business for that committee are not here at this time, that is to say, the hon. member for Capilano (Mr. Huntington) and the hon. member for Red Deer (Mr. Towers). If, when they return to the House, they have any contributions to make to this, I will be only too glad to hear them in the interest of fairness. But I think, so far as the matter has gone this morning, it really ought not to go any further at this time.

* * *

● (1232)

POINT OF ORDER

MR. LANDERS—TIMING OF NOTICE RESPECTING QUESTION OF PRIVILEGE

Point of Order—Mr. Landers

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, I rise on a point of order. I wish to point out to Your Honour that my respect for the Chair is monumental, but I find myself suffering from a degree of confusion. The first time I learned of the remarks of the Leader of the Opposition (Mr. Clark) was at approximately 2.50 p.m. on November 9, 1978. I sent your office notice by hand at approximately 5.10 p.m. the same day.

In my four years of service in this House of Commons, I have only raised one question of privilege. On that occasion Your Honour ruled that notice given at the first available opportunity was suitable to satisfy the rules. The time lapse on the previous occasion was considerably longer than the time lapse in this particular case. I therefore wonder if Your Honour can help me clear up my confusion.

Mr. Speaker: I will be glad to do so. I attempted to do that yesterday for the benefit of the two other members who endeavoured to give notice. Both members endeavoured to give notice to me yesterday during yesterday's sitting of an event that took place in a previous sitting.

Standing Order 17(2) will indicate that notice must be given one hour before the sitting in which it is intended to raise the question. I have always tried to intrepret that order generously in order to accommodate members where reference is made, for example, to a particular member when at the time the reference is made he is away from Ottawa, and upon his return to Ottawa takes up the matter at the first available opportunity.

I would only reasonably interpret that rule to mean that questions of privilege which arise as a result of remarks which are part of the record, and part of the debating record here, must either be raised during the sitting in which they are put forth on the record or, according to Standing Order 17(2), raised in the following sitting, provided, of course, that notice is given to the Chair within the terms of Standing Order 17(2). That means the Chair receives notice of the intention to raise the question of privilege one hour before the sitting on the following day. That has always been extended to members.

In this particular case, I received two notices of an intention to raise this question yesterday, which I would have permitted except that the notices were not received in time. The hon. member for Saint John-Lancaster (Mr. Landers) gave me notice today of his intention to raise this question which arose out of Wednesday's proceeding. I therefore find that that notice is too late.

Granted, as I said today, I was taking a strict line in respect to the interpretation of that, but I think I have to do that. That is the explanation the hon. member was seeking.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 204, 266 and 282.

Mr. Speaker, I ask that the remaining questions be allowed to stand.

[*Text*]

WORLD FESTIVAL OF YOUTH AND STUDENTS

Question No. 204—**Mr. Jones:**

1. Was there a Canadian delegation sent to the recent World Festival of Youth and Students which was held in Cuba? What were the criteria used in chosing the Canadian delegation to this conference? Who were the delegates chosen from Canada and what are their ages and addresses? Do any of these individuals represent a particular organization, association or institution and if so, what are they for each individual?

2. What was the objective of the recently held World Festival of Youth and Students? Will Canada be participating in future Festivals of this kind and if so, will there be equal representation from all parts of Canada?

3. Were there any federal, provincial or local grants given to any individuals who attended this Festival and if so, how much were they, where were they from and to whom were they given?

4. Is the government aware of an article which appeared in the newspaper *L'Évangeline* on August 19, 1978 concerning Acadians at the World Festival?

5. Was this Festival held in Cuba organized by the Communist Party? Were the ideologies of the Communist Party presented at this Festival?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. The recent 11th World Festival of Youth and Students was non-governmental in character; the Government of Canada was not involved in the selection of delegates and the Canadians who attended did not represent Canada in any official sense.

2. See 1 above.

3. The Government of Canada did not provide grants or subsidize in any way the attendance of Canadians at this festival.

4. Yes.

5. See 1 above.

SECRETARY OF STATE—LAWYERS IN PROVENCHER

Question No. 266—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of the Secretary of State and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

CANADIAN POSTS ABROAD

Question No. 282—**Mr. Jones:**

1. What language is used as a greeting for incoming telephone calls at the Canadian Embassy in Melbourne, Australia?

2. Are efforts made at each Canadian Embassy around the world to answer incoming telephone calls with the language of the country in which the Embassy is located or are the "official" languages of Canada used regardless of the native language?

[Mr. Speaker.]

3. Are employees of the Embassy chosen with the language requirements of the country in mind? Are services offered at each Embassy in the native language of that country?

Mr. Louis Duclos (Parliamentary Secretary to Secretary of State for External Affairs): 1. At the Canadian Consulate General in Melbourne, Australia, incoming telephone callers are greeted in both official languages of Canada as follows: "Bonjour, Canadian Consulate General".

2. The telephonists/receptionists employed at Canadian posts abroad are generally speaking citizens or residents of the host country as one of the major prerequisites for the position is knowledge of the local language(s). On receiving incoming calls, the receptionist initially communicates with the caller in both official languages of Canada and thereafter responds in the language used by the caller to the greatest extent possible and practical.

3. The selection of personnel for posts abroad is based on operational needs, one of which is linguistic capability. If needed, language courses are offered to personnel to ensure provision of services in the language of the host country.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

UNEMPLOYMENT INSURANCE ACT

MEASURE TO AMEND

The House resumed, from Thursday, November 9, consideration of the motion of Mr. Cullen that Bill C-14, to amend the Unemployment Insurance Act, 1971, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, last evening in the second reading debate on Bill C-14 I made a few opening remarks. I think it is wise to go back and capsulize some of the points I was making.

First, I said that the problem in Canada is not fiddling with the Unemployment Insurance Act, trying to tighten it up. The problem is not people, but rather jobs. I said last evening that the government, through Bill C-14, has chosen to scapegoat the unemployed, that since it is bereft of any solution to the unemployment problem, the next best thing is to pick on the victims of unemployment. In other words, the government is making the unemployed the scapegoat for its inadequacies with regard to planning the economy so that it may grow and stimulate the creation of jobs necessary for those who want to work.

The other point, which is quite important, is that the government has ignored its own studies and statistics compiled by departments of government. For example, I quoted from the latest statement by the Economic Council of Canada to the effect that the problem is not unemployment insurance, but in effect the whole question of employment and what the government ought to do is busy itself with re-energizing the economy of Canada.

I also pointed out that Statistics Canada informs us that on a day to day basis there are only about 40,000 jobs. That includes full-time, part-time, and casual jobs. The latest figure of the number of persons unemployed, on a seasonally adjusted basis, was 901,000 people seeking work in this country.

I want to refer to the Manpower office in Toronto. In yesterday's Toronto *Star* there was an article written by Carola Vyhnak entitled "Job-hunting Help? It's Off The Wall". It points out that as at the end of September, 1978, there were 12,298 vacancies listed with the metro area Manpower office. At the same time there were 110,281 jobless clients registered with that office. Therefore, even in an area where there is a much greater chance of getting employment, the number of people seeking work through the minister's office exceeds five to one the number of vacancies available.

The last statement of the article is rather interesting. I quote:

> Recently a pizza parlour put in an order at one office for 145 positions. More than 1,000 applied.

That is the story across the country. There are too few jobs available for those who are seeking employment.

What does the minister do in Bill C-14 of which he is so proud he trumpets it in the House of Commons? He says this bill will remove 250,000 people from the unemployment insurance rolls. Where will they go? They will go onto the welfare rolls of the provinces and municipalities. Bill C-14 does not deal with the problem, only the symptom.

● (1242)

As I was pointing out last night, this bill was designed on the philosophy held by too many people that when a crime is committed the victim is to blame. One might call it the rape victim syndrome. You blame the victim for the predicament in which she finds herself.

This is a vicious bill, because not only does it discriminate against the unemployed generally but it specifically picks out women from among the unemployed. As I pointed out last night, women are usually the last to be hired and the first to be fired, so the amendments dealing with re-entry into the work force and the repeating of claims within a year can only make it even more difficult for women, who already find they are discriminated against when it comes to securing and retaining employment. It is all part of the scapegoat process.

The government was telling us last year that the reason the program was in trouble was because too many women and young people were collecting benefits. This measure is the fulfilment of a search for scapegoats which has been taking place in the last couple of years. If the minister would examine the facts he would see that the relationship between women as workers and women as recipients of unemployment insurance has been declining since 1972.

I turn, now, to consider another group which is being "scapegoated" in this bill. I refer to the youth group. The government is asserting that young people have only a marginal attachment to the work force and that they are abusing the unemployment insurance program. In many respects young people are in the same situation as that in which women find themselves. In other words, they are among the last to be hired and the first to be fired. Since they are just entering the work force they have little seniority and are extremely vulnerable to lay-offs. For example, I know that when Inco cut down its labour force those with less than two years' experience were all laid off.

Thousands of young people who enter the work force every year have very limited work force experience. Many of them find it very hard to get work at all. Yet in spite of the difficulties they face, these young people are actually under represented on the unemployment insurance rolls. This is an interesting point. Young people make up 43.2 per cent of the unemployed, yet they account for only 18 per cent of unemployment insurance claimants.

If ministers looked at their own statistics they would find that young people are not out to rip off the unemployment insurance program. If they looked at their own Statistics Canada figures they would find that young people leave their jobs at the same rate as older workers. Roughly one half of both groups left their previous employment because they were laid off. These people need the same protection as older workers and ought not to be discriminated against.

The changes in unemployment insurance legislation over the last few years, particularly the amendments before us, are going to hurt students. In the past, a student who found work for one summer would have been eligible to draw on unemployment insurance the following summer while looking for permanent or temporary work. That is no longer the case. From now on students who graduate, or who must look for work in the summer, will be left to rely completely on their own resources. As we know, in an economy beset by such high unemployment, those resources today are pretty slim. With only one permanent job for every 20 people seeking it, the graduate will face the same problem as other workers, except that he will be unable to draw from the unemployment insurance fund into which he had paid the previous summer. The person who wants to go back to school will also face problems. There are few enough summer jobs available, yet at the same time the government is cutting back on funding to post secondary education.

Even in the face of its own evidence, the government is trying to convince us that young people and women are cheats and leeches on society. In an endeavour to avoid being blamed for the lack of jobs in the economy, ministers are trying to

convince us that young people really do not want to work. My party, Mr. Speaker, prefers to believe the findings of the study published in 1975 for the Department of Manpower and Immigration, "Canadian Work Values, Findings of a Work Ethic Survey and Job Satisfaction Survey". This study found that Canadians have a very strong motivation to work and that young people and women have exactly the same attitudes as older people and men. These people want to work, and the government, which in the past has followed a policy of creating unemployment, in denying them the opportunity. Now an attempt is being made to deny them even minimum protection under the unemployment insurance program.

I have already mentioned the position of women and young people. The bill before us also discriminates against those whose attachment to the work force is marginal. In times of high unemployment, trades people such as carpenters, electricians, and plumbers, are very susceptible to changes in the unemployment insurance program. The changes contemplated by the government will act as a disincentive. Suppose, for example, that a carpenter in the Ottawa area has the prospect of a job which will last only four or five weeks. These amendments might very well constitute a disincentive to taking a job which might only last for a short period.

There is also in the bill a provision which would discriminate against persons who are not in long-term jobs. For example, there is a requirement which says that in the case of part time work it will be necessary to be employed 20 hours a week to be considered as "attached" to the work force. Formerly the requirement was for a minimum earning capacity of $48 a week.

In an area like the one I represent, which at the moment is experiencing 11.2 per cent unemployment—that is the official figure; it is up to the figure experienced in the Atlantic region—women and young people who may have been selling on a part-time basis, working in a store, are now not even able to get two days of work. This is because the depression in the economic conditions in the area is resulting in retail sales cuts. Employers will have to cut back work formerly available to these people. Many are greatly concerned about the new requirement which will call for 20 hours of work a week. They will not be able to get that number of hours of employment in order to qualify.

The new provisions also discriminate against those in the work force who are in seasonal types of occupation. As well as being unfair to the people with marginal attachment to the work force, women and youth, they are also unfair and discriminatory to some of the regions in Canada. When the Minister of Employment and Immigration (Mr. Cullen) first announced the changes, he was flailing around looking for some popular policies to follow this fall. His first announcements suggested that the amendment dealing with repeaters would affect all provinces, not just those with below 11.5 per cent of unemployment. That kind of amendment would have disqualified most of Newfoundland's fishermen and would have cost the Newfoundland economy $11 million. Now the legislation is before us we see the government has changed its mind on that. It will exempt areas with devastating unemployment as opposed to areas with just plain awful unemployment.

● (1252)

What was the rationale for suggesting the 11.5 per cent figure? Any area with 11.5 per cent unemployment or more will be exempt from the provisions regarding repeating claims. What is the difference between 11.5 per cent and 11.2 per cent? I suggest that an area like the Sudbury basin which has 11.2 per cent unemployment is just as hard hit as an area which has 11.5 per cent unemployment. The region I represent will be discriminated against, and the effects of unemployment will be just as devastating as it will be in regions which are arbitrarily exempted.

I am sure the government would like us to believe that it made this decision out of concern for people in high unemployment areas, but I do not see how it can claim that. I think the by-elections which were coming up were good reasons. The minister did not consult the provinces regarding effects. He did not consult the trade union movement or representatives of labour. There were no consultations whatsoever. At the beginning of September the minister made a knee-jerk statement, but he had to backtrack.

Last night in the House he told us that he had been advised by Liberal backbenchers, but the fact is that his bureaucrats proposed this program. The minister announced it without proper consultation. There was a knee-jerk reaction to the announcement of the Prime Minister (Mr. Trudeau) that there would be cutbacks, but it was not properly thought out. Now the minister is backtracking, and I think that the reality of a certain by-election is one of the major reasons for his backtracking.

The fishermen in Atlantic Canada were petitioning. They were all up in arms. There were over 20,000 of them, and the government could not resist that kind of pressure. It seems to me that this is not a very well thought out program. Atlantic Canada will not get off scot-free with respect to the effects of these amendments, because cutting back insured benefits from 66⅔ per cent to 60 per cent will cost the Newfoundland economy $18 million. Newfoundland has the highest unemployment rate in the country. I cannot understand why the federal government would remove that amount of money from an economy which needs every penny it can get. Areas with high unemployment and people who find it difficult to find work will be hardest hit by this bill, but so will other areas.

The chairman of metro Toronto has said that the cutbacks will cost the metro Toronto welfare scheme an additional $10 million. If $10 million more is spent on welfare in metro Toronto, that money has to be taken from other programs which may have a higher priority with the local people. The metro chairman said that the changes would put another 2,500 people on the welfare rolls in metro Toronto, which would eat into other programs. It is clear that these changes in the Unemployment Insurance Act have nothing to do with the economy but everything to do with the government's trying to win back popularity. The government thinks there is a right-

wing mood in this country. It is trying to ride that right-wing mood by bringing in this kind of retrogressive legislation rather than coming to grips with the serious economic problems we have.

The solution is to order the economy in such a way as to create the jobs needed by those who are looking for work. The government is playing the old shell game. The 250,000 people affected by this measure will not disappear. The facts we have put on the record indicate that 250,000 people may not qualify for benefits as a result of the changes the minister has brought forward, but that does not mean they will not have the same economic needs they had when they were on unemployment insurance.

They will find themselves going on welfare rolls, or they will steal. In my area there is a study under way which indicates that there is a distinct correlation between crime and high unemployment. The crime rate clearly increases with the unemployment rate, so this is not just an economic problem. That is what this government would have us believe. It is also a very serious social problem with which the government refuses to come to grips.

The Social Planning Council of metro Toronto conducted a study entitled "The problem is jobs, not people". The government uses its energy dealing with the unemployed. It seems to have a titanic philosophy: women and children first. The government seems to be applying that philosophy to the Unemployment Insurance Act. Why does it not use its energy to come to grips with some real problems? Just yesterday in the Toronto *Star* an article written by Richard Gwyn appeared under the headline "Foreign Firms Blamed for Loss of 200,-000 Jobs in Canada." Richard Gwyn wrote:

Foreign-owned branch plants have cost Canada up to 200,000 jobs, a just-published Science Council study states.

The government's own agency, the Science Council of Canada, under Dr. Shepherd, has pointed out that foreign ownership has cost us 200,000 jobs since 1972. That is a problem on which the government ought to expend its energy. It should be dealing with the effects of foreign ownership on the Canadian economy vis-à-vis jobs. Why does the government not use its energy to come to grips with the problems caused by multinational mining corporations in Canada?

Last fall International Nickel laid off 2,600 people in the Sudbury Basin. This government could only wring its hands. It said it could not interfere, that it did not know what to do and that there was no solution but to put these people on unemployment insurance. The government should be coming to grips with the problem of the exploitation of non-renewable resources in Canada. Why is the government not doing so? The government seems to be tying up the House of Commons and the energies of the Department of Employment and Immigration by fiddling with the Unemployment Insurance Act. It is trying to give the impression to the Canadian public—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Rodriguez: Who said no?

Mrs. Appolloni: Mr. Speaker, may I call it one o'clock?

The Acting Speaker (Mr. Turner): It being one o'clock p.m., I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

● (1412)

Mrs. Ursula Appolloni (York South): Mr. Speaker, I think if anyone is seriously looking to see the difference between Liberal and Conservative philosophies, this present debate is an excellent example of the difference between us. I have been reading the debate in *Hansard* of yesterday, and I believe some of the statements by the hon. member for Vancouver Quadra (Mr. Clarke) were absolutely punitive. If that is the idea behind unemployment insurance, then it is wrong.

The unemployment insurance system is not a punitive system; it is a system which is supposed to help those people who, through no fault of their own, have lost their jobs. It is a program of temporary assistance until such time as they do find other jobs appropriate to their talents, and certainly with sufficient money to cover their basic and just needs.

What has happened in this regard? I suggest that by innuendo and insinuation on the part of members of the official opposition, helped unfortunately by many members of the media, there has been such a hate campaign conducted against recipients of unemployment insurance that genuine recipients of benefits are now in a corner, almost afraid to admit that they receive benefits. To disparage an entire community of people for the sake of a few abusers is, to me, unethical and dishonest.

Let me refer to some of the points raised so far in the debate. I start by referring to one statement that I consider as being almost cause for a question of privilege. I quote a statement by the hon. member for Vancouver Quadra last night as reported at page 987 of *Hansard*. He stated:

We are straightforward people on this side of the House—

To imply that the only straightforward people in this House sit on that side is absolutely and grossly unfair and untrue. I can assure that hon. member, and any other members who share his views, that there is no monopoly held by any party in this House in respect of being straightforward.

The hon. member also seemed to imply that the Minister of Employment and Immigration (Mr. Cullen) wanted to save money, but for what purpose he was not sure. I can tell the hon. member, because the minister made it very clear in his statement last night when he said that the savings are to be applied to other more productive programs. This is a most valid point, and one which warrants support of this House in respect of this program. What the government is trying to do is weed out the abusers who, I repeat, are in the minority, and put the money that is saved to much more constructive use, particularly in the creation of jobs.

There is another point I would very much like to underline, and here again I am referring to what was more or less an innuendo, but extremely dangerous and insidious. To quote again from that hon. member of the Tory party:

> This year across Canada there were 150,000 unemployment insurance cheques that were not picked up at special distribution centres during the postal strike. Of course, the government has explanations for this.

Of course the government has explanations for that, Mr. Speaker, yet by innuendo the hon. member is impugning the integrity of thousands of innocent beneficiaries of the unemployment insurance scheme who, for one reason or other, mostly legitimate, I am pretty sure, could not pick up their unemployment insurance cheques during the postal strike. Let me give you an example. It could very well be that many of those cheques were in respect of maternity benefits. I can guarantee that if you are expecting a baby within a few weeks you are not going to run around Toronto trying to pick up your cheque. You just simply cannot do that. That is impossible.

Some of these cheques could have been for sickness claims, and some of them may have been, as the minister replied in answer to a question in the House, payable to people who had already found other jobs. They would be entitled to the cheques, but now could they leave their new jobs to go down and pick them up?

This is the kind of insinuation which, unfortunately, has been spread throughout Canada, and this has caused, yes, invited, hatred and distrust.

If there is one thing that Liberal philosophy supports it is the absolute and vital necessity for a sufficient amount of mutual trust between human beings. I am very proud of the fact that the Liberal government first asks questions, finds out the facts and, if necessary, will punish. To punish the innocent before questions have even been asked is totally unfair and disparaging. These are the kind of attacks which, unfortunately, have led what is essentially a good system into tremendous disrepute. This has caused real beneficiaries of the system to be almost ashamed to admit they are collecting unemployment insurance to which, by the way, they are entitled. The abusers are few and, through good controls, they will be caught. As a result of provisions in this bill many of them will be caught, but perhaps not all.

No one, least of all the minister, is going to pretend that the system is perfect. If it were not so good there would not be so many people trying to abuse it in the first place. There are some abusers because of human nature. We must admit there are some abusers and we have to do our best to get at them, but in getting at them we must do our best not to hurt the innocent.

There was another point in the hon. member's speech which I am sure the youth of Canada will be interested to study. I refer to the hon. member's statement that there is now a generation of Canadians who have no incentive to work. That is a shameful statement and implies that the youth of Canada does not want to work and has no incentive. That is absolutely shameful and is an attack which should not be allowed to continue.

Let me quote yet another statement. He said that there are "any number of employers . . . having great difficulty in finding workers to fill the jobs". First, I would like to know to what kind of jobs the hon. member has reference. I myself was very recently at an employment centre in Toronto and asked if there were any vacancies there. I was told there were, and I asked what type. I was informed that most were very menial jobs. Unfortunately on that particular day the people looking for jobs were people with high qualifications.

What are we trying to do, and what is the Tory philosophy in that kind of situation? Are we, on the one hand, to encourage our children to stay at school acquiring increasingly higher education, and then when they have made the sacrifice of years at school, are we asking them to accept jobs as dishwashers? Is that all the hope we are offering the youth of Canada?

An hon. Member: There is nothing wrong with washing dishes.

Mrs. Appolloni: There is nothing wrong with washing dishes, but I think we should be honest in all our policies. We have no right to encourage the children of Canada to stay in school to become overqualified and to give them unrealistic expectations. It is our duty as a society to provide jobs which will in some ways satisfy those children. We cannot expect them, after they have spent all those years obtaining an education, particularly a higher education, to take on jobs as dishwashers. It is absolutely wrong. As I said, my understanding of the situation in Toronto is that there were vacancies and jobs to be filled, but they were of a more menial type such as dishwashers, or short order cooks.

● (1422)

I wish that the opposition would clarify their position. An hon. member on the opposition side has suggested that the aim of Liberal government policy is to have more and more state intervention. On the one hand we are accused of having more and more state intervention, and on the other hand we are accused by the same party of not doing enough to create employment. They cannot have it both ways. I myself lean toward free enterprise, but I realize that there are times, particularly in a mixed economy such as ours, when the government must intervene. I do not say that it should be done in every instance, but if the private sector is not taking up the slack then government must step in.

The Liberal government has taken some very constructive steps in this regard. As an example I cite in particular a report by the second tier committee on policies to improve Canadian competitiveness. This committee was a tremendous breakthrough inasmuch as it was made up of members from the Canadian Labour Congress, representatives of private industry, and officials from the provincial and federal governments. The objective of this conference was not to listen to empty rhetoric, but to examine the whole economic situation of Canada and explore how the situation of job creation could be improved. The report, under the heading "Manpower and Labour Relations", at page 14 reads:

Manpower policy should be, in the view of the committee, a full employment policy. It should be a policy that endeavours not only to ensure industry with a labour force necessary to meet its needs but also aims at providing the individual Canadian worker with the opportunities to improve his or her level of skill, encourages mobility, and enables the individual to have a more fulfilling and satisfying work experience.

It would be interesting to contrast that quote with some of the statements to which I have referred, in the speech made last night.

Having said that, I would like to state to the House, and to the minister who is present in the House, some of my own reservations. I feel that the bill is an honest attempt to stop the few abuses made against the program. However, I have some reservations with regard to the section dealing with training allowances. The minister in his speech said, as reported at page 984 of *Hansard*:

The basic allowance provided to such people is only intended to offset additional costs, such as transportation, incurred in training.

The people in my constituency who most benefit from the manpower training program are the families with one parent, in most cases women. It is usually mothers who have been abandoned by their husbands and who are usually unskilled, scared, and on welfare. This training allowance enables them to upgrade their skills or to learn new ones. They need this help because if we do not get these people off welfare the person or persons who suffer in the end are the children. By cutting down the basic training allowance we are, ipso facto, denying these mothers the right to training programs under manpower. I still have to be convinced, and I am open to discussion, on how we can avoid cutting out these mothers from the training allowance programs and at the same time cut down their allowance. Welfare simply covers their nutritional needs, their rent, and the needs of the children, but it does not cover, for example, baby sitting, which these women would require if they were to attend a training program. These women need help. Their situation can best be described by an old Persian proverb, "Give a man fish and you feed him for a day, but teach him to fish and you feed him for a lifetime."

I am pleased to see that the minister has made reference to on-the-job training programs for youth. The reports which come from my own riding say that the on-the-job programs are the best thing this department has introduced. They are well received by employers and employees. I doubt, however, that the on-the-job program will be of much benefit to lone parents. If she had a proper job, and I am thinking particularly of women again, she would not need training and she would not need an allowance. The point is that these mothers need training in order to get jobs.

The on-the-job training program is directed primarily to youth, male or female. I was glad to see that the minister emphasized the fact that these training programs will be open to women, especially in sectors where they have been under represented in the past. It is a step in the right direction. I am not convinced though that by cutting back on the basic training allowance for women that we are doing them a service. In a year or so, I believe that we will be regretting this decision, but, as I said, I am open to discussion and, no doubt, I will hear more on the subject when we reach the committee stage on this bill.

● (1432)

I should like to refer again to the remarks made by the hon. member for Vancouver Quadra last night when he was referring to people who leave their jobs. He said that an additional problem is the precipitous increase in labour turnover. That is also a matter of great concern to us and one that, I think, needs to be discussed outside the parameters of this bill.

Of course it is very unnerving, unsettling, and uneconomic for the country to have people leave their jobs with great frequency. With this bill the government does not intend to tell people they must stay in a job where the working conditions are appalling or where their abilities are not being recognized. It is not the government's policy to impose that on any person who has a grievance in his job and, therefore, must move. What the government is saying in this bill is that if you really have to change jobs because you cannot find your niche, you are free to do so, but not at the expense of other taxpayers who may be gritting their teeth and staying in their jobs a lot longer.

I think this is typical of the Liberal approach being taken in this bill. The idea is to cut out the obvious abusers, not to put money into the state coffers as such but to devote that money to a much more constructive program such as job creation which, I believe, should be the top priority of all of us.

Some hon. Members: Hear, hear!

Mr. James A. McGrath (St. John's East): Mr. Speaker, this is a very important bill, probably one of the most important bills to come before the House in this session. It is a difficult bill, and I understand the difficulties of the minister and maybe even sympathize with them. I can practically tell him the kinds of problems he is having in his caucus are not dissimilar to the kinds of problems I am having in my caucus, because that is a fact of life in the country. It is a fact of life that was rather dramatically addressed by the hon. member for Rosedale (Mr. Crombie) in his speech when he quoted Disraeli's eloquent description of the two nations—the nation of the haves and the nation of have-nots.

That dichotomy is a fact of Canadian life. It is a more important fact of Canadian life than any other aspect of our national problems, whether national unity, constitutional prob-

lems, linguistic problems, or any other. Until we solve the problem of economic disparity we are not going to have a united country. We cannot have unity when we have widespread disparity.

I just heard my friend, the hon. member for Welland (Mr. Railton), make a remark, Mr. Speaker. I am glad to see he is in the House today. He is a good friend of mine. I have great respect for him. I hope he is going to participate in this debate, because one of the concerns about this growing problem of nations of haves and of have-nots is that it is no longer a regional problem; it is a problem in the big cities as well as the small cities and in the Atlantic provinces.

It is interesting that the constituency of the hon. member for Welland is in the Saint Catharines-Niagara area, which has the third highest rate of urban unemployment in the country. That is the area that we in the Atlantic provinces look upon as the banana belt of the country. In the pretty, seemingly prosperous cities of Saint Catharines, Welland, Thorold and Niagara Falls, you would wonder why unemployed could be such a problem as to represent the third highest rate of urban unemployment in the country at over 11 per cent. I know the hon. member for Welland is just as concerned about that as I am.

Mr. Railton: That was one year ago; It is not the same now.

Mr. McGrath: I listened very carefully to the minister's speech. I have to tell him I was disappointed—disappointed because he showed an insensitivity to the subject that is out of character with the minister or my perception of him. He is not a heartless person; he is a compassionate man. In delivering that cold, sterile speech, prepared for him by faceless bureaucrats who really do not have a feel for the subject, he was demonstrating a rather uncharacteristic insensitivity to a subject that touches directly the lives of so many people.

I was surprised at the brevity of the speech. I would have expected he would go into it in more depth and greater detail to lay the problem properly before the House and set the stage for the debate, but he did not. A few things he said rather surprised me. For example, in the context of justifying the changes in the present unemployment insurance bill, he said he was doing so in order that unemployment insurance will not become a way of life. It is not with any sense of pride that I state to this House that I come from a part of the country where, through economic circumstances in many instances, unemployment insurance has in fact become a way of life. It is an economic fact to be reckoned with in the Atlantic provinces, that visible have-not part of the nation.

It is a way of life in the Atlantic provinces, especially Newfoundland, because unemployment has become a way of life in those provinces. It is ten years since the Prime Minister (Mr. Trudeau) campaigned in the Atlantic provinces for the election in 1968, and promised to end all this disparity of high unemployment and low incomes. He was going to end it by bringing in a Marshall aid type plan for the Atlantic provinces. We all know what the Marshall plan did for war-torn Europe. As a result of the Marshall plan, today the Deutschmark is the strongest currency in the world. Europe is prospering with an employment rate that is the envy of Canada. The economic growth rate is the envy of Canada. That is what the Marshall plan did for Europe. We see what United States aid did for war torn Japan. The Japanese yen is now one of the two strongest currencies in the world. Their economy is the envy of the world.

That is what we were promised in the Atlantic provinces in 1968—a Marshall plan type of aid to end the traditional curse of regional disparity which we inherited in 1949 and, which our neighbours in the Atlantic provinces have had to live with for considerably longer. That promise was as rhetorical and empty in terms of its sincerity and intent as the same promise made by the same Prime Minister in the same election campaign with respect to a just society.

The result is that over the last ten years—I can only take ten years because it coincides with the administration of the right hon. Prime Minister—we have had a pattern of rising unemployment in these four provinces. Where there is no permanent employment all anyone can expect is to get a seasonal job in the fishing industry or the forestry industry in the maritime provinces or, perhaps, farming, or the tourist industry. That is the best you can expect. Or, you can look to what I look upon and what many people see as a glorified form of federal welfare, and that is the Canada Works program. That is all there is. There is nothing else to turn to except unemployment. And now the minister wants to take that away. He wants to take that away from our economy without adequate planning and without adequate regard for the consequences of what he is doing.

● (1442)

As for consultation, Mr. Speaker, this is a word this government has thrown out. There was no consultation on this bill, neither was there any consultation on the family allowance bill. One can ask: why should the federal government consult on an area of federal jurisdiction? The answer is: for the simple reason the transfer payments in these social programs are vitally and crucially important to the economy of the four Atlantic provinces. There are the consequences of cutting back on unemployment insurance without consultation. A province may have a debt somewhere between $1 billion and $2 billion and half a million people. It has to go to the money markets of the world every now and then to borrow money to service the debt to keep the current account going. The consequences are horrendous. It means the people who are deprived of this unemployment insurance will have to fall back on provincial welfare. Surely with that kind of a result one would expect that there would be some kind of gradual process in order to ease the economic impact on provinces, such as Newfoundland. Unemployment insurance is a very important part of the economic fabric in that part of the country.

The minister talked about using a scalpel instead of an axe. I think it is probably easier to use an axe without anaesthetic than it is a scalpel, because at least an axe implies a sudden quick cut, a sudden jolt, whereas the scalpel is a precise

instrument that has to find its way in a precise fashion. In order to use the instrument, first of all, one has to anaesthetize the patient. What the minister is doing in the Atlantic provinces and parts of Quebec is applying a scalpel without the benefit of anaesthetic. The result is going to be painful, very painful.

It is a paradox of our nation that I, as a member of this House, representing the oldest settled part of this nation, should speak in these terms. We are not a have-not province, just as the Atlantic provinces are not a have-not region. How can a province that has the greatest potential in terms of hydroelectric resources, both developed and undeveloped, be a have-not province in this energy starved world? How can a province that counts within its territorial jurisdiction 67 per cent of the 200-mile economic zone of Canada's east coast, containing within it the most prolific fund of fishery in the world—how can that province be a have-not province in this protein starved world of ours?

How can a province that has underground vast exploited and unexploited mineral resources—to name a few; iron ore, copper, lead, zinc and—be a have-not province? Half of the iron ore produced in this country is produced in the province of Newfoundland. How can that be classified as a have-not province? How can a province be a have-not province with the tremendous timber resources that the province of Newfoundland and Labrador has, undeveloped, waiting to be exploited? How can it be a have-not province? There is something basically out-of-whack. There is something wrong when that kind of a treasure house of unexploited wealth cannot provide an adequate income for a half a million people. It is crazy. It is insane.

I went to Iceland one time. Here is a country which is not dissimilar to Newfoundland in terms of its climate, in terms of the economic factors that are at play there. Iceland has half the population that we have in Newfoundland. They do not have the mineral resources that we have, apart from thermal resources which they use for hot houses and so on, but that is not a big factor. Iceland does not have the energy resources, apart from what they can generate from the natural steam that is in the ground. They do not have the timber resources. All they have is the same fishing industry selling in the same market, with the same products that we have. And yet with that as an economic base they have achieved a higher standard of living than Canada has. Iceland has practically zero unemployment. They do not worry about inflation because a lot of their inflation is imported. But they have virtually zero unemployment. Their fishermen are the elite of the system. They are the elite of the nation. They are rewarded with an income commensurate with that of the mandarins in the public service of Iceland.

Icelanders come to Newfoundland and look at us and what we have, the climate we have which is so similar to theirs. It would surprise hon. members to know that sheep can graze in the eastern part of Newfoundland all year round, and yet we do not have a woollen industry, like they have in Iceland. Icelandic woollens fetch the highest price in world markets. Some day, Mr. Speaker, in the not too distant future I will not have to stand in this House—and I hope to be here—and complain about the Government of Canada cutting back on unemployment insurance benefits because it will be almost as academic as it is for some of my colleagues in Saskatchewan and Alberta.

It was not very long ago that Alberta was a have-not province and the nation had to come to the rescue of Alberta. Now they have oil and they are well away. So the minister comes to us and applies the scalpel and he applies it without the benefit of an anaesthetic because to us unemployment has come to be an unfortunate way of life.

Let us take a look at the facts—first of all, long-term unemployment in the Atlantic provinces. The figures I am using are from the minister's own source of statistics, Stats-Can. Newfoundland has, as of the last figures released, 34,000 people unemployed. These are official seasonally adjusted rates, so this figure will be considerably higher than that and I will explain why in a moment. Officially Newfoundland has 13,000 people who have been unemployed for three months or more. This represents 45 per cent of those people looking for work. I can take hon. members to parts of my province where the people have been unemployed for years, apart from the couple of months' work they can get from Canada Works or the couple of months' work they can get in a fish plant or what have you. That long-term unemployment situation stands out like a sore thumb in the Atlantic provinces. Nova Scotia has 12,000 people unemployed for 3 months of longer, representing 38 per cent of those looking for work. In New Brunswick the figure is 12,000 which represents 41 per cent of those looking for work. Now we come to the province of Quebec where there are 104,000 unemployed, representing 41 per cent of the people looking for work. Long-term unemployment because of the mismanagement, the gross mismanagement of the economy by this government, has become a fact of life, and hence unemployment insurance has unfortunately become a way of life.

● (1452)

I wish that the minister, in keeping with the compassion that I know he has, had hesitated before bringing in this bill. I do not believe a bill like this should be introduced during a period of high unemployment. At least it should not apply to an area where unemployment is chronic and long term in nature.

The hon. member for York-South (Mrs. Appolloni) talked about abusers. There are abusers. There are too many people abusing the system. That is because the system has been badly managed. However, for the one person in six who abuses unemployment insurance, why make the other five suffer by tightening it up? That is exactly what is happening.

We have no time for abusers. Neither do we have any time for those who work the system and quit their jobs, come back on unemployment insurance, and it becomes a cycle. I have no sympathy for that kind of person. Anybody who has a job, all things being equal, should be penalized severely if he quits that

job. Most of the people whom I represent would certainly subscribe to that view.

There are a number of things about this bill I would like to mention. I would first like to express my surprise with regard to the Stella Bliss case. We have this bill before us with no intention to amend it to reflect the decision of the Supreme Court, the views of the Canadian Human Rights Commission and, indeed, the views of the minister, because he said in his speech last night they intended to take this into account at a later date.

I remind the minister of this because I do not like what is implied in this bill with regard to women. It is not only the Stella Bliss case, but the implication of taking women out of the Outreach program. I will deal with that in a moment. However, getting back to the Stella Bliss case, the Commissioner for Human Rights on November 2 commended the minister. He said:

> It is the hope of this commission that your recommendations to cabinet will result in amending legislation being presented to parliament as part of the bill encompassing the changes which you announced on Septemer 1—
>
> If section 46 were amended so that the question of a woman's availability and capability for work were not unilaterally and arbitrarily determined without consideration of her particular circumstances, but was established according to the individual case, section 46 would then become consistent with the principles already accepted in the 1975 amendment to section 30.

Why does the legislation not reflect that fact? We are obviously passing a bill that is not consistent with the Canadian Human Rights Bill. Any woman in Canada will be able to challenge this bill and challenge it successfully. Obviously we are being asked to pass bad law.

Why does the minister tell the House that he intends to amend the bill when it gets into committee? Failure to do so is not good enough. He expects us to give speedy passage to this legslation, yet he just gives us a passing undertaking that this fact with regard to the rights of women, pregnancy and their entitlement to unemployment insurance benefits, is something that the minister intends to correct at a later date. We will have more to say about that when this bill goes to committee.

With regard to the Outreach program, this defies logic. I have yet to see or hear a rational explanation as to why, in this period of unprecedented high unemployment, women are taken out of the Outreach program. A large part of the unemployment in this country is chronic. A large number of the people affected by this chronic unemployment happen to be women, as well as young people, women in particular.

In periods of high unemployment it is always women who suffer most as the natural tendency is to give the job to the man because he is the provider. I suppose that is understandable in a way, but the facts of life are changing. In fact, they have changed. Women, both married and single, are now a part of the work force. Both spouses now work, a situation brought on by inflation, not by choice but out of economic necessity.

We have the situation of the single parent family, a growing part of the Canadian social fabric. There are more and more single parent families in this country, either by choice or circumstances, by divorce or what have you. Obviously these women have to work. They have no choice.

I believe I have accounted for two thirds of the women in the work force. That leaves one-third who must work in order to provide for themselves. They are as much if not even more affected by chronically high unemployment as their male fellow citizens. However, for reasons which defy logic, the minister decided as an economic move to take women out of the Outreach program.

Mr. Rodriguez: Scapegoats.

Mr. McGrath: They are being used as scapegoats. Maybe he did so because women are vocal and this will draw attention to the fact the government is doing something in the area of restraint. That seems to be the strategy of the government in its restraint program, to cut back in visible, highly vocal areas because it will draw attention to its plans to cut back on government spending.

If you happen to be on Bell Island, Newfoundland, where the mines have been closed for the past 11 years, and you are a woman, jobs are just as difficult and as remote to you as if you were a man. You are going to need the same training and guidance to get into the work force as a man who has been unemployed for the same period of time.

That could apply in any situation across the country. Therefore, I hope the government will reconsider its decision with regard to the Outreach program. I could quote from the memorandum, but I will not do that. I think I have made my point. I suspect we will hear more about that before this bill receives final approval in the House. There are several major proposals in this bill. I would like to dwell on them in detail. I have already alluded to a proposal that bothered me. It is causing a great deal of concern to anyone who comes from the Atlantic provinces.

I am sorry there are not more members here who represent the Atlantic provinces. Where is the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) who is so vocal and threatened to revolt within the Liberal caucus unless the minister changed his original proposals? Where are his colleagues, the hon. member for Gander-Twillingate (Mr. Baker), and the hon. member for Bonavista-Trinity-Conception (Mr. Rooney)? Where are the members from northern New Brunswick where the problem is chronic? Why are they not in the House today?

I respect the fact that this is Friday and tomorrow is a national day of remembrance. A lot of members had to go to their constituencies to participate in Remembrance Day services. However, I must question their sense of priority. They would be doing more honour to the dead of this country of two world wars if they were here addressing the economic disparities of this nation rather than travelling to some symbolic gesture at a provincial cenotaph in this country. I believe that to be a fact. My responsibility is to be here addressing this bill so that veterans, ex-servicemen, their sons and daughters, will have half the chance at equality of opportunity their neighbours have in other parts of this country.

The 20-week provision is something the minister is going to have to reconsider. If not, I suspect he is going to have more problems in his caucus. There is no possible way that we can countenance this provision in the bill whereby the entry or re-entry of a claimant will require 20 weeks of contributions. By definition, that eliminates the seasonal worker, whether it happens to be someone employed in the tourist industry in Prince Edward Island, the fishing industry on the north coast of Newfoundland, or in the farm industry of the maritime provinces. So I would say to the minister that he must be prepared to consider amendments in this area.

● (1502)

The last time changes were before the House the minister was very wise and quick to accept suggestions we made with respect to qualifying periods. There was a regional factor built in to the qualifying period so that people in Newfoundland, say, would not have to work as long to qualify for benefits as would those in Calgary, Alberta. The same factor should be brought to bear in connection with the 20-week provision, even more so now because of the economic impact it will have on the Atlantic provinces. Most of the seasonal fish plants operate for about three months. That is about the length of the tourist industry. That is about the length of time that people can find jobs in various sectors on the fishing industry, the lobster and that kind of fishery. To be realistic, one must think in terms of anywhere between ten and 14 weeks' employment in that industry in the Atlantic provinces if the bill is not to be discriminatory. In its present form, Mr. Speaker, the bill is discriminatory to the Atlantic provinces.

The second proposal I wish to turn to has to do with the variable factor wherein we talk about 11.5 per cent as a triggering mechanism for this bill. That figure of 11.5 per cent is high. But high as it is, it means that the bill will still have application to the province of Newfoundland where unemployment is officially hovering around 16.8 per cent. Indeed, if we could get down to 11.5 per cent unemployment we would feel we were getting close to full employment. That is how bad our economic situation is at the present time. As I see it, 11.5 per cent would apply to the province of Newfoundland, the Cape Breton part of the province of Nova Scotia and probably to the northern part of the province of New Brunswick. So the minister will need to re-examine that part of the bill because it does not take into account the facts as I have tried to put them before the House with respect to the Atlantic provinces.

We intend, Mr. Speaker, to move amendments in this area. My colleague the hon. member for Vancouver Quadra (Mr. Clarke), who made such a great and comprehensive speech last night, referred in passing, I think, to these amendments. The present provision is an empty one, sir, and implies that there is something acceptable about the kind of situation about which I have just commented.

The proposal to lower the benefit rate to 60 per cent as a work incentive is, to me, of questionable value in terms of its potential impact. Again, if you take the case of the unemployed family head who needs to feed, house and clothe a family, it is just as strong an incentive to seek work actively at the present time as would be the case if the benefit were lower. Lowering the benefit to 60 per cent of the present amount will not provide any greater incentive to work. All it will do is impose an additional hardship on heads of families who are forced to live on unemployment insurance in this period of inflation. This is a factor which I think should be taken into account, on a regional basis if you like.

With respect to the fifth proposal in the bill before us—that with regard to placing a ceiling on income—I do not think anyone will quarrel with this. People who imply that the large number of unemployment insurance recipients are lazy and do not want to work are blind to the facts. If you happen to be a fisherman on the coast of British Columbia or a fisherman owning a long liner in Atlantic Canada earning $20,000, $40,000 or $50,000 a year, then obviously you do not need unemployment insurance and you should not get it. To that extent I think the minister is taking a step in the right direction to eliminate what is, in some cases, an abuse of the system. I heartily endorse and support that move.

We shall also be questioning the minister, Mr. Speaker, on why he did not move to extend the disqualification period for job quitters. I have already referred to that but it seems to me that here is an area in which the minister could really bring in meaningful reform by increasing the penalty to job quitters. Currently the period stands at six weeks, and I could see the minister doubling that to 12 weeks unless the circumstances were such that the person quitting the job had no other choice open to him.

I believe that the Economic Council of Canada said it all in its 1976 publication "People and Jobs". It dealt at some length with unemployment insurance, as the minister well knows, and I quote one part of that report:

> It would, of course, be possible to try to eliminate abuses by cutting certain categories of claimants or the duration of benefits, or by extending the period of work before claimants become eligible for benefits. But such recommendations could prove harmful to persons most exposed to periodic and genuinely involuntary unemployment—

That is precisely what the minister is doing in the bill we are considering here. He is penalizing people in the Atlantic provinces, parts of Quebec and in other parts of the country, but especially in these five eastern provinces which through no fault of their own, because of the economic situation, because of economic mismanagement, are exposed to periodic and genuinely involuntary unemployment. Sir, in regions of high unemployment this bill will represent a substantial burden on people who are unemployed through no fault of their own.

We are not talking about unskilled people who are always the hardest hit. We are not necessarily talking about women, who are often the hardest hit, and young people who are also hardest hit. We are talking about every sector of our society in this era of critically high unemployment—school teachers, university graduates. Let us consider the tragic case of a young person who works his way through college or university, at considerable hardship to himself and his family. He graduates and becomes an engineer, a school teacher or a lawyer. He is very proud of his accomplishment. He goes out into his society

and says: "Here I am. I have this skill. I have applied myself. I have put much into this because I want to make a contribution. Give me a chance to contribute. I am ready". But the country is not ready for him. What does he do? Where does he go?

● (1512)

Mr. Rodriguez: Welfare.

Mr. McGrath: This young person suddenly has to come to grips with the trauma of unemployment.

An hon. Member: He could go to Edmonton.

Mr. McGrath: People do not want to go to Edmonton any more. They do not want to take that road. That is typical. People are coming out of university, and they resent the fact that people in this part of the country say that they should go to Upper Canada or Alberta. Why can there not be jobs for people in their home towns and provinces?

People want to work in their home towns and provinces because they want to hold on to the lifestyles to which they have become accustomed. They want to contribute to their home cultures and be part of them. People believe that they have the right to stay, and that is a factor in this ongoing unemployment situation which the minister and the government ignore. They ignore it at their peril because there is unrest among educated and articulate young unemployed people in this country. That unrest is manifesting itself in organizations such as the Organization of the Unemployed. The minister will be hearing more about that. Hopefully we will be hearing from that organization as this bill gets into committee, and we will have more to say at that time.

Mr. Nystrom: Mr. Speaker, I rise on a point of order.

Mr. Paproski: Never mind.

Mr. Nystrom: I wonder if my friend, the hon. member for St. John's East (Mr. McGrath), could answer one short question?

Mr. Deputy Speaker: He could answer a question only with unanimous consent because his time has expired. Is there consent to allow one question?

Some hon. Members: Agreed.

Mr. Paproski: No.

Mr. Cullen: Mr. Speaker, I rise on a point of order. I sincerely regret that unanimous consent was not given to the hon. member to ask his question because what we just heard was very thought-provoking and obviously carefully researched. The hon. member for St. John's East (Mr. McGrath) was obviously sincere. I think the question of the hon. member for Yorkton-Melville (Mr. Nystrom) would also be sincere and that the hon. member for St. John's East would be happy to respond.

Mr. McGrath: I would be happy to respond, with the consent of the House.

Mr. Dawson: Tell that to your whip.

Mr. McGrath: I cannot speak for my whip, just as you cannot speak for yours.

Mr. Paproski: I said no, Mr. Speaker.

Mr. Rodriguez: Mr. Speaker, we listened to a very eloquent and thought-provoking speech by the hon. member for St. John's East (Mr. McGrath), and we were all hoping to find out how he would vote at second reading of this bill.

Mr. McGrath: May I respond to that point of order, with the unanimous consent of the House?

Mr. Paproski: No.

Mr. Dawson: Now we know who is boss.

Mr. McGrath: I can respond in a word, if there is consent. It is our intention to vote for this bill at second reading because we are anxious to get it into committee. That in no way implies that we are supporting the principle of the bill. We want to get this bill to committee because we are going to move amendments, and we want to see just exactly what the government intends to do with this measure.

Mr. Paproski: Question.

Mr. Deputy Speaker: Order, please. I think we should allow the hon. member who is seeking the floor to begin his remarks.

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, I am slightly bemused, as I suppose all my colleagues on this side of the House are, that the Tory members opposite cannot agree amongst themselves as to whether they should answer questions. They cannot quite agree as to what their policy is. The hon. member for Edmonton Centre (Mr. Paproski) refused his own colleague permission to answer.

Mr. Paproski: Did you hear the answer?

Mr. Nystrom: The Tories are scared.

Mr. Young: I would like for a few moments to participate in this debate to make some comments on the substance of the bill. Basically we are discussing unemployment and unemployment insurance, and in a sense also attempts to get people back to work in meaningful jobs. Before I touch specifically on the points contained in the bill, I would like to make a short rejoinder to the hon. member who has just finished speaking, the hon. member for St. John's East (Mr. McGrath), because he did mention the Niagara peninsula, and I represent part of that area.

In his remarks the hon. member seemed to blame all our economic and unemployment problems on what he called mismanagement on the part of the present government. I take

strong issue with that. I would like to point out some of the causes of unemployment in this country. It is true that in the Niagara peninsula we have more unemployment than we would like to have. I believe at the present time our rate of unemployment is slightly above the national average. That is not entirely unexpected because much of the work in the Niagara area is seasonal. Our tourist season is 90 or 100 days long, and that is equivalent to the fruit growing season. We do have short-term employment in that area, and there are few alternative jobs for people who work in the tourist and fruit-growing industries during the off season.

The hon. member for St. John's East says that unemployment is caused by government mismanagement. Let me tell him what causes unemployment in an area like the one I represent. On balance the rate of unemployment in my area at the present time is about 10 per cent, but in the town of Fort Erie the rate of unemployment in the last couple of years has been 18 per cent, 20 per cent or 21 per cent.

This problem has been far from anything over which the government has had a great deal of control. In the town of Fort Erie in the last four years unemployment has been caused by events which have taken place in four major industries. I can name the industries. The first one was a battery manufacturing plant where there was a labour dispute and 110 people became unemployed. That had nothing to do with government management or mismanagement.

The second largest lay-off in that town occurred at Horton CBI Limited. That company manufactured steel plate pressure vessels. The reason for the lay-off at that factory was the cancellation of the company's building contracts by Ontario Hydro. That company held contracts to build steel pressure vessels for nuclear-generating stations which Ontario Hydro decided not to move ahead with. A couple of hundred people lost their jobs with the overnight cancellation of those contracts.

The third industry involved was the Ontario Jockey Club. Because of the turn down in the American economy the Ontario Jockey Club decided to take racing dates from its Fort Erie racetrack to its Toronto racetrack. This decision was a necessity and it was the result of the good management sense of the club. I cannot blame the club for this. I discussed this matter with the president and the chairman of the board, but because people in Buffalo, New York were suffering 18 per cent and 20 per cent unemployment, there just were not enough two-dollar betters coming across the Peace Bridge and putting down money to keep that track viable in terms of the racing industry. Racing dates were shifted to Toronto.

Four or five years ago in the town of Fort Erie a company called Fleet Industries employed 750 employees. Two years ago it employed about 350, approximately a 50 per cent manpower reduction. That occurred not because of anything the government did and in spite of anything the government could do to prevent it. It occurred simply because of a turn-down in the aircraft industry which started to take place in the United States following the four-fold increase in oil and fuel prices levied by the OPEC nations in the early 1970s. When the cost of aircraft fuel went up, the cost of air travel went up. When the cost of air travel went up, along with it went the cost of buying and flying planes, and it became a little less interesting for people to have to spend large sums to do some travelling around the world. The tourist and aircraft industries suffered and the airlines bought fewer and fewer planes. That resulted in people being laid off in aircraft factories.

• (1522)

These are four very poignant examples of how unemployment occurs in a riding. None of those was, as my friend the hon. member for St. John's East would say, government mismanagement. It was not government mismanagement at all; it was due to a downturn in the aircraft industry, a labour-management dispute at a battery factory, a change of racing dates by a company which wanted to keep up its corporate production, a change in racing dates by the Ontario Jockey Club, and also the cancellation by the provincial Conservative government through Ontario Hydro of its contracts to build nuclear generating stations and the pressure vessels that were involved in that construction. That is what caused unemployment in that community.

I hear some strange comments from the other side. A couple of days ago I heard the Leader of the Opposition (Mr. Clark) blaming this government for its involvement in the aircraft industry and its intervention in airline policies. I have pointed out to you, Mr. Speaker, what happened in terms of unemployment in an aircraft parts manufacturing company in my riding—50 per cent of the staff were laid off.

Now let me tell hon. members the success side of the story, the upturn. Two years ago, because that company was the successful bidder through Lockheed Corporation for contracts to build a long-range patrol aircraft—in my riding we are building the nose cone and flight deck for those planes—and because that company is successful and works hard, its labour force is good and it has had for a long time many experienced people, and because this government had a policy of producing in Canada as many of the parts of those long-range patrol aircraft as possible, that company survives and is doing as well today as it ever did before 1958 when the administration of a former leader of the government who now sits across the floor, namely the right hon. member for Prince Albert (Mr. Diefenbaker) and his cabinet at that time, decided to scrap a plane we all know as the Avro Arrow, and thus just about decimated the Canadian aircraft industry.

Never in the history of this country and never in the history of my riding has this plant in my riding been doing so well except for the years before 1958. We had 350 people employed there two years ago, and by 1980 we expect 1,000 people to be employed in that factory, more than they have ever had. That is due to government support for industry and jobs in this country and good management on the part of this government.

Mr. McKinnon: Mr. Speaker, I rise on a point of order. I know the hon. member well and I know he would not want to misinform the country, but on two occasions he has mentioned

that the LRPA program was to the benefit of industry in this country. He should say of central Canada—

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Young: Mr. Speaker, you have implied that that was a matter of debate and not a point of order, but I will answer the hon. gentleman anyway for the sake of the record. There are offset contracts, about which he knows very well, some of which apply in the aircraft industry and some of which apply outside the aircraft industry. They apply all across the country and benefit employment throughout the country.

What I find strange also are the comments I heard from the Leader of the Opposition some time ago and also last year when he set about every day roundly criticizing the Export Development Corporation for its assistance to industry in this country. He wanted us to cut down the Export Development Corporation, dismantle it, chop its budget here and there. I invited him to go down and give the speech he gave in the House to my constituents. I would love to have him go down there because I would like to campaign against a man giving those kinds of speeches. If it had not been for EDC, I would not have a plant in my riding today which employs over 200 people and is selling $85 million worth of heavy construction equipment to the Russians.

An hon. Member: Patronage.

Mr. Young: It is not patronage, as the hon. member for Vancouver Quadra (Mr. Clarke) said, not patronage at all. That company bid with the Russians for the supply of heavy moving equipment, 200 and 300-ton capacity heavy-duty vehicles. Because EDC guarantees the sales to the Russians, this company could count on being paid and could count on being able to pay its workers. They have built a new factory, a whole new production line, and they are selling $85 million worth of trucks and looking forward to selling another $30 million or $40 million worth of trucks, which will mean increased employment. I suggest that that is the result of government good management and good support mechanisms on this side of the House.

The point of the debate and the point of this bill could be summed up by saying that undoubtedly there is a continuous need to revise and to re-examine systems and programs—

Mr. Baldwin: And governments.

Mr. Young: —no matter what the government. In the case of unemployment insurance, we have a program which was meant to be a temporary income support for people between jobs, not an alternative to employment itself. I do not think anybody wants to contemplate a system of unemployment insurance as the only alternative to employment. I think we can contemplate quite happily a system of income maintenance for people who are between jobs and progressing in their career development. However, through pressures, the system has become stretched and distorted, and some of that distortion has come about through abuse of the system. I do not think anyone would deny that there has been some abuse. The question with which all of us have to grapple is how much abuse there is and how many of the problems we face are there because of a distorting or stretching of the use of the programs in the system.

The problem is that it is not just the employees who stretch the unemployment insurance system. Some employers, through the terms of the work arrangements they have with their employees with their semi-lay-off type provisions, have also stretched that system. At times there has been complicity between the employers and employees which has made it very difficult for government to grapple with in terms of a fair and honest administration of this system. I know that sometimes in my riding, where there is a number of seasonal workers, especially in tourism and the fruit farming industry, there are methods whereby an employer, through a small agreement with an employee, will agree to continue employing him on a part-time basis with some little task from week to week, enough to make sure that the partially laid off employee is still collecting some unemployment insurance and not costing the employer too much but costing the government—a fine balance to pick up the chips and to keep them both in a state of semi-operation. I know that that happens.

I suppose that in many cases these people cannot be blamed for stretching the system. The problem we have in an area such as mine is that many of the people who have taken up seasonal work which is there have really done so honestly believing that they would probably have available to them three to four months' work. They know that that is the way life is on the peninsula. If they are not year-round employees in a factory, there is work on the fruit farms, in motels, hotels and dining rooms in the summer time when the majority of our tourists are there. Not many people honestly expect, because of our climate and the seasonal nature of those industries, that that work will of necessity carry on during the winter period and during the shoulder seasons of early spring and late fall. If you approached them and asked them to tell you honestly, when they took the seasonal jobs, did they expect year-round type of employment, I am sure they would say no. If you approached them again and asked, on the basis that we consider unemployment insurance to be a temporary or stop-gap measure between jobs, and their expecting when they took seasonal employment to be laid off and that it would be seven or eight months until they got back on seasonal employment, whether they felt they should be entitled to collect unemployment insurance over that seven or eight-month period, I am sure you would again find that they would say no. Many of these people who honestly look at the situation and consider the costs to themselves as taxpayers and to the country agree it places a very heavy burden on the system to continue to pay these benefits. I am sure many of them agree that this is not totally "honest", and that there is some doubt as to whether we can continue to bear these costs.

● (1532)

Some of these people no doubt find it very necessary to have this income. In some cases it is a meagre income which they receive from seasonal jobs, but in other cases the income is

very good. Tips to waiters and waitresses can be pretty good these days if they work hard. A number of jobs in the tourist service industry pay fairly well. Many of these people would say in all honesty that they have had a pretty good job, that they only expected it to be seasonal to begin with, and that they really do not demand or press too much for unemployment insurance in the winter, particularly when the cost to everyone as taxpayers is pointed out to them.

We must look at the system, assess it and revise it if necessary. We must do as much as we can to remove the disincentives to work. We must always leave the incentives in place so that people will feel they should have or should be looking for jobs and should be prepared to work. That is the only psychologically healthy way to go through life.

The government's programs in terms of job experience training, employment tax credits and small business tax incentives are all important things with which we must grapple.

Let me close by saying that we have fallen short in this country in terms of apprenticeship training. There is no greater lack in our system of programs in this country than apprenticeship training. We should be training people to fill skilled occupational positions which will continue on into the future. There is no doubt that the kings and queens of this country in the future will be those people who have good, solid, skilled occupational trades which they can carry with them. These skills are portable and can be taken anywhere in the country on a moment's notice to those areas where jobs are waiting. The shame of it all today is that we have thousands of skilled jobs in this country begging for someone to fill them, while at the same time we have thousands of unskilled employees looking for almost non-existent jobs.

This situation is a very important topic of discussions that have been taking place in this country, such as at the federal-provincial conference last week. Under our constitution, education and that kind of training falls squarely on the shoulders of the provinces. These training programs have not been forthcoming. It is only recently that we have begun to really look at this issue of apprenticeship training.

If I may just make one last rejoinder to my colleagues opposite in the Conservative party, if the hon. lady and hon. members over there are so proud of their provincial Conservative premiers and governments, they should be out there elbowing those governments into action, stirring them up so they will bring forward some of these apprenticeship training programs that are so necessary. That is probably one of the best services they could perform for this country. They should get together with some of their provincial Conservative colleagues, stir them up and get them at the job of providing skilled labourers to fill the skilled job vacancies we have in this country.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I wish to make about a two-minute contribution to this debate, mainly because I would like to ask the hon. member a question; but if I did so, that would be ruled as debate.

Let me point out that during the debate on long-range patrol aircraft, provinces such as British Columbia were promised several percentage points of the offset work. The quarterly report, as the hon. parliamentary secretary well knows, given to me by the directorate of the Department of Supply and Services, courtesy of the Department of Industry, Trade and Commerce, shows the breakdown in respect of offset work plus parts work for the long-range patrol aircraft contract that has now passed the $400 million mark and is nearly half way through. It shows that British Columbia, with 10 per cent of the population and with an industrial capacity to match, has in total received one-third of 1 per cent of the offset and parts work.

I can well understand the hon. member, living as he does in the golden horseshoe, being very happy about the LRPA contract, with the province of Ontario receiving 50 per cent, Quebec receiving 40 per cent and the other provinces splitting up the remaining 10 per cent. We are not as satisfied, and we are not as complacent about the situation as the hon. member, and rightly so. We believe some of this work should be going to provinces such as Newfoundland, which has received nothing under this contract. I feel the parliamentary secretary is in error in trying to pretend that this whole situation is great for the country as a whole. It is great for Ontario and Quebec. Thank you very much, Mr. Speaker.

Mr. Young: Mr. Speaker—

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Order, please. I recognized the hon. parliamentary secretary a moment ago. He can only be recognized again for the purpose of speaking if there is unanimous consent.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): There is not unanimous consent.

Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I assume it would be appropriate in the circumstances this afternoon to call it four o'clock and proceed with private members' business. That would certainly be preferable as far as I am concerned.

[*Translation*]

The Acting Speaker (Mr. Ethier): Does the House agree to call it four o'clock?

Some hon. Members: Agreed.

Mr. Pinard: We agree entirely with the suggestion of the hon. member, and we are prepared to proceed to a private member's public bill.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions, private bills.

Order No. 2 in the name of the hon. member for Calgary North (Mr. Woolliams). Shall the order stand?

[*Translation*]

Mr. Pinard: Is there unanimous consent to proceed with the study of Bill C-206 and to allow all the remaining bills to stand?

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the request of the hon. parliamentary secretary that all the orders before No. 6 relating to Bill C-206 be stood. Is it agreed?

Mr. Paproski: Yes, Mr. Speaker, we so agree.

* * *

CRIMINAL CODE

AMENDMENT RESPECTING HOSPITAL TREATMENT FOR DANGEROUS OFFENDERS

Mrs. Ursula Appolloni (York South) moved that Bill C-206, to amend the Criminal Code (hospital orders), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

● (1542)

She said: It may be useful, Mr. Speaker, to give a brief history on this bill. Approximately one year ago a 67-year-old Toronto man was charged with indecent assault on a three year old girl. As a result of plea bargaining a lesser charge of common assault was accepted, and as the defence lawyer proposed that his client would voluntarily undergo psychiatric treatment, the judge released the offender on probation. For a short while the offender did undergo psychiatric treatment, but it was for alcoholism, not for sexual deviation. Soon he stopped attending the hospital altogether.

Two months later he repeated his offence, this time on a five year old boy. The police added to the charge of indecent assault a second one of breaking parole. Again the offender was allowed to go free, and after three months he molested a three year old girl. Despite the pleas of the police officer to the presiding judge, the offender was released again. In July of this year he claimed his fourth victim, this time a seven year old girl. Only after this man had assaulted four small children did the judge commit him to the Clarke Institute.

What I have documented are bleak facts which cover the agency of an entire community fearful of the fate of its children, and the extreme frustrations of a police force hampered in its efforts to protect that community by what it perceives to be a loophole in the Criminal Code as it now stands. This bill does not pretend to be a panacea for preventing the evils of sexual abuse, but it is an effort to plug that particular loophole which has caused so much frustration to the police of Toronto and I am sure other communities across Canada.

Following the episode I have just described, 74 parents, teachers and other concerned individuals of York South submitted a petition to the attorney general of Ontario pleading for proper protection for children. I have no idea what the answer was, but I do know that over 500 of my constituents signified their approval of the substance of this bill by writing to the former minister of justice. I am now led to believe that the Toronto chief of police himself not only approves of the principle of this bill, but would be prepared to appear as a witness should it make its way to committee.

In its report of 1969, the Ouimet committee saw the criminal justice system as existing primarily to protect society. I believe that I have fully documented the fact that society was not protected in the case under reference, and I fear there are many other such cases.

I would like to take a look now at the sentencing procedure in this case. The judge was, presumably, reluctant to send the man to jail, well knowing that the imprisoned child molester lives in constant fear of being assaulted or even murdered. Here again the brutal justice meted out to child molesters by their fellow inmates has been well documented. The judge could not commit the man to a psychiatric institution either because the man was not legally insane.

In reply to letters from my constituents, the previous minister of justice mentioned provisions in the Criminal Law Amendment Act allowing offenders to be classified as dangerous offenders in order to be kept in preventive detention. I have two criticisms of this procedure. The first is the lack of treatment programs. It is estimated that approximately 80 per cent of offenders charged with having approached female children are in need of treatment for deviant sexual preferences. The question whether the conventional psychotherapy is effective in dealing with these patients is still open. There are, however, other more psychological therapies that can be taken

into account, and uncertainty relating to therapeutic effect must not lead to the abandoning of all therapeutic efforts.

My second criticism of the preventive detention procedure concerns the safety of the offender. In fact, in his testimony at the trial of the murderers in the riot at Kingston penitentiary, one of the inmates who had been brutalized told of his fear, saying that "the general thing was my offence for which I was serving a sentence of preventive detention as a dangerous sexual offender." Preventive detention did not save this man from the wrath of his fellow inmates.

It may be useful to cite the definition of dangerous sexual offender. It means a person who, by his conduct in any sexual matter, has shown a failure to control his sexual impulses, and who is likely to cause injury, pain or other evil to any person, through failure in the future to control his sexual impulses.

I need not dwell on the pain, both emotional and physical, suffered by the young victims of sexual molesters, and the incalculable amount of pain and misery caused to society. The effect of sexual abuse on children is still largely and tragically unknown, but at least one group of child psychiatrists in the United States said in 1977 that their experience leads them to suspect that the repercussions of early sexual experiences may be subtle and varied, manifesting themselves immediately after the event or considerably later in life.

My own belief is that the feeling of personal security which has been violently wrested from the child cannot be restored. The problems of dangerous and repetitive sex offenders are not new and are certainly not peculiar to Canada. Mrs. Carole Anne Searle, the criminologist, documented the situation very well in her appearance before the subcommittee on the penitentiary system in Canada on March 11, 1977. Her description of the Fort Steilacoom program is worthy of study. Financial constraints present a serious obstacle to the adoption of this particular method, but surely a similar project could be tried in Canada, perhaps in existing hospitals.

Naturally, the Steilacoom method, or even the one advocated in this bill, would require consultation and the co-operation of all provinces. I am confident that the provinces will agree that the most urgent consideration of penal law must be the assurance of public safety.

I would be remiss if I were to overlook the serious question of the civil rights of the offender who has no obligation to submit to psychiatric examination or treatment. Indeed, the judge must keep the delicate balance between the interests of the offender, however abnormal and dangerous he may be, and the interests and the protection of the public. The civil liberties of an accused could, I submit, be reviewed and perhaps made the subject matter of discussion if this bill is allowed to go to committee.

I believe at this stage we must show concern for the protection of the innocent, especially the young innocent who are the weakest members of our society. Only yesterday this House witnessed a debate on the rights of children. My contention is that the events which provoked this bill are clearly indicative of the dearth of rights allowed children in this country, and if we ignore this situation we do so at our peril. Thousands of parents across Canada are pleading for the protection of their children, particularly from men who cannot control their sexual urges.

• (1552)

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to rise to speak briefly in support of the hon. member's bill and to congratulate her on the responsibility and initiative she has shown in bringing it forward. I do so within 24 hours of this House moving on a bill that I had the privilege to sponsor, Bill C-204, respecting a Canadian bill of rights for children. The House was favourably disposed toward that bill, and with its traditional sense of compromise—saving at all times the jealously guarded right of the government to legislate—the House by consent allowed the bill to be withdrawn and the subject matter to go to the Standing Committee on Justice and Legal Affairs.

If this bill before us does not meet with the same treatment—and I commend the bill to the House—then I would suggest to the hon. member that committee study of Bill C-204 will give her the same opportunity, although not the same exclusivity of the particular area she is addressing by her bill. In any event, Mr. Speaker, it is well that we address ourselves to these more troublesome questions regarding children, the rights of children and the growing incidence of the abuse of children—in this particular case the sexual abuse of children. The bill deals specifically with child molestors.

I recall visiting a maximum security institution, which I will not identify because even prisoners have some rights. It was a famous maximum security institution in this country and I spent a day touring it and speaking with the inmates. I was fascinated to see the "hole," as the isolation cells are called. A number of prisoners were in isolation. One person in particular attracted my attention. He was in semi-isolation but within the isolation area, where he was locked up. A man was sitting there dressed in a blue serge suit, with a tie, a pair of glasses, a bald head, a pair of brown shoes. He could be the next door neighbour, the young fellow up the street, the corner shopkeeper—any number of people, even the fellow you would get to babysit your children. He was in that isolation unit for his own protection because of the law of the prisoners. He was the lowest in the social strata, so low in the eyes of the other inmates that he required special protection to preserve his life. He was a child molestor, apparently an incorrigible child molestor, and had been put away for the rest of his life.

Therein lies the problem, Mr. Speaker. These people cannot be identified. They are ordinary looking people. They are sick but they are ordinary, so ordinary that they can easily merge into society and be the next door neighbour or whoever. That circumstance magnifies the problem the hon. member has so eloquently addressed in her bill.

There is another aspect of the problem that I should like to draw to the attention of the House for a moment. I refer to the social stigma attached to sex oriented crimes or child molestation. They are not all reported. For some strange reason

families tend to look upon this condition as a source of embarrassment, not in all cases but I suggest in a good many cases. This is especially so with the crime of incest. We do not like to talk about it but it is on the increase. It is on the increase because of the changing society we live in, because of the new sexual mores of society, because of the permissiveness of society and the impact on society of the media, which tends to reflect this permissiveness, which in turn tends to reflect itself in this kind of crime that is not reported.

That in itself draws attention to another interesting facet of our changing society, and that is the traditional extended family which an hon. member from Vancouver referred to yesterday and, which I referred to in a speech on my bill on human rights for children last May. The extended family is no longer a part of our urbanized society. The umbrella protection afforded by the extended family is gone. The child is one of the inocent victims, the first victim of the loss of protection afforded by the extended family. I am in the situation in which most of us grew up, where the grandparents were accessible, uncles and aunts were accessible, the neighbourhood clergyman, whether a priest, a minister or a rabbi, was accessible. Indeed, the corner storekeeper was often a close friend of the family and children could run to him.

Mr. Douglas (Bruce-Grey): And the policeman.

Mr. McGrath: And the policeman, as my hon. friend points out. In our changing society we no longer have the friendly, familiar neighbourhood policeman on the beat. He is gone. He is sitting in some fancy cruiser with a radio telephone. I think that is a sad commentary because the policeman on the beat who became familiar with the neighbourhood was an important element in the protection of children. He knew all the local characters and could identify them. The police were an important element of protection for children. I thank my hon. friend for reminding me of that. But they are gone, Mr. Speaker, and we have not anything to replace them. We have left our children exposed, with no place to seek refuge. In many cases both parents are working so children cannot go to them. It is often six or seven o'clock in the evening before the family gets together as a unit for the one meal of the day that they enjoy together.

There is also the one-parent family, whether the parent happens to be the man or the woman. In most cases it is the woman, and she has to be away from the children in order to provide for them, so again they are left exposed. Then, of course, we have the children in various foster homes or with custodians that I would describe as surrogate parents; in other words, children who are wards of the state in various circumstances.

We have lost sight of the fact that when society changed, the umbrella of protection afforded by the extended family disappeared and we put nothing in its place. As a result we have an increase in the incidence of crimes against children.

I find it alarming to witness the rate of suicide among children, Mr. Speaker. I am sure hon. members would be surprised to know that between 10 per cent and 15 per cent of all suicides in Canada are of people under 18 years of age. Members would be equally surprised to learn of the number of children who commit suicide, children who have nowhere to go, nowhere to turn. I believe this problem of child molestation, of the child abuser, is a manifestation of this fact. In the society that existed before we got into the urbanization that is now Canada, protection was there in the form of grandparents, uncles and aunts, the neighbourhood storekeeper, the neighbourhood policeman. But all that is gone.

I suggest that we have to take steps to protect children, and perhaps we can address this problem when we get into committee dealing with children's rights. Perhaps if the House is agreeably disposed to this bill we can address this question as a specific part of the over-all problem in the area of children's rights.

I feel like a millionaire, Mr. Speaker. I have no income apart from what I get from the taxpayers of Canada, but I have six children that the good Lord blessed me with. I am rich. My refuge, my oasis, is my children. They give to me as much as or even more than I give to them. I know what they mean to me. I know how I would feel if something were to happen to one of them. Indeed, Mr. Speaker, I was one of 15 children, 14 of whom were beautiful!

Some hon. Members: Hear, hear!

Mr. McGrath: We grew up in an area where we had the protection of the extended family. This was a time when children were important, child abuse was practically unheard of, and the battered child was practically unheard of. Any battered child could go and complain to his grandfather or the local clergyman.

● (1602)

Then there is the sexually molested child. This problem is not new; it has been with us from time immemorial. The problem is on the increase because of the permissiveness of this modern society of ours and because of the influence the media has in reflecting that permissiveness on children; and thus it influences those who abuse children.

I think it is only right and fitting that the House should address itself to this question. I congratulate the hon. member for bringing her bill forward and I commend it to the House.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, the hon. member for York South (Mrs. Appolloni) has put a very important question before us today. It is a question that those of us who were on the subcommittee on penitentiaries a year ago had to give some thought to, although we never had to face the issue directly. Our problem at that time was the penitentiary system. We had to take the sentencing process as given in order to narrow our work into sufficient compass so that we could deal with it. We dealt purely with the penitentiary aspects of the question. I am well aware from that experience how central this issue is to many of the problems we face today in the criminal justice system.

The solution which the hon. member offers us is a very tempting one, and indeed I am tempted by it. I do have a reservation which I suppose is based more than anything else on the experience in the Soviet Union, where the principal means of dealing with dissenters in society and people engaging in what we might consider to be ordinary political protest is to subject them to psychiatric treatment in so-called hospitals. In our world we cannot neglect that kind of policy. It seems to me that we have to consider this question here in that type of world context. Therefore, there are very real problems in attempting to deal with the very tragic circumstances which the hon. member for York South mentioned through the device of compulsory hospitalization and psychiatric care.

Bill C-206, which has already received first reading, reintroduces with only slight modification the private member's bill, C-444 which was given first reading on April 14, 1978. The explanatory note to this present bill states:

> The purpose of this bill is to grant special power to the criminal courts to make "hospital orders", as opposed to imposing the standard terms of imprisonment, where it is obviously appropriate that an offender, deemed to be dangerous by the Criminal Code, should receive medical treatment rather than being simply removed from society and eventually released into the street in a worsened condition.

When the hon. member for York South first introduced her bill on April 14, 1978—I am quoting from her speech at that time because I was not quick enough to write down what she was saying today—she expanded on the purposes and principles which underly this bill, as reported at page 4508 of *Hansard:*

> This bill is premised on the acknowledgment of the fact that because brutal "justice" is frequently meted out by fellow inmates to child molesters, judges hesitate to sentence these offenders to prison terms. By granting special power to the criminal courts to make "hospital orders" as opposed to usual terms of imprisonment, this bill is designed to provide needed medical treatment to offenders suffering from psychopathic disorders and, especially important, to protect the public from the risk of further offences being committed if the offenders are at large.

In summary, the bill appears to have three related but separate purposes. The first is to protect society by ensuring that only medically treated, and presumably cured, dangerous sexual offenders, such as child molesters, are released back into society. Dangerous sexual offenders are now dealt with under the dangerous offenders provisions in part XXI of the Code. The new part XXI which was substituted for the old part with similar numbering in 1977 refers to the "dangerous offender," and replaces the "dangerous sexual offender" and the "habitual criminal". A finding that one is a dangerous offender results in an indeterminate penitentiary sentence.

The second purpose of the bill appears to be to meet the offender's needs, especially the need for treatment and protection from inmate retribution. I might add that those of us who were on that subcommittee for penitentiary reform last year are indeed very conscious of this. Those of us who overlook this—no one in this debate has, but some commentators in our society sometimes do—really overlook a very important aspect of our penitentiary system. While it is true that in the United States people do not usually have to be segregated as such in order to protect them in the same circumstances, one cannot really transpose the conditions of one culture, be it an outside culture or a prison culture, to another.

Those who have been guilty of sex offences need protection from other criminals. It is almost as if the other criminals feel a psychological need to look down on someone else; and the people who are looked down upon, above all others in the penitentiary system, are those who have been convicted of sexual offences.

The third purpose of the bill is to overcome a perceived judicial reluctance to sentence dangerous sex offenders to imprisonment under part XXI of the code. The suggestion is that judges will hesitate to impose penitentiary terms because the penitentiary cannot ensure the safety of the offender, and therefore such a sentence is in effect a sentence of harassment, mutilation and perhaps even death. In the case of the Kingston riot, as I recall there were two prisoners murdered at that time and 16 others who were maimed for life. To facilitate more appropriate sentences from the point of view of protection of society and the offender, it is necessary to provide a sentencing alternative such as a hospital order for dangerous sexual offenders.

There is a long history of problems encountered in dealing with abnormal offenders which has been categorized succinctly in the paper entitled "The General Program for the Development of Psychiatric Services in Federal Correctional Services in Canada" published in 1973, at pages 5 to 12. This history is one of the reasons the Ouimet report in 1969 and more recently the Law Reform Commission recommended the implementation of a system of hospital orders as a new sentencing alternative. The documents of the Law Reform Commission which ought to be referred to in this debate are "The Criminal Process and Mental Disorder", which was working paper No. 14 published in 1975, and then based on that the "Report to Parliament on Mental Disorder in the Criminal Process" in 1976, and a related report, "A Report on Dispositions and Sentences in the Criminal Process: Guidelines", in 1976 also.

The hospital order is a mechanism to allow a judge, after imposing a sentence of imprisonment, to order that all or part of that sentence be served in a psychiatric facility. The essential feature of the Law Reform Commission's variety of hospital order is that such an order applies only to a sentence of imprisonment. It can be considered only after such sentence is imposed, and the consent of the offender and of the psychiatric facility are conditions precedent to the making of a hospital order.

I am informed that the Department of Justice has been concerned for some time with the procedures and dispositions for the mentally disabled offender in the criminal justice system. On September 22, 1977, the law reform planning committee of the justice department gave initial approval to a mental disorder project. This project is to study the present management of the mentally disabled offender. The project is also studying official and professional reactions to the law reform commission reports that I have already referred to.

● (1612)

The need for law reform in the management of mentally disabled offenders is well documented. The hospital order or hospital permit proposal in a variety of forms and applications has received widespread support. Indeed, a form of hospital order has been operating in England and Scotland for almost two decades.

The subject of mentally abnormal offenders and the U.K. system for managing them was exhaustively studied by the Butler committee in England which reported in 1975. The Butler committee recommended changes which tend to bring the U.K. system closer to what our Canadian Law Reform Commission recommended.

Therefore, the Department of Justice has studied Bill C-206 with a great deal of interest. The ideas and the intent contained therein reflect modern perception and thinking regarding the mentally abnormal offender. However, every policy initiative, and therefore every sentencing alternative, regardless of its own merit must also be considered within the over-all context in which it will operate. In this case, Bill C-206 must be evaluated in relation to both the existing criminal justice system and the mental health system.

The proposal of hospital orders as a sentencing alternative is a matter of considerable continuing priority in the department. Preliminary informal results of departmental work on the subject I understand will be made available, and at some time undoubtedly could be made available to the Standing Committee on Justice and Legal Affairs if this measure or another one like it were referred to that committee for study.

Hospital orders raise the issue of treating that whole range of people presently not covered by the criminal law, people who fall between those who are normal and those who are insane under section 16 of the Criminal Code or unfit to stand trial. The Law Reform Commission's report dealing with mental disorder in the criminal process uses the phrase "psychiatric disorder that is susceptible to treatment". This phrase could include alcoholics, addicts, and psychopaths, including sociopaths, depending upon the availability of psychiatrists at the local level willing to define such disorders as "susceptible to treatment". The breadth of the definition used will determine what percentage of offenders will be eligible for a hospital order.

It must be noted that Bill C-206 embraces a potentially unlimited range of psychiatric disorders once the finding of "dangerous offender" has been made. The criteria set out are:

(i) the court is satisfied, in the evidence of two psychiatrists,

(A) that the offender is suffering from mental illness, psychopathic disorder, subnormality or severe subnormality; and

(B) that the mental disorder is of a nature or degree that warrants the detention of the offender in a hospital for medical treatment; and

(ii) the court is of opinion, having regard to all the circumstances, including the nature of the offence and the character and antecedents of the offender, and to the other available methods of dealing with him, that the most suitable method of disposing of the case is by means of an order under this paragraph.

The purpose of hospital orders as a sentencing alternative is a matter of continuing priority for the government. I believe it would be extremely useful if this matter were given the opportunity of being aired in more detail before the standing committee.

The resulting costs, and the impact upon prison populations, of giving judges the power to order psychiatric treatment could be substantial. At present, when passing sentence judges can only recommend treatment. Such a recommendation is now binding in law upon prison authorities, a most important distinction in their work given the presently inadequate psychiatric facilities, although that certainly is not the factor which should decide whether such legislation is needed.

Bill C-206 empowers the judge, in certain circumstances, to order a dangerous offender to serve all or part of his sentence in a psychiatric facility. Neither an agreement to treatment by the offender nor by the facility are prerequisites. Ordering treatment without requiring the agreement of patient or facility was a feature of the old U.K. hospital order system. This approach was found to be problematical and was therefore amended.

The Ouimet committee studied the concept of hospital orders under the English system almost a decade ago and found that the Canadian reaction across the country was mixed but basically against the English system. The committee concluded, however, that "the Code be amended to authorize the court to issue a 'hospital permit' to allow an offender to benefit at once from treatment in a psychiatric facility". The concept "hospital permit" incorporates the criterion of prior agreement to treatment by both the offender and the facility.

At present, psychiatric facilities are provincial or private. In some provinces they are almost non-existent. Until we consult with the psychiatric community concerned with forensic psychiatry, we cannot be sure that a hospital order will not give the courts the power to force provinces to provide psychiatric facilities they cannot afford.

Additional federal psychiatric facilities as part of the penitentiary system are being built now across Canada. However, they will not be completed until 1981 and we do not yet know, without further consultation, whether these facilities could handle the numbers that a judicial hospital order might produce or whether they could adapt to admitting this type of program.

A hospital order is a sentence of custody. Therefore, should the judge not have the power to specify the terms of that custody—open or secure custody, in-patient or out-patient? But a hospital order is also a sentence of treatment. Therefore, should not the psychiatrist have complete control of the terms of sentence?

The conflict is between security and treatment; psychiatrists want to treat, not to provide custody. In England a court may accompany a hospital order with a restriction order, which prevents the hospital authorities and the review tribunal from discharging, transferring or allowing temporary absences without the prior consent of the secretary of state. Such orders have been severely criticized in England.

[Mr. MacGuigan.]

Without some judicial power to guarantee security, judges will be reluctant to use hospital orders. Such reluctance will mean that hospital orders will not live up to the right to treatment that they are supposed to guarantee. On the other hand, hospital orders containing terms and restrictions, in relation to sentences under two years, will give the judges power to deal with matters presently dealt with by provincial corrections officers.

Bill C-206 in clause 2 decisively shifts the power to control the terms of sentence into the judicial sphere. The amended section 688.2 would provide that no release on parole or temporary absence is possible without a court order. Unfortunately, this does not deal with the fact that courts lose touch with the course of an offender's progress.

Tentative indications from consultations with key officials and professionals indicate that psychiatrists will not accept long-term prisoners for treatment if the completion of treatment means a return to prison which will undo the treatment. In fact, this is one of the problems which the subcommittee observed last year with the federal facility in Matsqui, British Columbia. Prisoners were admitted without consultation with the psychiatric faculty and removed without consultation. Assignments and withdrawals were made purely for disciplinary reasons without consultation with the staff and adequate attention to psychiatric needs. It is the long-term prisoner who is most likely to have the severest psychiatric disorder and the longest record. Therefore, mechanisms guaranteeing input by psychiatrists into the decision-making process with regard to how the remainder of a sentence is to be served after treatment must be developed and some form of sentence shortening must be considered.

The sensitive issue of sentence shortening on successful completion of treatment must be answered. If the psychiatric cause of the crime is removed, should not the sentence be shortened once treatment is successfully completed? Preliminary indications are that the majority of judges do not want to get into sentence supervision.

● (1622)

Psychiatrists are unanimous in the view that no treatment should be ordered without the consent to treat of the psychiatric facility. Psychiatrists and hospital administrators are also unanimous in the view that the treating unit should also be the assessing unit. This will mean that a hospital order would have to be based on the diagnosis of the psychiatric facility which will be doing the treating. The court will not be prevented from hearing the opinion of a psychiatrist in private practice that the offender needs treatment as long as someone else does the treating, but the court would not be able to base a hospital order solely on that opinion. Psychiatrists emphasize the great differences of opinion that exist as to the treatability of various disorders. Therefore it is important that the treating unit also be the assessing unit.

The Law Reform Commission places consent at the very heart of the hospital order proposal. It says that after considering the psychiatric report and the representations of both defence counsel and the prosecution, the presiding judge "may, with the consent of the accused and the agreement of the appropriate psychiatric institutions", order that the accused spend part or all of his sentence in a hospital or psychiatric institution.

The matter of consent is argued by the Law Reform Commission as follows:

> The most contentious aspect of our proposal is that the offender must consent to the hospital order. This is in contrast to the position taken in two earlier Canadian studies recommending a similar disposition and is also at odds with present practice in England. Nonetheless, we feel such a requirement is essential. Compulsory treatment conflicts with our previously stated sentencing policy that within the context of a just sentence the offender should not only have access to adequate psychiatric treatment but should also have a right to refuse such treatment.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. However, he may continue by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. MacGuigan: Thank you, Mr. Speaker. I shall not take the time of the House much longer but I shall finish, if I may, the quotation I was reading.

> We feel that an offender who has been found responsible for his acts and capable of being tried should also be capable of consenting to or refusing medical treatment. His status as a prisoner should not deprive him of the right to make this decision any more than it does his right to decide whether he will have his wisdom teeth pulled.

Here we see the dilemma raised by this bill. On the one hand, there is an interest on the part of society in ensuring that people who have been convicted of criminal conduct of a particularly unpleasant kind and who are likely to repeat their offence should be dealt with by the law; on the other hand, there is the knowledge that merely putting them in prison is not the answer. Sometimes it makes things worse. It exposes offenders to unconscionable treatment from other prisoners, and while they do not deserve much from society, justice demands that all who are in prison should be subject only to the sentences imposed upon them and not to a whole array of other punishments, especially when administered arbitrarily by fellow prisoners.

Then there is the Soviet experience, not a very encouraging one. This is apt to become a large scale way of dealing with people who are not like ourselves. I do not believe that this should hinder or prevent us from dealing with the subject, but it does indicate the need for considerable caution in dealing with it. The English are moving away from their system which, until now, has not required consent. The Law Reform Commission here has recommended that we do require the consent of the inmate.

Thus it is an intricate question, and it seems to me the best way of dealing with it would be to study the subject thoroughly in the Standing Committee on Justice and Legal Affairs. It is certainly not one we can deal with this afternoon, involving as it does all the considerations I have mentioned in my speech and others which I have not had time to discuss. I hope it will

be possible in the near future to examine the subject thoroughly in public, if possible before a parliamentary committee.

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I have not intended to become involved in this debate and I do not intend to take part very often in these discussions during the private members' hour. However, I feel bound to comment on some of the arguments which were put forward by my hon. friend from Windsor-Walkerville (Mr. MacGuigan), a learned member of the legal profession.

I am pleased that this bill has been put forward not by a member of the legal profession but by a concerned mother, a member of this chamber. I am pleased also that the spokesman from the opposition benches is not a member of the legal profession either. I say this because many times when we consider questions which are subject to legal interpretation and documentation we find ourselves moving away from the plain common sense of the issue. The common sense approach to this issue is: what are we as legislators doing to protect our children from the habitual sexual offender, particularly the sexual offender who wants to attack the young?

The hon. member made a good point when he said society itself was responsible in part for an alarming increase in the numbers of habitual sexual offenders. He mentioned that in times gone by the extended family comprised not only relatives, uncles, cousins and so on, but neighbours and friends right up to the policeman on the beat. That kind of society would not accept moral standards which are accepted now. In those days society itself presented opposition to the sexual offender which is not in vogue today.

I want to carry a little further the analogy of the policeman on the beat. If there is anything that policemen in this country view with alarm, it is the increase in sexual attacks on youngsters. I do not believe there is a policeman in this country who does not dread, in the day to day carrying out of his duty, the possibility of being called upon to investigate just such an attack on a youngster as was described by the hon. member who presented this bill. Policemen have an aversion to this type of crime. You can imagine a young policeman with children probably of the same age, six or seven years old, being called upon to investigate this type of offence. In some cases natural revulsion would almost prevent them from carrying out the duties they must perform as policemen in a logical manner.

I also want to discuss for a few moments the effects such cases have on a community, perhaps not on the large urban communities—I am speaking primarily here of small communities in which the residents and citizens are virtually a family in themselves. They see themselves and their neighbours as something of a family relationship, and when a crime takes place such as that described by the hon. member for York South (Mrs. Appolloni), it splits the community much more than it does those in the large urban centres. This is not to say a split does not take place in the large urban centres, but it is of much more concern to the small communities.

[Mr. MacGuigan.]

The hon. member for Windsor-Walkerville at one point mentioned that if this bill goes through it could result in extremely high costs for the courts and extremely high costs for psychiatric treatment. What price are we going to put on the safety of our children? We cannot put a price on the protection of our children from attacks such as those outlined in this private members' hour.

● (1632)

The hon. member also talked about the agreement of offenders to receive treatment. I simply cannot accept the suggestion that society can honestly say that a perpetrator of such a crime should be allowed to refuse treatment. How can we bring that into contention at this time, whether that treatment be out-patient treatment or treatment in a psychiatric institution? Who should have this responsibility? Should it be the judge who passes sentence or the psychiatrist who gives treatment? The buck has to stop some place. We can argue that this is not the judge's, society's or the psychiatrist's responsibility. That buck has to stop some place, and I suppose it stops here. If we decide that the judge has the responsibility to order treatment, then that responsibility is the judge's; and if he is going to be a judge, he has to accept that responsibility and act accordingly.

We cannot get into an argument about whether it is the judge's responsibility when he passes sentence or the psychiatrist's responsibility when he finishes treating the offender. It might be suggested that the psychiatrist might resent being told that he cannot let an offender go when his treatment is completed, but that is well taken care of in this bill. Proposed section 688.2(3) reads as follows:

> The court shall order that an offender detained pursuant to a hospital order be set at large where
>
> (a) the offender would, but for the hospital order, have been set at large, and
>
> (b) the court is satisfied, upon the oral evidence of one of the psychiatrists upon whose evidence the hospital order was based, that the offender, if set at large, would not pose a serious danger to the public.

I think we also have to look at this matter from the viewpoint of the offender. Often these people know they have problems and desperately seek treatment, psychiatric or otherwise. Whenever an offence such as the one described by the hon. member for York South is committed, the community knows about it. In many cases the families of victims decide that they would prefer not to press charges.

The hon. member for St. John's East (Mr. McGrath) spoke of cases of incest. Those cases are also known about in communities. I think the protection we provide offenders is important, because if a judicial order provides that an offender shall receive treatment whether he wants it or not, the offender can then return to society after treatment and say: "I have undergone treatment, and according to the experts, the psychiatrists and the psychologists, I am now cured". As the law now stands, after serving sentences offenders must then return to society under the stigma of not having received treatment or recognition by society of the problems they face.

I wholeheartedly support this bill. If it cannot go from there to the committee I hope we can have some assurance from the

Department of Justice that within at least a year this matter will be reviewed and that some form of compulsory treatment will be put into the Criminal Code so that people such as the ones we have been talking about can receive the assistance they require.

[*Translation*]

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): Mr. Speaker, debates during the private members' hour are fascinating in that they enable all hon. members to express openly their opinions and their concerns about current issues and to introduce in the House bills which, we must admit, illustrate some very valid concerns. In this regard, I would like to congratulate the hon. member for York South (Mrs. Appolloni) for her initiative in introducing today Bill C-206 on hospital orders.

I was particularly pleased to note today that three of the hon. members who took part in this debate, one from the opposition and two from the government, have no special legal training, and it was very interesting to be able to benefit from their views especially since they can approach this problem from something other than a strictly legal viewpoint because we must recognize that the question of hospital orders involves very serious legal problems. In this regard, I wish to thank the hon. member for Windsor-Walkerville (Mr. MacGuigan) for his extremely well-documented analysis on various problems that the implementation of Bill C-206 or any other similar legislation could cause to the operation of our penal institutions and the good administration of justice if we are not careful to ensure that these measures, that is hospital orders, have been studied in depth.

In this regard, I would like to reassure those who spoke before me, and especially the previous speaker, the hon. member for Bruce-Grey (Mr. Douglas), who asked the Department of Justice for special guarantees, by saying that the Department is paying particular attention to the question and that it is deeply concerned about it. I can reassure him on this point because the Department of Justice, following the publication in 1976 of a study of the Law Reform Commission, a report to parliament on mental disorder in the criminal process, established an internal all-level consultation mechanism to assess the impact that the implementation of the Law Reform Commission's recommendations could have on the workings of our institutions. This task force has met with experts in the field of correction, treatment—especially psychiatrists, psychologists, police officers, and consultative bodies—community work or services, and I can assure you, Mr. Speaker, that this committee intends to report and—

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has now expired.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order simply to ask whether there was not some understanding that the subject matter of this bill would be referred to the Standing Committee on Justice and Legal Affairs.

[*Translation*]

Mr. Lachance: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Ethier): The Parliamentary Secretary to the Minister of Justice and Attorney General of Canada on a point of order.

Mr. Lachance: Mr. Speaker, I believe we will have the opportunity to resume this debate at some later date when the bill reappears on the order paper.

The Acting Speaker (Mr. Ethier): It being five o'clock, the House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At 4.40 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, November 13, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

PURCHASE BY PETRO-CANADA OF SHARES IN PACIFIC PETROLEUMS LTD.—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. This motion deals with Petro-Canada purchasing 48 per cent of the shares owned by Phillips Petroleum in Pacific Petroleums Ltd.

I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the minister in question make a statement on motions, immediately, and table a financial statement of both Petro-Canada and Pacific Petroleums Ltd., as the purchase of these shares will not produce one new barrel of crude petroleum for Canada. The statement should supply the House and the country with full details, particularly as to the amount of money borrowed, and from whom, the rate of interest, the profits of the enterprise, the tax lost to the treasury of Canada, and the future financial commitments of Phillips Petroleum Company so as to explain in detail the full effects of this purchase on the economy of Canada.

Mr. Speaker: Presentation of such a motion for debate at this time can only be done, pursuant to Standing Order 43, with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

PROTEST AGAINST ALLEGED SECRET TRIALS OF MEMBERS OF FORCE—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I wish to make a motion under the provisions of Standing Order 43. Corporal Radey, of the RCMP, is being charged in a secret RCMP hearing with having entered into consultation or discussion with counsel to the Laycraft judicial inquiry contrary to what is described as the "lawful" commands of Inspector Palmer.

It being apparent that the instruction to Radey that he should not discuss the matters before the Laycraft commission with counsel for that commission was itself, in fact, unlawful and an attempt to restrict the commission from fulfilling its duties, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That the House instruct the Solicitor General to communicate with the appropriate officials of the Royal Canadian Mounted Police and have the charges against Radey withdrawn, so as to demonstrate that no member of the force can be prosecuted by secret trial or otherwise for disclosure of evidence relevant to a judicial inquiry.

Mr. Speaker: Presentation of such a motion for debate at this time can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT ADMINISTRATION

NATIONALIZATION OF PRIVATE SECTOR COMPANIES—MOTION UNDER S.O. 43

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, in accordance with the provisions of Standing Order 43, I wish to move a motion on a matter of urgent and pressing necessity.

In the throne speech of October 11, 1978, the government committed itself to less involvement in the private sector. Specifically, the throne speech stated that the government's objective was "to encourage a more vigorous expansion of the private sector by reducing governments' share of the nation's wealth". In view of the fact that less than 30 days after this statement of intent, the government nationalized an airline and, now, an oil company, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House order the government to cease any further nationalization of private sector companies and that the Prime Minister be asked to make a statement on motions detailing which parts of the throne speech are to be accepted as true and which parts are not.

Mr. Speaker: Presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

CANADIAN NATIONAL RAILWAYS

REQUEST FOR COMMITTEE STUDY OF INCREASE IN FREIGHT RATES—MOTION UNDER S.O. 43

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, in view of the announced intention of the CNR to increase its freight rates by as much as 30 per cent for the movement of forest products in northern Ontario, under the provisions of Standing Order 43 I move, seconded by the hon. member for Ottawa West (Mr. Francis):

That this House do instruct the Standing Committee on Transport and Communications to inquire specifically into the operations of the CNR in northern Ontario to determine whether this Crown corporation is, in fact, impeding rather than encouraging regional development.

Mr. Speaker: Introduction of such a motion for debate at this time can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENERGY

CONSULTATIONS WITH MUNICIPALITIES TO EFFECT ENERGY SAVINGS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise, under the provisions of Standing Order 43, to move a motion of urgent and pressing necessity.

In light of evidence from a study done by K. M. Jardine, a professional engineer and editor of the Manitoba Association of Professional Engineers' November periodical, which showed that vehicles at one four-way stop intersection in the city of Winnipeg consumed an additional 12,500 gallons of fuel annually and if that figure were applied nationally, the excess fuel consumption figure would be astronomical, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Energy, Mines and Resources study the findings of the report and, with an eye to energy conservation, direct his energy-saving officials to consult with municipal officials nationwide to review the necessity for as many four-way stops in Canadian cities and towns.

Mr. Speaker: Presentation of such a motion at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

FOREIGN INVESTMENT

ALLEGED LACK OF EFFECTIVE POLICY—CALL FOR MINISTER'S RESIGNATION—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to Standing Order 43.

In view of the recent Science Council of Canada report that Canada has lost some 200,000 jobs because of our foreign-owned, branch plant economy, in view of the fact that FIRA has turned down only 4 per cent of foreign investment applications, and in view of the fact that the prestigious United States business publication, Barrons, summarized FIRA's track record as "the only United States business that wouldn't be welcomed in Canada is Murder Incorporated", I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That the Minister of Industry, Trade and Commerce resign.

* * *

URBAN AFFAIRS

REQUESTED REPLACEMENT OF DEPUTY MINISTER—MOTION UNDER S.O. 43

Mrs. Jean Pigott (Ottawa-Carleton): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. In light of the reported highly political statements of the deputy minister of urban affairs, and the vice president of policy for CMHC, to the effect that Canadians are too well housed and Canadian home owners are apparently well-to-do people who do not require government help, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House direct the Minister of State for Urban Affairs to make the necessary arrangements for a permanent leave of absence for the present deputy minister and replace him with an individual who is sensitive to the realities of the housing situation in Canada, and stop covering up the failures of this government—

Mr. Speaker: Order, please.

● (1412)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, we can hardly understand one another in this large room. My question is directed to the Minister of Urban Affairs—

Mr. Speaker: Order. Proceedings under Standing Order 43.

[*English*]

HOUSE OF COMMONS

REQUEST FOR WITHDRAWAL OF REMARKS BY LEADER OF OPPOSITION—MOTION UNDER S.O. 43

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the intemperate language used by the Leader of the Opposition on Wednesday last in relation to Liberal members of parliament from New Brunswick, I move, seconded by the hon. member for Middlesex-London-Lambton (Mr. Condon):

That this House urges the Leader of the Opposition to withdraw his offensive remarks and apologize to the hon. members concerned.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for debate would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

GOVERNMENT ADMINISTRATION

NATIONALIZATION OF PRIVATE SECTOR COMPANIES

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question would be for the Prime Minister if he were here, but I will direct it to the Deputy Prime Minister. In a speech on August 1, the Prime Minister stated on national television:

We will remove the intrusion of many government policies from individuals and businesses; in some cases this will mean returning functions to the private sector.

He went on to reaffirm his faith in the private sector. In the throne speech, this pledge was repeated on three or four occasions.

Can the Deputy Prime Minister explain to this House why there has been this failure on the part of the government to fulfil these commitments that were made, and why the government has taken action with regard to Nordair and, now, Pacific Petroleums directly contrary to its own stated policies?

An hon. Member: Esso is next.

An hon. Member: Have you given up the ghost?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member is referring to the very significant transaction which occurred over the weekend; the acquisition by Petro-Canada of the controlling block of shares in Pacific Pete—

Some hon. Members: Hear, hear!

Mr. Gillespie: This transaction is a major building block for the future energy security of Canadians—

An hon. Member: A major block in building!

Mr. Gillespie: It is a major investment in our future. It is no way inconsistent with the statements made in the Speech from the Throne which highlighted the importance of major energy investments for our future.

Mr. Andre: Mr. Speaker, that flimflam does not deserve reply.

My follow-up question to the Deputy Prime Minister is with regard to these commitments made, I thought in sincerity, to the people of Canada on national television and again in the throne speech, that there would be no further nationalization and there would be a return to the private sector on the part of this government. Will the Deputy Prime Minister give his firm commitment that there will be no further nationalization of private companies—

Some hon. Members: No.

Mr. Andre: —at least until the government works up the courage to seek a renewed mandate from the people to pursue a policy of state ownership of the Canadian economy?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I would remind the hon. gentleman that there is no nationalization involved in this particular transaction.

Some hon. Members: Oh, oh!

An hon. Member: What do you call it?

Mr. MacEachen: I also ask him to probe more deeply beneath the surface of this transaction to discover for himself that the purchase was made entirely without government funds. It is entirely a commercial transaction. It is not drawing upon the revenue of the Government of Canada. Further to that, probably because of this strengthening of Petro-Canada it will be possible at the same time to strengthen activity in the private sector because, as the hon. member knows, virtually all the projects undertaken by Petro-Canada are joint ventures undertaken in co-operation with private sector firms.

I believe if the hon. member will probe more deeply, he will abandon this effort of his to paint this as a further incursion of the government into the private sector.

● (1417)

Mr. Andre: Mr. Speaker, the Deputy Prime Minister would strengthen the private sector by having those who run the Post Office run the oil industry. If the Deputy Prime Minister is not aware, he should be aware that Petro-Can, by statute, is an agent of Her Majesty; therefore, its expenditures and debt obligations are obligations of the Government of Canada and the taxpayers of Canada. This, obviously, makes a mockery of

the minister's previous statement and a mockery of any commitment to restraint.

Did the Deputy Prime Minister seek, and get, the approval of the President of the Treasury Board to grossly exceed his commitment to hold expenditures this year to less than the total growth of the gross national product, which is clearly impossible in view of this new commitment of the taxpayers' money?

Mr. MacEachen: Mr. Speaker, the hon. member should realize that all the questions which he put together in his last intervention are totally without foundation, because this does not represent in any way a demand on government resources. It is totally a commercial transaction, financed outside government expenditures by commercial transactions by the private banks of Canada. That is the private sector, in my view.

* * *

THE CANADIAN ECONOMY

EVALUATION OF PACIFIC PETROLEUMS SHARES PURCHASED BY PETRO-CANADA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance, who is the chief financial minister in this cabinet. As his deputy sits on the board of Petro-Canada, will he tell the House how they arrived at the evaluation of $65 per share for Pacific Petroleums shares, bearing in mind that that is 17 times the diluted earnings for that company, compared to other companies selling at roughly eight times earnings and it compares to the price of $10 originally paid by Phillips for the stock?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think I can add to what has been said by the Deputy Prime Minister. This transaction was made by Petro-Canada in order to strengthen the participation of this company in an area where most of the industry is foreign-controlled. The commercial transaction has been carried out according to the rules of the market. It was approved by the board of Petro-Canada. It was a good transaction.

Mr. Stevens: Nobody doubts it was a good transaction for Phillips. My question for the minister is this: The minister states that this is a period of restraint. He has admitted to the House that he will need $11.8 billion for financial requirements in the current year, and another $9.7 billion for the 1980 fiscal year. How can the Minister of Finance justify, in the name of restraint, an expenditure by this 100 per cent Crown-owned company of $671 million, bearing in mind that it will not produce one extra barrel of oil or one job in this country?

Mr. Chrétien: Mr. Speaker, I just want to say that it is a commercial transaction and Petro-Canada pledged the assets they have gained in making the transaction. This was analysed by those who were loaning the money. They found that the assets being given against the borrowing were very good indeed, so they went along with the transaction. I believe it is a very good transaction for Canada. It will help Canadians to participate in the resources of Canada. I will not apologize for that.

Mr. Stevens: The Minister of Finance knows that on behalf of the people of Canada, this government has invested half a billion dollars in the capital of that corporation. Will the minister advise whether it is true that, as well as any Pacific Petroleums stock pledging, the Crown assets of Petro-Canada have also been pledged?

Mr. Chrétien: Mr. Speaker, I just said that, as a commercial transaction, it is a very valid one. We have acquired a lot of assets in the oil and gas business and other activities in Canada. It is good that Canada is taking some aggressive action here. When this House voted on having a Crown company in that business for Canadians, we said we wanted to have a good one. I repeat, it was a good commercial transaction and I am pleased with it.

REPORTED PROPOSED ACQUISITION BY BANK OF MONTREAL OF NEW YORK CITY BANK BRANCHES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, only an Alberta Tory and a Bay Street banker would make this government look progressive.

I have a question for the Minister of Finance. Will the minister advise whether his department has been informed by the Bank of Montreal regarding its intention to acquire 89 New York city area bank branches, at a cost of over $1 billion in investment? If so, what has been the government's response?

• (1422)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not have the opportunity to look into that transaction. The Bank of Montreal, as all other banks in Canada, operates of course under the Canadian Bank Act. I was not notified that there were some unusual aspects in that transaction. I will surely inquire about the matter and report to the hon. member.

[*English*]

Mr. Broadbent: Considering that the $1 billion required for this takeover would create thousands of jobs at home if it were invested here, will the minister tell us whether he is concerned about this outflow of Canadian capital and, if so, what he is prepared to do about it?

Mr. Chrétien: I think Canadian institutions should have the possibility of expanding, and not only in Canada. If Canadian institutions which can provide good business direction and give leadership wish to expand, we should welcome such efforts which prove that Canadian business is not restricted to Canada but can get into other areas where it can do a good job. This is something which can be looked at positively, rather than negatively as the hon. member does all the time.

Mr. Broadbent: I should like the minister to name one benefit to Canada which flows from investing Canadian dollars to acquire new banking assets in the United States. Considering that Sweden, the United Kingdom and a number of other countries in western Europe have established agencies which ensure that before capital is exported for investment purposes, a domestic benefit must be shown, will the Canadian government consider establishing such a mechanism here so that we might get the kind of investment in Canada which would generate the jobs we need?

[*Translation*]

Mr. Chrétien: Mr. Speaker, it is obvious that at times I do not share the views of the Leader of the New Democratic Party. I think that if Canadian films can be shown abroad, they will eventually generate profits which would be repatriated to Canada. It would be the reverse mechanism to that of foreign investments in Canada. If we believe in a market economy and in the normal flow of capital between Canada and other countries, it is entirely normal under the circumstances for Canadian institutions to invest abroad.

* * *

URBAN AFFAIRS

REQUEST FOR INCREASED ASSISTANCE FOR CMHC HOUSING

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I should like to put a question to the Minister of State for Urban Affairs with regard to low-cost housing projects. Anyway, he must have received my letter. I tried to reach him last week. I was unable to do so, but I should have liked to discuss the matter with him.

Some owners are having financial problem since Central Mortgage and Housing Corporation has reduced its assistance from $89 that it was in May to $48. In fact, in May the owners who bought low-cost housing received up to $89 a unit, but since the middle or the end of June that amount has been reduced to $48.

Can the minister say whether that policy of CMHC in this regard applies right across Canada? Is it a national or a regional policy?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I do not quite understand the question of the hon. member. I believe he is speaking of one particular case, of a project in his riding. I shall obtain the pertinent information from the hon. member and give him an answer as soon as possible.

Mr. Gauthier (Roberval): On a supplementary, Mr. Speaker, so that the minister can study my question in depth. In any event, my letter must be on his desk already.

That project was authorized in May and until the end of that month Central Mortgage and Housing Corporation granted $89 for each new unit; but now that the tenants are ready to move into their apartments the grant is only $48, which throws off their budgets completely. That is why I am asking the minister to give special attention to this case.

* * *

● (1427)

[*English*]

THE CANADIAN ECONOMY

PURCHASE BY PETRO-CANADA OF SHARES IN PACIFIC PETROLEUMS LTD.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources and it is also in relation to the Pacific Petroleums transaction.

Because Petro-Canada's subsidiary has already paid out $670 million and has committed itself to a further $730 million on condition that the existing management and personnel of Pacific Petroleums stay on in office, and because they were not consulted in any manner, shape or form prior to the pay-out and the transaction being consummated on Friday morning—there is, therefore, no guarantee that they will stay on—is there any way by which Petro-Canada can recover the $670 million already paid if Pacific Petroleums' people do not stay on?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I made it quite clear that this is a major building block for the energy security of Canadians. There is no intention whatsoever on the part of Petro-Canada to back away from this transaction. Indeed, the intention of Petro-Canada is to move forward and to pick up all the shares of Pacific Petroleums.

EFFECT ON ECONOMY OF PURCHASE OF PACIFIC PETROLEUMS SHARES

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I gather that the answer is no. My supplementary question is to the Minister of Finance. The United States Securities and Exchange Commission this morning estimated that 70 per cent of the shareholders of Pacific Petroleums are American. This means that roughly $1 billion Canadian will be flowing south of the border to finalize this transaction.

The Minister of Finance was part of the cabinet which had to approve this transaction. What effect will that $1 billion Canadian flowing south of the border have on the Canadian dollar on foreign exchange markets?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am informed that Petro-Canada will be borrowing the money it needs for this transaction in American dollars, so that will have no effect on the Canadian dollar.

REASON ANNOUNCEMENT OF PURCHASE OF PACIFIC PETROLEUMS SHARES NOT MADE IN HOUSE

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, there will still be, obviously, an effect on Canada's credit. My final question is to the Minister of Energy, Mines and Resources. Parliament was ignored in this transaction which calls for a financial commitment of the taxpayers of this country for a back-up of $1.4 billion.

Mr. MacEachen: Wrong.

Mr. Lawrence: The agreement was signed on Friday morning. Trading was stopped Thursday night. The minister left this House on Friday and made the announcement in Toronto at five o'clock Friday night. What possible justification was there for the announcement not being made in this House, so that it could at least have been sensibly discussed in this House on Friday afternoon?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member's facts are not accurate. Trading was not closed off on the Canadian exchange until very early on Friday morning. A few shares did, in fact, trade that morning, but it was closed just as soon as it looked as if it was going to be possible during the course of Friday to put together a very significant transaction.

As the hon. member will undoubtedly understand, this matter had to be handled with very considerable confidentiality, in view of the values involved, and that is the reason the stock exchange ceased all trading. During the course of that day, the financial arrangements were put into final form and the final agreement for purchase and sale was negotiated and settled among the partners. That did not take place until very late on Friday. As a matter of fact, I was present for the final ceremonies, and that was at five o'clock on Friday.

REQUEST FOR TABLING OF FINANCIAL REPORT ON PURCHASE OF PACIFIC PETROLEUMS SHARES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to put a question to the Minister of Energy, Mines and Resources.

● (1432)

In light of the answers we received, that it is an independent Crown corporation and the government and the taxpayers of Canada have already bought $500 million into this company, and in light of the fact that the stock was trading on the stock exchange at $45 and they paid $65 a share, and in the last few weeks there was an increase by $7.50 because of rumours of this takeover, I ask the minister—because he has glossed over the truth today—if he would be prepared to table in the House the financial report of Pacific Petroleums on this deal and on the agreement between Phillips Petroleum and Petro-Canada, so that the Canadian people and this parliament will know the real facts from the documents in question, rather than from the rhetoric of the ministers?

[Mr. Chrétien.]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member makes much of the fact that this is a government-financed operation. It is not. This deal is a commercial transaction which has been financed without any government assistance, without any government funds and without any government guarantee.

Some hon. Members: Oh, oh!

Mr. Gillespie: This a commercial transaction which has been financed by a normal commercial financial instrument—

An hon. Member: Guaranteed by you.

Mr. Gillespie: —and it will have the effect of reducing the demand or the requirement for government assistance in the future, because this corporation was highly profitable and has considerable growth possibilities.

As to the question about the tabling of certain documents, I would be very pleased to consider that suggestion. As the hon. member might know, the board of Pacific Petroleums will be dealing with the transaction later this week. There has already been consultation between the senior officers of Petro-Canada and those of Pacific Petroleums and I am told that a meeting will be held later this week, at which time the board of Pacific Petroleums will consider that company's position on this question.

Mr. Woolliams: I have one further question, Mr. Speaker. In light of that fact, would the minister be prepared to make a statement on motions so that we might have an opportunity to ask questions in reference to this deal, particularly in view of the fact, as I have said, that the Government of Canada and the taxpayers have already put $500 million into this Crown corporation and that the stock, which was trading on the stock exchange at $45, is now selling at $65, not only for 48 per cent but, as I understand the deal, also for the remaining 52 per cent?

Mr. Gillespie: I believe that that might be a useful suggestion and I will be pleased to consider it. As I have indicated to the hon. member, there is an important meeting this week and I think it should take place outside the political arena, if the hon. member is agreeable. In any event, I will be pleased to discuss the suggestion with the House leader.

ADVERSE REACTION BY ALBERTA LIBERAL PARTY LEADER TO PURCHASE OF PACIFIC PETROLEUMS SHARES

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is directed to the same minister. In view of the fact that the leader of the Liberal party in Alberta, Mr. Nick Taylor, was angered at this purchase and said that the purchase is a waste of the taxpayers' money, can the minister state what his reaction is to that statement?

REASON CHAIRMAN OF BOARD OF PACIFIC PETROLEUMS DID NOT MAKE ANNOUNCEMENT OF PURCHASE OF SHARES

Mr. James Gillies (Don Valley): Mr. Speaker, I direct my question to the Minister of Energy, Mines and Resources. If it is the government's position that this is a strictly commercial transaction and the government has nothing to do with it, why did the minister make the announcement, rather than the chairman of the board?

Some hon. Members: Oh, oh!

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Quite clearly, this transaction, because of its size and importance in terms of the energy policy of Canada, involves some very important energy policy questions. That is the reason the minister made the statement.

An hon. Member: Very good.

Some hon. Members: Hear, hear!

INQUIRY WHETHER PURCHASE OF PACIFIC PETROLEUMS SHARES WILL INCREASE OIL PRODUCTION IN CANADA

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources? In view of the statement that the acquisition of Phillips Petroleum will not add one barrel of oil to the production in Canada, and in view of the fact that in 1974 the oil industry in this country sent drilling rigs down to the United States and cut back its drilling program so as to force the government to raise the price of oil, can the minister assure the House that Petro-Canada, with its new acquisition, will be used to ensure that Canadians will be able to get oil produced in this country and will not be held up to ransom by the multinational oil companies in this country?

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there are two points in the hon. member's question with which I would like to deal. The first one is that one of the reasons why it is important that this transaction go forward is the heavy oil potential associated with Pacific Petroleums and the initiatives Pacific Petroleums have taken in recent months which included, right from the very start, Petro-Canada, just as Petro-Canada has been involved in the heavy oil initiatives with respect to Saskatchewan. So I see this transaction as an opportunity for Petro-Canada to accelerate the development of the heavy oil potential in western Canada, for the benefit of Canadians.

Some hon. Members: Hear, hear!

Mr. Gillespie: The second point I would make is that this transaction will place Petro-Canada among the top ten petroleum corporations of this country. Therefore, it will be able to take its position alongside many of the multinational corporations on a much more equal basis.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question for the minister. In view of the statement that Petro-Canada bid up the market price of Phillips Petroleum, and this involved the sending of Canadian capital out of the country, has the minister investigated the action of Alberta Gas Trunk Ltd. last spring when they prevented Petro-Canada from buying out Husky by running the price up nearly $20 a share?

Did this not involve paying a higher price than the market price, and did this not also involve sending Canadian money out of the country in order to keep Canadians from gaining some control of the heavy oil in western Canada?

Some hon. Members: Hear, hear!

Mr. Gillespie: There have been a number of very significant transactions involving the repatriation by Canadians of their oil properties over the past year. I can think of Ashland Oil, in which Canadian participation, for example, will go up significantly as a result of the purchase of Kaiser Resources Ltd. I can think, as well, of the Husky purchase by AGTL. There are a number of other Canadian corporations which were foreign-owned and which have been repatriated recently as a result of new initiatives by significant Canadian corporations. All of those have involved a transfer of funds from Canada to the United States.

This particular transaction has been organized in a different way. The funds have been borrowed in the United States, so there will not be a net flow of funds from Canada to the U.S. and, therefore, it will not have the same negative impact on the value of the Canadian dollar that some of these other desirable transactions have had.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

STUDY BY ECONOMIST HAZELDINE OF JOBS WHICH WOULD BE LOST TO QUEBEC IN EVENT OF SEPARATION

Mr. Gilles Marceau (Lapointe): Mr. Speaker, my question is directed to the Minister of Federal-Provincial Relations.

In view of the study conducted by Mr. Hazeldine, an economist, to the effect that a separate Quebec would lose only 21,500 jobs, can the minister tell the House if this conclusion is realistic, especially since two recent studies conducted by the federal government concluded that, should it separate, Quebec would lose 140,000 and 325,000 jobs?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, first of all I would like to draw the hon. member's attention to the fact that Mr. Hazeldine's study is but one of the studies conducted by the Economic Council of Canada and that another study, conducted by two renowned economists predicts a possible loss of 152,000 jobs

and an increase in taxes of about 19.8 per cent for Quebeckers, should separation occur.

As for this particular study, I will leave it up to professional economists to analyse it fully and completely. At this point, I can tell the hon. member that this morning I have discussed with government economists of these various studies, and they have assured me that the economic analyses contained in the Government of Canada studies concerning sovereignty-association and commercial realities are still quite valid, and that some of the working hypotheses in the Hazeldine study are absolutely unrealistic.

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[*English*]

AIR TRANSPORT

PURCHASE OF NORDAIR BY AIR CANADA—RECOVERY OF TAXPAYERS' INVESTMENT

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of Transport: it has to do with the purchase of Nordair by Air Canada and what could be termed as a sweetheart deal for the Nordair shareholders, possibly at the expense of the Canadian taxpayers.

My first question to the minister is: what guarantees do we as taxpayers have that the investment of some $28.4 million will be recovered when Nordair is supposedly sold to private hands?

• (1442)

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the key question is whether the price is a fair and reasonable one. When a buyer and seller are negotiating, obviously the seller will seek to obtain the highest price possible, and the buyer will seek to obtain the property at as low a price as possible.

I find it strange to have these questions and the similar ones which were posed by the opposition on Friday, since earlier, as the Nordair transaction unfolded, the accusation from the Conservatives was that there were other private buyers willing to pay the same price. That seems to me to be some evidence of the nature of the price which they saw as being available. It was not necessarily quite true, but it was true enough, given normal Tory approaches to the truth.

Some hon. Members: Oh, oh!

Mr. Lang: Of course, the fact of the matter is that it is our belief, and Air Canada's belief, that this was a fair and reasonable price. Having regard to all the facts, I refer hon. members to the testimony given before the Canadian Transport Commission where this matter was canvassed. I think they will find there a good deal of the answer to their questions.

Mr. Murta: Mr. Speaker, the same supply and demand criteria which the minister just used may be the reason why prospective buyers, knowing what the price is already, will not be willing to pay the amount the government has allowed Air Canada to pay for Nordair.

I have a supplementary question for the minister. Out of the total price, there is a figure which we feel should be questioned in some way, and that is the $1 million which was termed as out-of-pocket expenses and included in the total price of $28.4 million. Can he explain exactly what the $1 million out-of-pocket expenses are for this kind of transaction?

Mr. Lang: Mr. Speaker, I am sure in the ordinary course I can provide an answer to that question. Obviously, it is the kind of question which is detailed and more suitable for the order paper. But I will be glad to do it in due course.

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URBAN AFFAIRS

REQUEST FOR REPORT ON CMHC ACCOUNTING PRACTICES

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs.

In light of the fact that approximately 70 per cent of Central Mortgage and Housing Corporation executive staff have either been replaced or have resigned, and in light of the ongoing Royal Canadian Mounted Police investigation which reveals shockingly inadequate accounting procedures and very questionable management decisions, can the minister assure the House that senior management attention is being given to improving the accounting procedures involving over $1 billion of taxpayers' dollars? Will the minister undertake to direct his department to prepare a full report of the CMHC internal accounting practices and make this report available to the Standing Committee on Public Accounts?

Some hon. Members: Hear, hear!

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the two premises of the hon. member's question are totally wrong. To say that 70 per cent of the top direction of CMHC is gone, is untrue. Second, to say that the RCMP is investigating the over-all operation of CMHC also is untrue.

It is accurate that the RCMP is looking at the file of a specific projet named York Place, in Hamilton. The CMHC administration has been willing to co-operate with the RCMP. Indeed, it has given every support asked for by the RCMP to conduct its investigations. To attempt to take one specific case and generalize, as the hon. member is trying to do, is very inappropriate. I am surprised the hon. member acts so irresponsibly in this House.

Some hon. Members: Shame!

Mrs. Pigott: Mr. Speaker, my supplementary question is: in light of a confidential cabinet document outlining federal housing priorities for 1978-79—

Some hon. Members: Oh, oh!

Mrs. Pigott: All right; calm down now.

An hon. Member: Yes, mother.

Mrs. Pigott: The cabinet document estimates that there are 438,000 Canadian households paying over 30 per cent of their income for rent and over 155,000 households living in sub-standard conditions. Can the minister confirm whether it is a policy of the government to ignore these problems and assume, as the Deputy Minister for Urban Affairs seems to, that Canadians are too well housed? Or is the vice-president of CMHC policy, Mr. Adamson, more accurate in describing the principles of government housing policy when he stated on the weekend that home owners are already well-to-do people and therefore do not require government help?

Mr. Ouellet: Mr. Speaker, there is one thing I want to say. The hon. member referred to a secret document. It is not a secret document. It is a study which has been requested by CMHC to help us to design better policy in the field of housing.

An hon. Member: You sure need it.

Mr. Ouellet: This study has been completed. I am glad to hear the hon. member has a copy of it. I hope she reads it more accurately and will know a little more about housing in Canada after careful study of this document.

Mrs. Pigott: What about Mr. Adamson?

Mr. Ouellet: The consequence of this study is that the federal government has changed the over-all position of the government in relation to housing: it has decided to spend more money for low income and old-age people.

Some hon. Members: Hear, hear!

Mr. Ouellet: This is why we have stopped giving direct loans to the provinces and various groups which are building housing accommodations in Canada. Rather than give loans, we have decided to increase substantially our subsidies in order to help low income and old-age people have better accommodations. If I have to take advice continually I will take it from my officials, rather than from the hon. Leader of the Opposition who favoured a policy which will provide a break for high income home owners while discriminating against renters and the elderly—

Some hon. Members: Order.

Mr. Ouellet: —a proposal which could disrupt financial markets—

Mr. Speaker: Order, please.

THE CANADIAN ECONOMY

ABILITY OF PETRO-CANADA TO INCREASE ENERGY EXPLORATION FOLLOWING PURCHASE OF PACIFIC PETROLEUMS SHARES

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. The takeover of Pacific Petroleums by Petro-Canada last Friday will give Canada increased ownership in this strategic industry which is over 90 per cent foreign-owned at the present time.

Will this transaction provide the financial position for Petro-Canada to press ahead with the development of frontier oil and gas reserves and transportation systems, as well as heavy oils which the minister mentioned already?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, yes, the transaction will provide additional financial muscle for the corporation through the profitability of Pacific Petroleums.

Some hon. Members: Reading!

Mr. Gillespie: So it will be possible to place less reliance on government investment in the equity of Petro-Canada. It will enable Petro-Canada to focus on some of these major challenges such as liquefied natural gas in the high Arctic, heavy oil and the offshore drilling which is ongoing at the present time, or has gone on during the season, in the eastern offshore of the country.

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FISHERIES

CLOSING OF ST. LAWRENCE, NEWFOUNDLAND, FLUORSPAR MINE—EFFECT ON EMPLOYMENT IN INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. As he knows, last February the St. Lawrence fluorspar mine closed, leaving hundreds of men out of work, and a proposal was put forward involving the construction of a fish plant in St. Lawrence by Fisheries Products Ltd., assisted by both governments.

Since August, when construction was to have supposedly started, everyone has been waiting for the minister to give his approval to the acquisition of two Portuguese fishing vessels to deliver fish into that plant. It cannot operate without additional fishing capacity. Will the minister tell the House whether he has made a decision yet? If he has not, when will he make a decision, so that this can get off the ground and employment will be provided in St. Lawrence?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, from the very beginning we made it clear that we were trying to help the community of St. Lawrence, while not jeopardizing the very fundamental policy of fisheries, which was not to allow for expansion of licences, especially those foreign-controlled and foreign-owned. This is a

policy which goes back to my predecessor. We approved the proposal presented by the company.

However, in August or early September—I would have to check the exact date—we were informed that the proposals, as agreed to, had been changed very substantially, especially in the area of the ownership of the licences involved. I informed the company that this was not acceptable, no more than the Nord Sea proposal which was advocated by the hon. member. We have tried to find an alternative which would allow the plant to go ahead, but under strict Canadian control.

● (1452)

Mr. Crosbie: Mr. Speaker, as there are a lot of men and women in the St. Lawrence area who are without employment, in an already highly unemployed area of Newfoundland, when will the minister take steps to either come forward with a proposal that is acceptable, or solve his problem so that construction can start?

In answering that, would the minister remember that the St. John's *Daily News* asks the question whether the minister is completely heartless, excessively stupid, or has somebody failed to inform him of the plight of these 3,000 people? When will the minister act to cut this Gordian knot so that the people in St. Lawrence can be given some hope?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I do not know what adjectives the member may want to use to describe me, but one which I can apply to him is that he is "misinformed". The proposal was changed very substantially. I could not accept it as it was subsequently put forth. I will be meeting this week with the company and putting forth a proposal which, hopefully, will solve the problem. If the company does not accept the counterproposal which will be made, then we will make other provisions with another organization to move in.

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POST OFFICE

REACTION OF UNIONS TO PROPOSED CREATION OF CROWN CORPORATION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is to the Postmaster General. Now that the Postmaster General appears to be changing his posture, and instead of confronting the union is discussing with the four unions vitally involved in the issue the draft of the Crown corporation legislation—as he promised he would in answers to questions in this House—will he indicate whether the response of the unions to the legislative proposals has been positive or negative?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, it is true that we have had consultations with all the unions in the Post Office, including CUPW. For the time being, these discussions are in camera. As soon as we have an agreement—and I can assure hon. members that things are progressing in a positive manner—we will table it in the House.

Mr. Dinsdale: Mr. Speaker, in view of the fact that the unions have stated that the draft legislation covers only Mickey Mouse matters, for cosmetic reasons, rather than resolving substantive issues of disjointed collective management and domination of collective bargaining by Treasury Board—which brought about the recent impasse in labour-management relations in the Post Office—will the Postmaster General continue these consultations with a view to resolving these major issues, thereby encouraging the new support for consultation being displayed by the unions as a hopeful policy for the future?

Mr. Lamontagne: Mr. Speaker, the consultations we have had with the unions are much more serious than the preamble to the hon. member's question. Discussions are going very well, and the hon. member does not have to worry. I am sure that the unions and management in the Post Office will get along well together and provide the best Post Office service possible.

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THE CANADIAN ECONOMY

FINANCING OF PETRO-CANADA'S PURCHASE OF PACIFIC PETROLEUMS SHARES—EFFECT ON LEGISLATION

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Having regard to the fact that, under the financing of the Petro-Can takeover, preferred shares are to be issued to the banks as part of that financing proposal, and because Petro-Can's statute is quite clear that preferred shares, if they are issued, are to be sold only to the Crown, is it the government's intention to bring in legislation to amend the Petro-Can statute order to allow this financing to be carried out under the law?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member has misinterpreted the provisions of the statute. There is no intention to bring in any amending legislation.

* * *

TRANSPORT

CNR POLICY ON EAST COAST

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, my question is to the Minister of Transport. The employees in the marine service of Canadian National's Gulf service on the east coast have expressed concern about CN's recent policy of diverting a portion of its freight traffic from the Gulf run to a Montreal company, Federal Commerce Shipping Company, operating between Halifax and St. John's, and about CN's policy of using private charters on the Labra-

dor service when the company has three ships lying idle at North Sydney.

Can the minister explain to this House why Canadian National is adopting this policy, and can he further assure the House that no workers in the marine service of CN on the Gulf run or in Port aux Basques will lose their jobs as a result?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the general answer to both questions which the hon. member has posed is that Canadian National seeks to accomplish the task facing it, at the lowest cost, and in that sense it examines which vessel is best for it to use and also which route should be used to send goods in order to avoid unnecessary expenditures.

The question of the implications of this with respect to jobs, particularly in places like Port aux Basques and North Sydney, is a matter of great concern to all of us, as was indicated in the House last week to myself and several of my colleagues in the government. We are looking at the situation constantly with CN, in an attempt to provide mechanisms through them and through other ways to offset any job loss which is threatened.

Mr. Faour: Mr. Speaker, it appears to me—and, I am sure, to many workers on the railway and in the marine service—that this diversion of freight traffic from the Gulf run to the Halifax run will have the effect of less traffic being carried on the Newfoundland railway and that it is just one further chapter in the downgrading of that railway. Can the minister explain why this is happening, especially in light of his commitment not to further downgrade the service until the final report of the Sullivan commission?

Mr. Lang: Mr. Speaker, it is happening, as I say, because of economic considerations which show lower cost opportunities for movement of the same goods. In fact, some of the greatest changes taking place in relation to the Newfoundland railway are changes which have led to a great volume of goods being moved by truck instead of rail. It may sound like and odd development to hon. members, but the figures show that the movement to truck from rail in Newfoundland is behind that kind of switch in other parts of the country. In other words, there are many factors at work, including the size of shipments, particularly small shipments, the flexibility of the vehicle, and so on, which make the truck the best vehicle for a lot of goods.

One of the things we will be doing in our attempt to make sure that an effective railway is operated for the next number of years is to examine all of the shippers involved, most of whom are all good Newfoundlanders themselves, as to why they are moving goods by truck rather than rail, and we will be making every effort to urge them to use rail as much as is practical.

FISHERIES

SOCIAL BENEFITS AVAILABLE TO PERSONS EMPLOYED UNDER FOREIGN FISHERIES OBSERVER PROGRAM

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Fisheries concerning the Foreign Fisheries Observer Program, a program which I assume the minister feels is quite important in monitoring the activities of foreign fleets. Is he aware that some of the participants hired under this program by means of personal service contracts have an uncertain status regarding unemployment insurance benefits and perhaps workmen's compensation, and has he taken steps to monitor this program to ensure that these participants are fully protected, keeping in mind that foreign countries are paying for this program in the first instance?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I became aware of the problem as a result of the hon. member's and another hon. member's query. Obviously, these are personal service contracts and they normally do not include payment of unemployment insurance and such benefits. The employee is paid at the end of each trip and if a person is satisfactory to his employer, he may be hired again. I should say "he or she", because it is a fully liberated program.

I am concerned perhaps because of the many restrictions that caused us to take that route. I would be interested in seeing the development of a corps of observers who would be competent, experienced and would regard this work as suitable employment and, in fact, would help us in the program.

Mr. MacKay: Mr. Speaker, I appreciate the minister's answer. I would like to ask him about another point concerning this program. Is he aware of statements made by at least one of the participants hired under this personal service contract, that there seems to be a serious variation of job instructions between, for example, the duties on a Russian boat compared to a Japanese vessel? Is there some sort of liaison to make sure that these foreign fleets are given consistent and fair treatment in order to encourage them to co-operate fully with this country as far as the criteria are concerned?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, we have bilateral agreements with both countries mentioned by the hon. member, and certainly I would want to make sure that there is total fairness in dealing with both of them. There is a period of training before these people are put on board foreign fishing vessels. I shall inquire with regard to the hon. member's question and pass along the information I receive.

World War I Veterans

THE CANADIAN ECONOMY

PURCHASE BY PETRO-CANADA OF PACIFIC PETROLEUMS SHARES—FINANCIAL RESPONSIBILITY OF GOVERNMENT

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources, to make sure that I understand what he said earlier.

Is the minister saying, in connection with the Petro-Can purchase and the financial transactions involved, that there is absolutely no financial responsibility on the part of the federal government? Is he saying, not only that the federal government did not engage in any express guarantee, but that by virtue of Petro-Can being an agent of the government, and the implications of that under the Financial Administration Act, there is no financial responsibility on the government of Canada in connection with this transaction by way of guarantee or otherwise?

● (1502)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I made it very clear that this was a commercial transaction. It was negotiated and financed by normal commercial instruments. There are no government guarantees.

Mr. Speaker: Orders of the day.

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VETERANS AFFAIRS

DINNER IN HONOUR OF WORLD WAR I VETERANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, with your kind permission there is a word I should like to say about a matter of which I gave Your Honour notice. It has been my privilege to attend a good many functions on Parliament Hill, but I must say I have seldom attended a function that was so delightful and so thoroughly enjoyed by those in whose honour it was given as the dinner given last Saturday evening by the Minister of Veterans Affairs (Mr. MacDonald) in honour of the 89 or 90 veterans of World War I who were in Ottawa over the Remembrance Day weekend.

The minister was a most gracious host, and the members of his staff went out of their way to see that everything was thoroughly arranged. I must also say that those 89 or 90 men really were touched when, at the end of the evening, each was given a special certificate with his name on it, signed by Her Majesty the Queen.

I felt there should be some mention of this in the pages of *Hansard*. In my view the Minister of Veterans Affairs and the staff of his department deserve full marks for what they did on Saturday evening.

Some hon. Members: Hear, hear!

[Mr. LeBlanc (Westmorland-Kent).]

ROUTINE PROCEEDINGS

[*English*]

LOTTERIES

TABLING OF MEMORANDUM OF UNDERSTANDING

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, under the provisions of Standing Order 41(2) I should like to table, in both official languages, a Memorandum of Understanding between nine provinces and the Government of Canada concerning future arrangements in government lotteries.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 133, 156 and 376.

I ask, Mr. Speaker, that the remaining questions be allowed to stand.

[*Text*]

LOTO CANADA

Question No. 133—**Mr. Diefenbaker:**

What provisions were taken with respect to Loto Canada's draw for $1 million in gold in order to ensure the integrity of the draw and (a) how was the winning number drawn (b) what was the date the number was drawn (c) were all the tickets to the draw distributed prior to the number being chosen?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Loto Canada's $1 million gold draw was conducted by Roblet Inc., consulting engineers, with 2 amateur athletes to roll the dice. It followed standard Loto Canada procedures and its integrity was certified by:

a member of Samson Belair, external auditors;

a member of Blaney, Pasternak, Swela, public attorneys and Loto Canada's operational auditor.

(a) The winning number is drawn in the same manner as the intermediate and main draws: i.e. computer random selection.

(b) The Draw for the $1 million in gold was drawn on October 6, 1978 at 6.30 p.m.

(c) Yes.

ARMED FORCES

Question No. 156—**Mr. McKinnon:**

1. What was the actual strength of the (a) Regular (b) Reserve Forces as of October 1, 1978?

2. How many Armed Forces personnel as of October 1, 1978 were (a) male (b) female?

3. What was the (a) military (b) civilian strength of National Defence Headquarters as of October 1, 1978?

Hon. Barney Danson (Minister of National Defence): 1. (a) 79,033; (b) 21,178.

2. (a) 74,326; (b) 4,707.

3. (a) 2,753; (b) 4,255 (includes term, casual and FLIP employees).

CUSTOMS OFFICE—EDMONTON

Question No. 376—**Mr. Malone:**

How many items that passed through the Customs Office in Edmonton in (a) 1969 (b) 1976 (c) 1977, were destined for the Alberta towns of (i) Camrose (ii) Hay Lakes (iii) Armena (iv) Kingman (v) Round Hill (vi) Viking (vii) Sedgewick (viii) Lougheed (ix) Ohaton (x) Bawlf (xi) Daysland (xii) Strome (xiii) Killam (xiv) Forestburg (xv) Heisler (xvi) Ankerton (xvii) Rosalind (xviii) Kelsey (xix) Donalda (xx) Meeting Creek (xxi) Edberg (xxii) Ferintosh (xxiii) Bashaw (xxiv) Duhamel (xxv) New Norway (xxvi) Gwynne?

Hon. Joseph-Philippe Guay (Minister of National Revenue): The information is not readily available for the following reasons: For shipments arriving by air, highway and mail, customs entries are prepared which show the importer's name and address. These entries are filed in Edmonton by customs entry number and are held on file for five years. All entries for goods cleared at Edmonton, numbering approximately 225,000 for 1976-77 would have to be reviewed to determine if the address of the importer was one of the 26 locations mentioned. For shipments arriving by mail which are released as being free of duty and turned over to the post office for delivery to the importer, Customs maintains no record of the number of parcels so released.

[*English*]

Mr. Speaker: Order, please. The questions enumerated by the hon. parliamentary secretary have been answered. Shall the remaining questions be allowed to stand?

Some hon. Members: Agreed.

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STANDING ORDER 26

PETRO-CANADA—PURCHASE OF SHARES IN PACIFIC PETROLEUMS LTD.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I gave you notice that I intended to ask leave today to move the adjournment of the House under the provisions of Standing Order 26.

On Friday afternoon, after the House adjourned for the weekend, Petro-Canada, a federal Crown corporation, committed itself to buy 48 per cent of Pacific Petroleums Ltd. of Calgary, and further committed the government to a potential minimum liability of $1.4 billion, without reference to parliament. This agreement is subject to conditions respecting the management of Pacific Petroleums Ltd. which must be made almost immediately. We heard the minister indicate today that there is an important meeting on Thursday respecting that very matter.

If parliament is to have any input at all into the decision which substantially alters the nature and structure of the market, and commits parliament to massive but unapproved expenditures, it must intervene, in my submission, to defeat this matter immediately before the transaction is finalized. Therefore I move:

That this House do now adjourn.

Mr. Speaker: Order, please. The hon. member, of course, would have to have the permission of the Chair to make that motion and then, in accordance with the terms of Standing Order 26, the motion would be made, not at this time but at some time later if it was my disposition pursuant to that standing order to grant his application that this was a proper matter to be discussed within the terms of Standing Order 26.

There are a number of aspects within the standing order to which I want to refer briefly. The first relates to a matter coming under the administrative competence of the government. According to subparagraph 5 of the rule, in determining whether the matter should have urgent consideration I have to give some consideration to the opportunity to discuss it in other ways and the extent to which that might be satisfactory in the circumstances.

Finally, subparagraph (16)(a) of the rule reads:

The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration;

There has been some body of law or some argument that under Standing Order 43 the urgency really need only be urgency of consideration, but under Standing Order 26 this subparagraph of the rule certainly takes it simply as urgency of consideration and introduces an element of genuine emergency. In order to accede to the hon. member's request at this time, therefore, it seems to me I would have to find that a transaction, which on the face of it appears to be within the normal orbit of the purpose for which this Crown corporation was set up in the first place, had in some way become an emergency.

While it is obviously an impressive transaction and a very important transaction and, therefore, certainly cannot be brushed aside as an unimportant matter, nevertheless I do have the view, at least on the basis of the information I have at the present time, that there was nothing irregular or extraordinary about the transaction, and that it was within the competence of the Crown corporation which was set up for this kind of transaction by this parliament. It would therefore seem to me that without some element of an extraordinary nature or irregularity, at least by an initial impression, it would not be the proper subject for consideration pursuant to Standing Order 26.

In other words, the Crown corporation, being a creature which is given an independent life and authority by parliament, I think it would be quite extraordinary for parliament to recall the activities of that very independent Crown corporation each time the Crown corporation entered into a transac-

tion. While it may wish to do so, I think it would have to do so in regular ways, such as the examination of the minister upon his estimates, or by participation in a budget debate, which we know is going to begin later this week. There is nothing to stop discussion of it in parliament obviously, as was evidenced in the question period.

In order to qualify for consideration under Standing Order 26, however, something of an emergent nature or extraordinary nature would have to be demonstrated. Whether that would be in the nature of an irregularity or not, I am not sure, but in any case at this time—always without prejudice to the right of any member upon further information to apply again—upon the information available to me I do not consider it to be a proper subject for consideration as an emergency debate pursuant to Standing Order 26.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58(11)—ALLEGED SHORTCOMINGS IN MOVEMENT OF GRAIN FOR EXPORT

Mr. Les Benjamin (Regina-Lake Centre) moved:

That this House condemns the government for its failure:

(a) to require the railroads to add 4,000 hopper cars and 5,000 repaired boxcars to their grain fleet; and

(b) to give the Canadian Wheat Board total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports.

Mr. Speaker: Members will note that proceedings on this motion expire in the ordinary course later this day pursuant to Standing Order 58(11).

Mr. Benjamin: Mr. Speaker, the purpose of this motion has been apparent during the course of the late summer and this fall. It was obvious in this chamber through the number of questions raised on the matter by members of the opposition parties.

Since we are faced with the requirement to move a record or equal to record volume of grain over the coming winter months, my colleagues and I thought this an appropriate motion through which to bring to the attention of parliament, as well as to the minister, some factors that have put Canada and Canadian producers into the present situation.

● (1512)

This is the situation in a nutshell. In spite of the fact that the minister and the government have provided 8,000 hopper cars, and I am certain he will mention this two or three times in his speech—by the way this was a measure supported by members on all sides of the House—we have a smaller capacity and capability to transport grain now than that existing at the end of 1972.

[Mr. Speaker.]

Further, the reason for the motion is to illustrate how the railroads have betrayed and double-crossed not only the Minister of Transport (Mr. Lang) but the taxpayers and the grain producers in western Canada. While the minister is busy telling us that all is well, in my opinion the railroads are on strike. They are threatening the Canadian Wheat Board's ability to compete for grain sales. When I say railroads on strike, I mean railroad management.

To put it mildly, the Canadian Wheat Board is the farmer's friend. It is doing a good job. It is doing the best possible job it can, but it needs more authority to co-ordinate grain movement in order to protect our present grain sales and to expand them. At present, sir, the Canadian Wheat Board is not in a position to take on new and additional contracts because our capability and our capacity to move grain to export positions has not increased, in spite of the contributions of the Canadian taxpayers. They have, in my opinion, decreased.

More than ever before the Canadian Wheat Board needs more authority. Yet I find this incredible situation where the Leader of the Opposition (Mr. Clark) attacks the principle of orderly marketing in the Canadian Wheat Board itself.

An hon. Member: Shame!

Mr. Benjamin: It is bad enough that the Conservatives supported the minister in charge of the Wheat Board when he took feed grains away from the exclusive jurisdiction of the board. But the Leader of the Opposition said in August of last year that the private grain trade should be allowed to compete with the Canadian Wheat Board for export sales. The whole purpose of setting up the Wheat Board in the first place was to eliminate the private grain trade from export sales.

Mr. Mazankowski: Who set it up, the CCF?

Mr. Benjamin: That would lead to the ultimate destruction of orderly marketing in the Canadian Wheat Board. What R. B. Bennett gaveth in 1935, the present leader of the Conservative party is going to taketh away. The Wheat Board can sell wheat; it has sold wheat. It needs the support of everyone in this chamber, let alone everyone in this country in order to get on with the job. Let us not burden it with the so-called free market thinkers and, an unco-operative railroad system.

The advisory committee for the Wheat Board has said that transport delays in the last crop year damaged Canada's reputation as a supplier, and cost farmers $150 million in lost grain sales. Canadian Wheat Board spokesmen are now saying that deferred sales so far this calendar year total $350 million and that demurrage charges on ships, mostly waiting in Vancouver harbour, will add another $25 million.

Deferred sales is a nice term for lost sales, or sales for which we did not apply because of the Board's knowledge of our inability to meet those commitments. That is money out of the farmers' pockets. It is a lost opportunity for the Canadian economy. It is money out of the Canadian economy. We cannot expand grain sales because of transport constraints. Once more, once we get behind in shipments of grain, we stay

behind. There is no surge capacity between our two major railroads to catch up on shipments. The Canadian Wheat Board just signed a three million tonnes contract with China, not because that is all it wanted to supply to China, not because that is all that China wanted, but because that is all the Wheat Board felt it could live up to in deliveries.

There are two reasons why we are not moving the wheat we could be moving. First, the railroads give low priority to grain movement, and are phasing box cars out of grain service at an excessive rate. Second, the Canadian Wheat Board does not have the authority required to co-ordinate the entire grain movement system. It is compounded by the government's open market feed grain policy, which is plugging the system.

Mr. Mazankowski: It is not. Prove it.

Mr. Benjamin: My colleague, the hon. member for Vegreville (Mr. Mazankowski), says it is not. I would refer him to a statement, which I cannot lay my hands on at the moment, I believe from an official of the Canadian Wheat Board—there is also a statement by a minister in the government of Saskatchewan—confirming that off board grain sales are plugging our Canadian country elevator system and preventing the Wheat Board from doing a better job on our export commitments.

Mr. Mazankowski: Document your facts.

Mr. Benjamin: Both of these problems have been caused by private enterprise governments which say they favour competition and free enterprise in transportation and grain markets. They have forgotten about the competition we have with other exporting countries. They have forgotten that Canadian grain producers compete, they have always had to compete, with the treasuries of other grain exporting countries.

Who is running this country? Is it an elected democratic government and a democratic parliament—

An hon. Member: The CPR.

Mr. Benjamin: —or is it Cargill Grain Company and the CPR? The railroads, particularly the CPR, are phasing box cars out of grain service at a phenomenal rate. They have reduced our capability to move grain. They are blackmailing the taxpayers and the grain producers. There are not enough railway cars to get the grain to waiting ships even though the government, as I said earlier, has provided the railroads with 8,000 new hopper cars. As the government has bought these cars and put them on stream, the railroads have phased out their own boxcars and utilized these free hopper cars which they got as donations from the taxpayers.

At the end of 1972 the two major railroads had 26,000 boxcars which they owned in grain service. By July 31, 1978, that figure was less than half; there were only 12,800 boxcars available. They had taken 13,200 railway boxcars out of grain movement. The 8,000 hopper cars we provided them is equivalent to 12,000 boxcars. On those figures alone—and there are others to make that picture look even worse—we have something like 1,300 fewer rail cars available for grain movement now than we had before the taxpayers bought any hopper cars six years ago.

The government and the minister have known the railroads are scrapping their boxcars. What have they done about it? The government provided incentives totalling about $4 million a few years ago for repairs. The railroads have been given another 15 per cent depreciation allowance for purchase of new rolling stock. They now have a deal to repair up to 1,000 box cars each, with the government paying half the cost, and the CPR says that it will not do it. Even if the CPR did do it, it just is not good enough. The Canadian Wheat Board says "We need a minimum of 5,000 repaired boxcars returned to the movement of grain." Not only has the CPR refused to co-operate and repair the boxcars, it has said that it will not repair boxcars unless it requires less than 40 man-hours of work.

Since 1955 the railroads have laid off 48,000 employees. According to Mr. Justice Hall, most of the jobs were made obsolete in the repair and maintenance of way divisions. They were made obsolete by the policies of the railroad management. Let's put people back to work. One way of putting some people back to work is repairing railway equipment which the Canadian Wheat Board says is needed for grain movement.

● (1522)

We need 4,000 new hopper cars. That takes time. The railroads should be required to order those new cars now so that when they start coming on stream 12, 15 or 18 months from now, they will be available to add to our grain movement capability. However, that will not get us through the crunch coming this winter.

In addition to phasing out boxcars, the railways are giving grain movement a low priority. That is being done for one reason only, blackmail for abolition of the statutory or Crowsnest grain rate. Last year there were grain cars sitting on sidings all over the prairies waiting for days and weeks to be moved, while trains carrying other goods rushed past. The National Farmers Union, in an aerial survey and other investigation by individual members, found 1,213 boxcars sitting on sidings unused, with only minor repairs needed to put them back into service.

The railways' campaign to bog the system down will intensify this winter. Even if we have no snow, they will close hundreds of miles of branch lines for weeks and months on the excuse it is due to winter conditions. This is something the Minister of Transport has not told parliament or the people of Canada, although I am sure Canadians are intelligent enough they do not need to be told.

When the ground freezes in the winter, you can run trains over railway track even if it is in poor condition. The excuse of heavy snow conditions last year applied in a few small areas. In most of the prairies it was an average or less than average snowfall, yet hundreds, of miles of branch lines were closed, some for as long as three months. Our grain producers are getting fed up. I hope the Canadian people are getting fed up

with this kind of blackmail. It is time to legislate the railroads back to work.

The way to get railroads to move grain is not to cave in to their blackmail, but to make them live up to their statutory and historic obligations to provide service. The government can and should require the railroads to add 4,000 new hopper cars, for which they pay, and 5,000—although I would prefer 6,000—repaired boxcars to their grain fleet.

The addition of 4,000 new hopper cars would generate more than $700 million a year in additional foreign sales and foreign exchange for Canada. Therefore, this would not benefit only the grain producers. It would benefit the nation as a whole.

Handing the railroads more money and more hopper cars will not guarantee better service. Surely the minister has been double-crossed enough times to realize that. Grain rates in the United States are more than four times as high as those in Canada, yet they have a chronic shortage of grain cars. In fact they keep trying to use as many of ours as they can. They have a grain movement or railway system that has broken down even worse than our own.

The governments must require the railroads to provide service. The Canadian Transport Commission, which is under the jurisdiction of the Minister of Transport, has that authority under Section 262 of the Railway Act. Why is it not being enforced? Section 262 reads:

> The company shall, according to its powers,
>
> (b) furnish adequate and suitable accommodation for the carrying, unloading and delivering of all such traffic;
>
> (c) without delay, and with due care and diligence, receive, carry and deliver all such traffic;
>
> (d) furnish and use all proper appliances, accommodation and means necessary for receiving, loading, carrying, unloading and delivering such traffic; and
>
> (e) furnish such other service incidental to transportation as is customary or usual in connection with the business of a railway company, as may be ordered by the commission.

The authority is in the law now. Why is the Canadian Transport Commission not enforcing the law? Why is the Minister of Transport, who is in charge of the Canadian Wheat Board, not calling upon the Canadian Transport Commission on behalf of Canada and the Canadian grain producers, to enforce the law which requires the railroads to furnish adequate and suitable accommodation for the carrying, unloading and delivering of all traffic?

The railroads have been treated very generously. They receive $160 million a year in branch line subsidies. They have been given the use of 8,000 hopper cars with which to haul grain. They have been promised something in the order of $700 million over the next eight years to fix up their railroad lines.

Mr. Justice Hall said, "Stop giving out gifts." He said giving $600 million to the railroads is totally unjustified. He said the railroads should continue to charge the Crow rate for moving grain, and any losses they incur for that service should be paid directly to them by the Government of Canada on behalf of the people of Canada. We support that basic and fundamental recommendation of the Hall royal commission.

[Mr. Benjamin.]

The statutory grain rate is not some handout or subsidy to western grain producers. It is an essential tool for this nation through the Canadian Wheat Board, to compete with other exporting countries, to allow Canada to place its grain in export position in competition with other grain exporting nations. Any other benefits to the statutory grain rates are ancillary to that basic fundamental principle, the reason for having statutory grain rates.

If there are proven losses in the transport of grain under the statutory rates, we agree with Mr. Justice Hall that, since the nation as a whole benefits from these massive grain export sales, the nation as a whole has an obligation to share in the costs that are incurred in arriving at these benefits.

Mr. Justice Hall also said the railways must be made responsible once the first recommendation that I mentioned has been accomplished. They must be made responsible to use that money to buy grain cars and to fix up their track. The Hall report has provided a framework within which the Canadian Wheat Board and the country elevator system could serve this country even better than they have for many years.

Mr. Justice Hall also recommended that the Canadian Wheat Board be given a greater role in coordinating the movement of grain. He said the railroads must be required, and the minister can do this, to give the Wheat Board all the information the board needs. At present the Wheat Board is not even provided with the serial numbers of individual railway cars in the grain fleet. The Wheat Board therefore cannot check on where the cars are.

The Wheat Board knows how to coordinate the movement of grain. It can look at the whole system, from the farmers' yard to the country elevator system, to the ships in the harbour where the grain is loaded. It knows the kind and quality of grain needed at each terminal to fill waiting boats.

I have not said anything about waiting boats. That problem is not peculiar to Canada. It occurs in all grain exporting nations. Any time there are 15 or 20 ships waiting in Vancouver harbour, you will find either the same or a worse situation in Sydney, or Melbourne, Australia; in New Zealand, Seattle, or Buenos Aires. There is nothing unusual about it. The government through the Minister of Transport and the Canadian Wheat Board, should be getting together with other exporting countries to have some kind of co-ordination in the movement of marine shipping which presently, in my opinion, is operated like a bunch of gangsters.

• (1532)

The Wheat Board needs to be given exclusive authority to market feed grains. In 1974 the minister, with the support of the Conservatives, took that power away from the board and, as a result, the parasites who speculate on the farmers' labour have gained, and the farmers have got less.

The result of this for our transportation system this year will be near disaster unless something is done to remedy the situation. There are no quotas restricting delivery of non board feed grains. The delivery system has been plugged, forcing the Wheat Board to allocate cars, not to move grain to Vancouver

or Thunder Bay or Churchill or Prince Rupert for export, but to move the private enterprise off-board grain. The unrestricted delivery of non-board feed grain is destroying the equality of the quota system for which farmers in the west have fought so hard. Every bushel of non-board grain entering the system displaces capacity to handle the export grain which is the bread and butter of the grain farm economy. There will be a serious shortfall of grain movement this winter unless the government finds the will to take action.

In the short-term, we need to speed up grain movement this winter. In the long-run, we need basic structural changes to make sure that railways serve people and serve the country, instead of serving a board of directors concerned only with a profit motive. The CPR does not intend to co-operate with this government. It has not co-operated with any other, so why should it co-operate with this one? For years it has dictated policy to successive old-line party governments. And it has the muscle to do it; it is a large corporation with a lot of friends in political circles. Indeed, one John Turner who used to be in this place is now on the board of directors.

Even the Leader of the Opposition is going in to bat for the CP to get it more airline business. After all the help we have given the railroads, after all we have given CP since 1885, the Leader of the Opposition says "Let's give them some more". If there was any validity to his claim that Canadian Pacific should be given a larger share of the airline business, I would say to the Leader of the Opposition: make it conditional. He should demand that the railway substantially improve tracks and its capacity to move grain, in which case consideration might be given to letting it have more airline business.

I never thought I would have to say this, Mr. Speaker, but the Minister of Transport and Minister of Justice is chicken. I had always thought that was one of the last things he would be. He has been double-crossed by railway management, one publicly and the other privately owned. It is true Canadian National has agreed to repair 1,000 cars, half the number it should be attending to, provided the public pays half the cost. The Minister of Transport, the Minister of Justice, the minister in charge of the Wheat Board—they are all the same person—lets them get away with it. He has the authority under the law or, if he does not, he can damned soon get it either from cabinet or from this parliament.

Mr. Knowles (Winnipeg North Centre): He should talk turkey.

Mr. Benjamin: Yet the Leader of the Opposition is so mesmerized by private profit in transportation that he has joined those who do not want to make the CP provide the service it is supposed to offer. The CPR won't carry grain, it won't carry people and, under successive old-line governments, it has the country to gain and nothing to lose except the taxpayers' money.

The Leader of the Opposition defends an outfit like the CPR and wants to give it more. Already that company owes the people of Canada $580 million in deferred income tax. I could be a big wheel private enterpriser too, with a deal like that. If it had not been for subsidies paid every year to CP since the middle of the "dirty thirties"—there is no need to go back to 1885—the company would never have shown a profit in all those years. It could not have survived had it not been for largesse from the people of Canada. The company received $102 million in handouts last year. And what do they do? They sabotage grain movement, and the Leader of the Opposition says, "Let's give them some more." He wants to give them more of Air Canada's routes. Those routes were built up by the people of Canada at a time when private enterprise would do nothing. Now that they are established, now that Air Canada is a money-making corporation, along come CP together with the private enterprisers and their supporters, and say, "We want the gravy; we will leave the non-gravy, the money-losing parts, with public enterprise; the taxpayers can pick up the tab."

Canadian Pacific does not even like to tell us how much its president is paid. We had to get that information through the U.S. Securities and Exchange Commission. Poor fellow, he lived up to the guidelines. He only got a 10 per cent increase last year. He went from a salary of $300,000 a year to $336,000 a year. But we had to find that out under the laws of another country. This is symptomatic. It indicates the political power and muscle which the CP possesses. That corporation is a law unto itself. Canadian Pacific is bragging about a record profit of $233 million. But it will not co-operate when it comes to repairing its own equipment even though the taxpayers are prepared to pay half the cost. Of that $233 million profit, $51 million came from CP Rail.

We should not forget that the empire which CP has built up was made possible in the first place by public gifts provided to the company in exchange for a commitment to supply public services under principles enshrined in the statutory grain rate provisions, the Railway Act, the Canadian Pacific Act, and other legislation going back to 1881. Canadian Pacific has chosen to relieve itself of the obligations it assumed in exchange for these gifts from the people of Canada. I might add that these gifts were not looked upon as such at the time they were made. They were regarded as part of a contractual process, part of a bargain under which the company would provide the transportation services required by a country with our geography and climate. That contract has been broken.

The people of Canada have been double-crossed. CP has thumbed its nose at successive national governments and has given the grain producers and the taxpayers to understand that it has no intention of carrying out its responsibility to maintain and increase its grain carrying capability. Canadian Pacific has no intention of fulfilling its responsibility to enlarge its capacity in order to increase still further our grain export sales.

The minister will talk about the movement of 850 million bushels. That is good. That is a large amount. But where do we go from there? If we do not keep moving ahead we shall start falling back, as the figures I have given illustrate. Our capacity is at best only equal to what it was six years ago. I submit that it is, in fact, less than it was six years ago.

We believe the solution is to make the major elements of transportation a public facility, with public ownership and control, with public accountability—

• (1542)

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Benjamin: Thank you, Mr. Speaker, and I thank my hon. colleagues for giving me a few more minutes. I promise to take only a few more minutes. I will complete the sentence I had begun. Since Canadian Pacific has chosen, being a law unto itself, to relieve itself of the obligations it took on in exchange for the gifts of the Canadian people, the agreements entered into and the law of the land, it is time for Canada to bring the entire operation of Canadian Pacific Limited under public ownership and control. It is past time.

I want to close my argument by spending two or three minutes discussing our grain exports and our capacity to meet increased demand for grain. I mentioned at the beginning of my remarks that the Canadian Wheat Board completed a contract with the People's Republic of China for some three million tonnes. This contract took effect September 1.

Last spring—and I raised this matter in the House in questions to the minister—the U.S. department of agriculture predicted that Canada would not be able to take advantage of increased opportunities for enlarged grain sales to China. The U.S. department of agriculture said that that would be because Canada's capacity to deliver grain was seriously in question and, that this would be evident by November of 1978.

The Americans have not been able to get into the People's Republic of China market for a number of reasons. One has been that some of their own laws have prohibited credit sales to China by either the United States government or any other seller in the United States. However, as of just a few weeks ago the United States completed its first major contract with the People's Republic of China for 3.2 million tonnes of grain. Had our railroads lived up to their responsibilities and transferred some of their activities to the rehabilitation of their plants, the repair of their equipment and the purchase of equipment for grain movement to a greater degree than they did, that would automatically have placed the Canadian Wheat Board in a position to move to even larger contracts.

I do not doubt for a moment that the Canadian Wheat Board could have negotiated a contract with Red China for four million tonnes instead of three. Had the capability been in existence, the Canadian Wheat Board could have negotiated a contract for up to six million tonnes, which would come out of the total Canadian production of 38 million or 39 million tonnes.

Excellent work is being carried on at Vancouver with the expansion of our grain terminals. The minister has mentioned that. I am sure he will mention it again. We all agree that that is good. United Grain Growers, Saskatchewan Wheat Pool and Alberta Wheat Pool have been and still are expanding and improving their capacities and capabilities at Vancouver. Work is in progress, or will be, in Prince Rupert. There is not much use in doing all that if the key part of the grain movement chain between the farmers' own elevators and those ports remains inadequate to keep doing even as well as we have been doing, and we certainly will not be able to increase our exports to countries such as China.

Mr. Forrest Hetland, a Canadian Wheat Board commissioner, spoke to the Canada Grains Council semi-annual meeting last October 18. Incidentally, I cannot help but say that that was a great day out west, at least in one part of the west. Mr. Hetland said that rapid expansion for world wheat and feed grain export markets is projected. He said that even if Canada's export market share stays where it is, more farm production will be needed and more will be expected from the grain handling system. He said that by 1985 Canada could be exporting about 20 million tonnes of wheat and about 10 million tonnes of feed grains. The most Canada ever exported was 21.4 million tonnes, and that was six years ago. Mr. Hetland said that increased rail capacity, more terminal storage, and aggressive marketing from the Wheat Board is needed if Canada is to reach its potential. He went on to say:

> We will have to have a handling and transportation system that can cope, not just with the average months and years, but with the peak months and years as well.

I am happy to see the country elevator system and the grain elevator companies, particularly farmer-owned elevator companies, the pools and the UGG, moving ahead, upgrading and increasing their capacities at their country grain elevators, and upgrading and increasing their capacity at their grain terminals at Vancouver, but that has not been the case with both our railroads. I have said before in this House that we should re-nationalize CN and nationalize CP. Unless there is massive investment to improve railway plants, then the beginning of the system, the country elevator, and the end of the system, the terminal elevator, will sit inadequately used and not capable of living up to their potential. Our railroads are the pipelines between those two systems, and there has been a breakdown.

I urge this government and this minister to accept the recommendations of Mr. Justice Emmett Hall on the matter of statutory grain rates. The railroads should be reimbursed for any deficit on the cost of moving grain. The railroads should be required to purchase equipment. The government should not have to do this. The railroads should be required to live up to their responsibilities.

I urge this minister to enforce the Railway Act. I am not a lawyer. I am just an ordinary, innocent country boy—

An hon. Member: Innocent?

Mr. Benjamin: —but as I read the Railway Act and as I understand English, there is authority there for the Canadian Transport Commission and the minister to require Canadian Pacific or any other railroad to live up to its responsibility and

to meet the transportation requirements of the people of Canada.

Another reason so much has been done for and given to Canadian Pacific since 1881 is that the people of Canada recognized at that time that our climate and our geography must be taken into account and that, because of the nature of our country, there cannot be competition, duplication, and private ownership in transportation. In a country such as Canada those things do not work. It is totally unfair to expect one individual or company to carry a load and suffer a loss on something which benefits the nation as a whole. I do not expect the board of directors of Canadian Pacific to donate $100 million a year to Canada if that means a loss for them in their total operations, but I do expect them to contribute their share.

Surely transportation costs should be shared by the people of the nation as a whole. That sharing can best be done through a publicly owned transportation system which is paid for by the people of Canada, and is accountable to them. With public ownership Canadians would know that they would be provided the kind of service, the amount of equipment and the quality and capability which are needed for our grain production to continue to compete and to allow us to increase our share of the responsibility for feeding the world.

● (1552)

I want to close by saying one last thing. This situation is not peculiar to just the transportation of grain. There has been a never ending problem with our railroads from coast to coast. Newfoundland is still not part of confederation when it comes to transportation. Transportation has been a chronic problem for decades in Prince Edward Island and New Brunswick because of insufficient railway equipment and low locomotive power to move their potato crop.

For decades there has been a never ending problem with transportation in all parts of Canada because of insufficient railway equipment and inefficient locomotive power to move livestock. It has been a never ending problem in southern Ontario and in British Columbia, which has been going on for years because of insufficient railway equipment and insufficient capacity to move our fruit crop.

Every year when it is time to export lumber, there has not been sufficient equipment to meet the demands. So the situation is not just peculiar to the transportation of grain. For decades both our major railroads have set a record in inadequacy. The matter has been brought up in parliament year after year, by members in all parties, and the situation has never been corrected.

This government and its predecessors have continued to cling to and clutch the concepts of the 1890s of competition and profitability in transportation. No other country in the world, other than Canada and the U.S., cling to and clutch that concept any longer. In other countries, private enterprise and governments have taken action decades ago, and have shown what can be done. It is time that this parliament acted.

Movement of Grain

Mr. Don Mazankowski (Vegreville): Mr. Speaker, we on this side of the House also welcome the opportunity to debate this very important issue, and I am particularly pleased to enter the debate at this time. It is certain that this debate is timely. With each passing day we find the transportation system in this country becoming progressively worse. There is no question but that it requires some serious attention very soon.

I want to join my friend, the hon. member for Regina-Lake Centre (Mr. Benjamin), in condemning the government for its failure to provide strong and firm leadership in this area. I want to condemn it as well for its failure to live up to its commitments given at the Western Economic Opportunities Conference in July of 1973, and reiterated in the election campaign of 1974. Those of us who campaigned at that time all remember that great declaration by the transport minister, echoed by the Prime Minister (Mr. Trudeau), "Elect us and we will revamp the grain handling system from the granary on the farm to the ship in the harbour." It is significant to note that since that election campaign of 1974, the record will clearly show that the over-all capacity of our grain handling and transportation system has not increased and we have not come close to meeting the targets of which the minister spoke so boldly during that election campaign.

Quite frankly, what is happening is that the producers and the people of Canada simply do not believe the government any longer and do not trust it. Anything that is said by the government is taken with a grain of salt and considered as a measure of jockeying for maximum political advantage.

What is interesting to note as well is that in the throne speech which opened the last session of parliament—I presume it is the last session—no mention was made of grain handling and transportation, notwithstanding the fact that the Speech from the Throne addressed itself to two very important issues in the country, namely, national unity and the economy. I find that very strange, because surely maximizing our grain export opportunities is one way in which we can assist our balance of payments, stimulate the economy, and improve the over-all position of the western grain producers.

Having said that in dealing specifically with the motion, I have to say that I find it far too restrictive and too narrow in its over-all approach. To listen to my friend, the hon. member for Regina-Lake Centre, you would have to conclude that if the minister forced the railways to add 4,000 hopper cars and repair an additional 5,000 boxcars, and gave the Canadian Wheat Board more power, all our problems would be solved.

Mr. Benjamin: Move an amendment.

Mr. Mazankowski: We have not resorted to that rather unorthodox exercise of moving amendments to motions. This has been the habit adopted by the NDP.

Mr. Knowles (Winnipeg North Centre): Careful! You tried to bring in an S.O. 26 today.

Mr. Mazankowski: Quite frankly, we think this is an opportunity to bring forth comments and recommendations by the respective political parties. To be quite honest, I find the motion very simplistic. We think that the problems with respect to grain handling and transportation require a much more comprehensive analysis and solution, and that simply to confine ourselves to the two elements contained in the motion, I do not think, with all due respect to my friend, would resolve the problems in grain handling and transportation.

Once again we have noted today that the NDP is using its age-old whipping boy, the CPR, to advance its solutions to the problem. I was wondering whether the hon. member was going to go so far, but he finally did get to the point when he renewed his party's suggestion and belief that CPR should be nationalized. That too is a very simplistic solution which, in my opinion, does not deserve serious consideration. While saying that, I acknowledge, as, I am sure, do all other members of the House, that certainly the railways must share the responsibility in this very important issue, but it requires a much more penetrating insight than simply to attack the railways, as did the hon. member for Regina-Lake Centre. I suspect he thinks it is great political fodder for him in his constituency and indeed in the province of Saskatchewan, and perhaps to some extent in Alberta. Quite frankly, I think he is less than fair in confining his remarks to that particular sector. I think he is being unfair, and he should know that there is a whole lot more to the question of grain handling than simply the railways.

There is much hypocrisy which emanates from my friends to the left. We have been talking about the importance of moving grain to export, and yet when the government brings in legislation to end the engineers' strike on the Great Lakes—an action which received almost unanimous support from western Canada, including the socialist premier from Saskatchewan, urging the Prime Minister and the Minister of Transport (Mr. Lang) to end this strike—what did my friends from the NDP do? They voted against that measure.

Some hon. Members: Shame!

Mr. Mazankowski: Whom do they serve, the union leaders or the farmers? They cannot have it both ways. Here is a classic example of the kind of hypocrisy that emanates from those members time after time, and the plot seems to thicken when we get to an election period. My friend cannot have it both ways—he has to serve one master, not two.

The hon. member says that the Canadian Wheat Board should have more authority. I am not sure to what authority he is referring. He also pointed out that one of the problems we have in the country today is that the system is plugged with non-board grains. I challenged him to document that evidence, but he could not or would not. I am not sure whether he has that information, but my figures indicate that the stocks of non-board grains range anywhere from 3.5 per cent to as high as 6 per cent in some elevator systems.

[Mr. Knowles (Winnipeg North Centre).]

• (1602)

If he and the hon. member for Yorkton-Melville (Mr. Nystrom) knew anything about farming and had to face the challenge of meeting fertilizer and fuel bills, they would know very well that the open market price for barley is the same and sometimes greater than the initial price paid by the Canadian Wheat Board. If farmers want to maintain a cash flow and pay their bills, they are forced to sell on the open market, because the Canadian Wheat Board simply is not selling barley. I challenge the hon. member to telephone the Canadian Wheat Board. He will be given the same answer. There does not seem to be much opportunity for an additional quota on barley in the foreseeable future. At least that is what I have been told by officials in the Canadian Wheat Board.

There are many complexities in the grain handling and transportation system. They involve producers, grain handling companies, railways, workers involved in the various sectors of this business, shipping fleets, the Canadian Wheat Board, and customers. The smooth operation of the grain handling and transportation system is affected by internal and external influences. As a matter of fact the weather has a great bearing on the success of the operation of the entire system.

Mr. Benjamin: That is Otto's excuse.

Mr. Mazankowski: I have to agree with the minister in that regard. Anyone associated with the production and movement of grain would realize that the weather cannot be overlooked.

Today the system is in a mess. The mood is strong in western Canada. There is frustration and disgust over the inability to move grain. The country elevator system literally is plugged. More than 75 per cent of its potential capacity is utilized. The stocks are 40 per cent to 50 per cent higher than a year ago. Producer-farm deliveries this year are down 35 per cent to 40 per cent from a year ago. Farm stocks amount to approximately 42 million tonnes. They have increased 20 per cent from a year ago. I see the minister shaking his head. These figures come from the Canada Grains Council and the Canada Grains Commission. Perhaps they have changed in the last week or so, but they are the ones I have. The terminals are less than half full. There are 35 per cent less stocks than a year ago.

The Canadian Wheat Board stated categorically that it has turned down barley sales. We are losing out traditional markets of Russia and China. I agree with the hon. member when he expressed concern about the fact that we face some stiff competition from the United States in terms of maintaining our market with China. According to the Canada Grains Council, our present stocks of wheat, including the production of this year and the carryover of last year, are in excess of 30 million tonnes. That represents almost half of the total world wheat trade.

There is concern about the breakdown in the co-ordination of the movement of grain in the country and the interface between matching up our markets and our shipping targets. The Canadian Wheat Board has summarized this problem by

pointing out three needed requirements to bring about some relief. It suggested that rail rolling stock is declining, rail capacity through the mountains is limited, particularly during the winter when cars are available and demand is the heaviest, and that the terminal capacity on the west coast is not adequate to buffer present shipping variations or to meet the increased requirements of importers in the future. I am referring to an address which was given by Mr. Harold F. Bjarnason, senior economist of the Canadian Wheat Board, before the Canada Grains Council meeting in Calgary on October 18.

To counter that, we have heard claims by the railways of underutilization of railway capacity. At the present time there are suggestions which indicate that only 50 per cent to 70 per cent of railway capacity is being utilized en route to Thunder Bay, and 40 per cent to 60 per cent is being utilized en route to Vancouver. Those statements seem to conflict. They bear close scrutiny and study. There have been labour problems which affected the Port of Churchill. There were two labour disruptions which affected the Port of Thunder Bay. In some measure that disruption resulted in the differential of 2.3 million tonnes of grain between this calendar year and next. Translated into dollars and cents, it amounts to approximately $350 million to $400 million of loss to Canadian producers.

The Canadian Wheat Board study of the last crop year, which was attested to by its senior economist, Mr. Bjarnason, indicated that we could have sold 25 million tonnes of grain if we had the capacity to move that amount. As it was, we settled for sales in the order of just over 21 million tonnes. That four million tonnes represent a direct loss to the Canadian economy of approximately $500 million. There is a major breakdown in the system. Unless we do something immediately to turn this situation around and correct it, Canada will face the prospect of losing its traditional position of leader in the forefront of world export trade.

We must address ourselves to two matters immediately. First, we should clean up our act immediately. We must utilize to the maximum the existing facilities and capacities. A number of suggested solutions have been advanced, some of which are being considered, some of which have been implemented partially, and some of which are not being considered. Second, we must build in sufficient additional capacity to meet the market projections of the 1980s. We are looking at a very significant quantum leap in our ability to move grain to export markets.

Rather than pointing the finger at the railways, Canadian Wheat Board, or grain companies, I hope we can rationalize this issue in a serious and sensible manner. Structural changes are required, and perhaps there should be changes respecting detail.

I should like to advance some solutions, solutions which can be implemented in the immediate future, and some which will assist us in addressing the challenges of the future. First of all, it has become increasingly clear that we need a minister who can spend more time and give more attention to this very serious problem. I have no qualms about the minister's ability in discharging his responsibilities, but I think, in all fairness the farmers in western Canada, indeed, the agricultural sector itself deserves a minister who can spend more time and provide more leadership in addressing this very important issue.

● (1612)

We have studied this system almost to death. There are some very concrete suggestions and solutions that have been advanced by the Hall commission, and my colleagues will be talking about them throughout the course of the debate. We have appointed co-ordinators, commissions, and have had all kinds of studies. It is time we started implementing some of the recommendations which have been advanced.

In this area I do not think that we are moving fast enough. The minister talks of straining the system and seems to sidestep the issue by suggesting, "Well, if we didn't have so much grain produced on the farms, it wouldn't pose the kinds of problems we have." I often wonder what has happened to his great theme "building for a billion." It seems to have gone by the wayside. In that connection we cannot overlook the fact that it was this minister who conceived the idea of operation LIFT which paid farmers not to grow wheat. When he uses this kind of rationale we get a little suspicious.

As my friend from Regina pointed out, the system as it now stands restricts our capability and therefore our potential in the international market, by some 21 million tonnes. I would like to quote again from the speech of Mr. Bjarnason:

A yearly volume of about 21 million tonnes thus seems to be the maximum quantity our present system is capable of moving into export. If we had had greater capacity in our system, we would not have had to defer 1.5 million tonnes of export grain to the 1978-79 marketing year.

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired. However, he may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Mazankowski: Mr. Speaker, under Standing Order 58(13) it says:

—and the member speaking immediately in reply thereto may speak for 30 minutes.

The Acting Speaker (Mr. Turner): I would suggest that the portion read by the hon. member applies to the member who introduces the motion and the member who speaks for the government side. All other members are allotted 20 minutes.

Mr. Mazankowski: In that case, Mr. Speaker, I will be as brief as possible. I would simply point out, as my hon. friend has pointed out, that the current capacity of our facilities restricts our capability of moving more than 21 million tonnes of grain to the export position at the present time. If one looks at the fact that we have problems with respect to co-ordinating our movements, one has to question whether or not we are receiving effective management in that particular area. One wonders why we cannot develop the kind of marketing strategies that would coincide with the low demands in our shipping season.

As it now appears, the demand to move grain is the greatest in the winter months. It has been pointed out by the railways that the uneven utilization of their capacity, as a result of erratic shipping demands, causes their capacity to be reduced by something in the order of 20 per cent to 25 per cent. There is the problem of reducing the car cycle. If the car cycle were reduced by 10 per cent it would be the equivalent of providing some 2,500 additional box cars. The CN has stated that if they could reduce the car cycle by five days, west coast deliveries would increase from 350 million bushels to 525 million bushels. There is also the cleaning of grain which could be done on the prairies. We should be considering the utilization of the Canadian government elevators and increased utilization of the port of Churchill.

We must move quickly to increase our capacity on the west coast. If we are to export 31.5 million tonnes, it has been suggested that 50 per cent or even 60 per cent of that movement will be through the west coast. The most grain that has ever been moved through the west coast is nine million tonnes. The capacity will have to be increased at least to 15 million or 16 million tonnes, an increase of roughly 70 per cent. This is the area in which the government has failed miserably, because there are interested parties who wish to establish the kind of facilities, as for example, in Prince Rupert, which would give us the capacity or potential of moving 125 million to 150 million bushels annually. As well, we must increase further the terminal capacity in Vancouver. Clearly, it would be in the best interests of the grain producers in Canada and certainly of those producers who hail from the western part of Saskatchewan and the province of Alberta, because there are economic factors to consider as well.

I had a number of other suggestions I wanted to advance. Time does not however, permit. But I would like to conclude by saying that the farmers of western Canada and, indeed, the Canadian economy, can no longer tolerate the chaotic paralysis which presently exists. It seems to resemble the paralytic state of this government, and as a result the whole country is suffering, not only the farmers and the agricultural industry, but the economy as a whole, for when you run that $500 million in grain sales to the export market down through the economy, it has a ripple effect of five and a half times that much and provides jobs, homes, cars, etc. to people clear across the country.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Before addressing my remarks, Mr. Speaker, to the words of the motion put by the hon. member for Regina-Lake Centre (Mr. Benjamin), I would like to deal with a number of observations we have just heard from the hon. member for Vegreville (Mr. Mazankowski). In the course of his remarks he talked about a problem of credibility for this government. Certainly the misstatement of facts coming from him would scarcely bear out any case for credibility in his direction.

In his opening remarks the hon. member mentioned a transportation system that is getting worse—I forget what he said, whether it was day by day or week by week, but certainly he meant that over time it was deteriorating—and that is complete and absolute nonsense. We have freight systems, whether by highway or by railway, which are effective and efficient, and more so year after year.

I presume the hon. member was addressing himself particularly to the railway method of carrying freight. The facts there show that the performance of railways is improving in a significant way year by year, measured in terms of productivity and the amount of volume carried, which is increasing, even though at the same time it is going to techniques which are more efficient, effective and are being carried out by a smaller number of people. That is the sign of an improved system and improved productivity, not the reverse.

The hon. member talked loosely of deliveries being down by 35 per cent, I believe his figure was, this year over last year by producers. That, again, is quite wrong. I do not have the latest figures in front of me but I hope to have them before I finish. I think they will show that we should be talking about closer to 10 per cent, and this after a year of all-time high producer deliveries. That is what we are comparing it with, not an average performance but an all-time high performance. I think this kind of factor should be known.

• (1622)

It should also be known that we are dealing with deliveries into the world market at record levels. We were within a hair of that last year, and this year with exports running at about 400,000 bushels above last year, it gives us every opportunity to reach a record performance again. These amounts are not insignificant, Mr. Speaker.

The hon. member for Regina-Lake Centre may say that the record we are talking about of nearly 830 million bushels of exports was six years ago. It should be remembered, however, that that particular level of exports and the fact that we were building up to those record levels during the years after I took responsibility for the Wheat Board and the grain business in western Canada—that record was possibly because of the accumulation of grain that farmers had on hand prior to 1970-71 and 1971-72. Prior to that, some individual farmers had unsold grain from three or four total crops on their hands.

That puts an important perspective upon the record deliveries of grain that we are achieving. It is only because we have had, in the current year and the two previous years, three crops which themselves are in the record setting category, that we have enough grain to deliver to go on testing the system year after year.

Let me put this another way, Mr. Speaker. Last year when there were record deliveries by farmers and nearly record exports by the Canadian Wheat Board, we also had the previous year's good production of nearly 44 million tonnes upon which to draw. If the crop had been even 10 per cent smaller we would have ended the year with something like 2½ million tonnes less grain on hand than we had going into the year. It was only because we had the record that we have a marginal increase this year over last year of stocks on hand on the farms. That is important because it bears on the question of how much capacity we ought to have and whether it is right

to build a system that can move 30 million tonnes today. I agree with the Canadian Wheat Board that a target of 30 million tonnes going into export in 1985 is realistic. Obviously by that date we will want to have built the parts of the system required to move that volume.

I agree with the faith of the Canadian Wheat Board, along with some significant groups of people, including farmers on the prairies, that we can increase production to sustain those sorts of levels of production which require us to export that amount, if not year after year, at least sufficiently often to require the equipment.

As the hon. member for Vegreville pointed out, I was perhaps one of the first to say that a billion bushels of exports is a realistic target to bear in mind and, when considering our rail system and the equipment we should have, that is the target for which we should aim. The Canadian Wheat Board calculations of earlier this year—not made on October 18 as was referred to by an hon. member but earlier in a meeting at which prairie ministers of agriculture attended to examine these questions with me and with the Canadian Wheat Board—arrived at a figure somewhat higher. The problem is how to build an effective and efficient system and how to do so at least cost.

The hon. member for Vegreville said that this is a complex system and that a very important issue is the interface, that is, the way in which different parts of the system work together. That is precisely why at this point, as part of our over-all move toward the efficient ability to handle 30 million tonnes of export, we have consultants in the field studying the interface. We expect them to come up with practical suggestions on exactly how the grain handling system should be improved to meet the expected growth.

I do not have to apologize that in the year 1978 we have a system which could probably move over 23 million tonnes if it were able to move that volume in a steady way as and when there is space and when the system has the capacity to carry it, and when we will move something in the order of 21½ million tonnes, even allowing for problems. We want to build properly for the future and, of course, we will do that.

Let me turn now to the motion moved by the hon. member for Regina-Lake Centre. As is not too surprising on an opposition day, he starts by condemning the government, but then when he comes to the failures for which he condemns the government, he says particularly that it is our failure to require the railways to do certain things, such as to acquire 4,000 hopper cars and 5,000 repaired box cars, that should be condemned. Another part of his motion refers to giving the Canadian Wheat Board more authority to co-ordinate grain movement. I have some doubts about whether that additional authority is lacking at the present time, but that is another and complicated part of his motion.

His motion, therefore, says that we should have required the railways to buy these additional hopper cars and repair some additional box cars. He does not say whether we have the power to do so, but he was good enough to say that if we need the power we can quickly come back to parliament and get it. Mr. Speaker, it is not often the government is assured that parliament will give power to it to do several things but, of course, railways are not treated by the hon. member for Regina-Lake Centre like other citizens might be.

Having said we should tell the railways to buy these hopper cars and repair the box cars, the hon. member then went to the question of financing. He criticized us for what he called "give aways"—presumably when we put up money to buy 8,000 hopper cars. He is presumably criticizing us for putting in $100 million last year and this year, and $70 million next year and in the future to rehabilitate branch lines, rebuild them, put on new rails, new ties and new ballast so they can carry fully loaded aluminum hopper cars, if not the steel variety, both of which we purchased. He said these things had been criticized by the Hall commission as well. Of course he is a little inconsistent there because Mr. Justice Hall also said that we need not buy any more hopper cars. The hon. member says that we ought to require the railways to buy them, however. He picks and chooses what we should do from the recommendations of the Hall commission report.

Having said we should not be giving things away to the railways, he made it clear that we should implement the next recommendation of the Hall commission report, that we should, presumably forthwith, begin to pay the railways the difference between what they get for moving grain on the Crow and what it costs them to move that grain. We had the Snaveley report on that, and an update of it will soon be available to the public. I can tell hon. members that the difference in the cost of moving grain and what the railways get for moving it, even after the branch line subsidy is deducted, is in the order of $175 million per year.

The hon. member wants us to stop buying hopper cars, stop rebuilding branch lines—to stop what he calls give-aways to the railways, but on the other hand he wants us to give the railways $175 million per year. I take it that what he is honestly saying with this motion is not that we are failing simply by not requiring the railways to build these cars, but that he is condemning the government for failing to pay the railroads $175 million or more a year and then require them to build some hopper cars and repair some cars. I must say, Mr. Speaker, that the railways would be delighted with that arrangement. They would not quite understand the hon. member's logic of being against give-aways but being in favour of giving away more to the railways for less performance than we are now getting from them. It simply does not make a great deal of logical sense.

● (1632)

In building a railway and transportation handling system which can handle a large volume of grain into export, every part of the system has to be looked at in turn. Hon. members know that in looking at this I had detailed and careful discussions within the government about the question of hopper cars and exactly when they are needed. Let me tell you, Mr. Speaker, there can be two views to that question at any given point in time, whether the hopper cars need to be bought

in 1978 or whether one can indeed wait until 1979 to place the order for them. It is a very complex question based in part upon what consultants will tell us about how fast we can turn hopper cars around.

The reason that Mr. Justice Hall said he thought perhaps no more hopper cars were required—and I am not looking at page 173 of volume 1 of the Hall commission report—was that he noted how quickly improvements in the system in terms of carrying grain can come about if the turn-around of cars improves, that is, if you get more trips out of the same car in a year, obviously you do not need so many cars. With these vehicles costing $40,000 a copy for hopper cars, it is important that we improve the turn-around time.

What Mr. Hall and the commission are saying is that with a reduction of 7.9 days to a 15-day cycle, present equipment could carry a potential 1.1 billion bushels, or a 52 per cent greater rate of volume than is now carried. In other words, with a car cycle reduction of 7.9 days to a 15-day cycle, 1.1 billion bushels of grain could be carried.

We have been working on the system. As we have been bringing the parties together to discuss their problems mutually in a quiet and calm way. We have in fact been improving that turn-around in time. And as we have in place at the terminals in Thunder Bay and in Vancouver co-ordinators who can play a role in trying to make effective use of the system. We have been improving that turn-around time.

The Snavely updating report comparing 1977 with 1974 finds very significant increases in productivity by both CN and CP with regard to the carrying of grain. With regard to car cycle, Mr. Snavely finds that in the three-year period from 1974 to 1977 the car cycle has been reduced by about four days, or 17 per cent, permitting 3.3 more loads per year from all of the cars. If I put that picture in terms of what it would mean in terms of cars required, the reduced car cycle means that 34 per cent fewer cars were required in 1977 than would have been required to move that same amount of grain if the improvements had not been made. Obviously continuing to work on those improvements is the challenge facing us with regard to car building.

I said there could be two views about how many cars are needed. Naturally those of us who are particularly interested in being sure that a peak period can be handled, even though the peak period is a short period, will tend to argue for more cars on the side of safety. It will help. The Canadian Wheat Board will be very conscious that even though they may only use those cars for three or four weeks in the year, it may be useful to them that they are there in that particular year. That will leave the Wheat Board itself to consider what its role should be in assuring that cars are there for that three, four or five weeks in which they may be needed.

The government as a whole has to look with more testing eyes at the question of the investment being made and the short use of time that the equipment is involved. The government will have to look at whether there are other things which need to be done, as important or more important, which may justify that kind of an investment. In particular, at the present time there are important improvements required on the west coast. Here again it is a matter of action which has led the elevator companies to move forward with expansion of their grain holding capacity.

More than ten million bushels of extra space on the west coast will be there, thanks to specific action by the Alberta Wheat Pool, the Saskatchewan Wheat Pool, United Grain Growers and Pioneer. This space will all be at Vancouver. This government has been concerned that additional growth on the west coast is clearly needed and that that growth should occur at Prince Rupert. That is why we have agreed to investments which will improve the dock and facilities at the present terminal so that it can handle more grain. We have also agreed to a significant investment in the basic infrastructure at a site like Ridley Island where we want to attract an additional grain facility of major proportions.

It will be much better to put that kind of major grain facility in place on the west coast so that it is there to be filled up in those periods of time where we may have equipment which otherwise would be empty, than to spend unnecessarily on cars and equipment. But that is a fine line.

How many cars do we require? An hon. member knows that I have had some discussions with the railways about this. The government has not come to a decision in favour of building more hopper cars at this very point in time, partly, I have to confess, because of fiscal restraint and the careful, careful review of every dollar being spent that that entails. In other words, I say that perhaps a year or so earlier with the same set of figures I might have been able to go after more cars. But we were able to agree that there should be a car rebuilding program. Just as a few years ago we saw that boxcars were coming out of the system faster than they really should because of their natural death, and yet we saw there was going to be a need for boxcars for quite some time to come. At that time we assisted with a program for both railways which cost several million dollars, where we paid half the cost of rebuilding a significant number of these boxcars and so extending their life for the grain movement.

This year cabinet approved a similar kind of program with regard to repairing 2,000 boxcars. I put that proposition to the Canadian National Railway. After they did an analysis of their figures, I received their agreement that they would go ahead with that car program. That repair program is now under way. I put the same proposition to the Canadian Pacific Railway, and their analysis, which coincided with ours in terms of what kind of car supply is required, came back somewhat more optimistic than anything I have been willing to credit. They did not in the first instance at least agree to a car repair program. I say in the first instance at least, because they are reconsidering their figures at my request. Perhaps next week I will have a further answer from them if the speeches in this House are conveying a message to the Canadian Pacific that we would expect them to reconsider carefully, and hopefully to enter into that car repair program. I will be very happy indeed about that.

I say to the House that if, in view of the analysis which we and they have made, there is during the course of the year any grounds at all for using the powers which do exist, limited as they are under the Canadian transport legislation which we have, to require the railways to act in a particular way, I will not hesitate to use it to see that that is done.

The grain movement is complex and we do have to work at every aspect of it. It may well be that in Thunder Bay this year problems in regard to how the yard of a particular railway can perform are more important and vital to the issue of how many cars are unloaded, and what kind of a car cycle we have, than the actual number of cars themselves.

● (1642)

It is easy with parts of the system, sometimes inspired by criticism from politicians, particularly in opposition where their role is criticism, in grain handling and transportation, to try to point a finger at other parts of the system and to say that if only such a thing had been done at such a time, everything would have been well. It is very possible for other parts of the system, railways, terminals, Wheat Board or local elevators, to join in that and accuse the other of some failure. I do not believe that kind of accusation is helpful.

I believe the basic motivation of all people involved, from the farm truck right through to the loading of grain on the ship, is to try and make the system work as quickly and effectively as possible. Naturally, when costs are required to be borne by a particular part of the system, there is a tendency to wish that somebody else will solve the problem for them. However, I believe the best way of solving our problems, of hauling more and more grain to export and therefore encouraging more and more production, has been to encourage the participants to sit down together in an atmosphere of trying to work out problems, where the government can be a catalyst in assuring that if one part of the system can do a lot more at low cost to help everybody in the system, that part of the system ought to be urged at the right time to do it. That is the way we have been moving, and that is the way in which we have been making progress. We have been looking at each part of the system.

I mentioned Prince Rupert. There, of course, I should avert to a current problem which is the kind of thing we all regret happening but which, nonetheless, causes significant problems to our grain handling system. There have been slides and problems to the track because of severe weather conditions, putting parts of it out of use for a significant amount of time. There again is demonstrated the need to have some residual capability in the system to handle more grain.

In looking at the movement of products to the west we have to be conscious of the fact that large volumes of traffic are now moving through the mountains to the west coast for export to the world. It is not just grain, but potash, coal, and sulphur. The volumes involved have been increasing very rapidly. This has led us to examine, with the railways, several features of our grain handling system and of our whole transportation system to see what needs to be done to make sure we have the capacity to move the product. Of course our examinations always try to run far enough ahead of the fact of critical capacity limits so that whatever has to be done can be built and completed by the time the need is there.

Hon. members have paid slight attention to changes in the tax structure in relation to railways in the last two budgets. These changes have improved the capital cost allowance position of the railways, making cash available immediately for the construction of improvements in the coast-mountain area of our rail system.

Canadian Pacific, which had the greater problems in this regard, both with regard to cash flow and capacity, has been progressively working toward double tracking or removing difficult grades in its system so that its capacity is increased.

Several years ago we undertook a joint track usage study. It is an examination of the possible increase in capacity from the prairies to Vancouver by treating the two rail lines as though they were in one system for purposes of moving products. With overloaded parts of the system, traffic would move in one direction on one line and in another direction on the other line, thereby increasing the actual train capacity which is possible as a result.

Our studies showed, and these are now available to the railways for their examination and implementation, that until 1985 the changes now in progress will likely provide the kind of capacity required for the prospective freight to be carried. By and after that time, problems could begin to arise.

Those studies also showed that the joint usage of track could indeed be an effective solution to some of those problems. It is not a solution without cost. It is not a solution that takes place without planning, because a variety of structures connecting the two rail lines across the river are needed in order to allow interchanging at different points, depending on construction or repair problems on the line. However, I fully expect that the analysis of these studies, in plenty of time to do the work that is required, will ensure that we have very good results in terms of carrying the grain across our rail system and, indeed, of carrying all the other products which are increasing in volume as well.

The hon. member for Regina-Lake Centre made special reference to the Canadian Pacific Railway. He talked about the need to rearrange its structure and organization. Without ever wanting to become a defendant of a particular rail line, I would only say that it is interesting in its defence to note that until about three years ago it tended to do a little better than Canadian National in terms of responding to the traffic problems and needs of the day. Its branch lines on the prairies were in better shape in terms of weight of steel, and a lot of its other capacity was there in greater supply.

It was only after Canadian National came under renewed management and, perhaps even more important, a spirit of being aggressive about how it is structured and goes about its business, when it was given a mandate of attempting to be effective instead of always simply responding to policy dictates of the moment from one hon. member or another in this

House, perhaps through the Minister of Transport, that its performance improved dramatically and tremendously.

While it is beginning to make profits, it is at the same time doing so with these increases in productivity, more freight being carried for more miles at lower rail cost, than in a period three or four years before. That is a sign of an attitude toward trying to do a job effectively. It would be beneficial to both the shareholders and the railway, in this case Canadian National, the people of Canada, and also to the people of Canada in terms of service provided to them. The attitude of trying to be efficient and effective is a good one, not one to be knocked and criticized in terms of how to run a railway system. It reinforces my belief it is not right for us to interfere on a day to day basis with the operation of Canadian National and to ask it to do well and to function effectively in the days ahead.

I appreciate the kind suggestion of the hon. member for Vegreville that it would be useful if I had more time available to spend on the problems of the grain industry and the Canadian Wheat Board. I am happy to tell him that the Manitoba Wheat Pool, with which I met last Friday, passed a resolution that would ask the Prime Minister (Mr. Trudeau) to lighten my responsibilities in order that I can spend more time on grain and Wheat Board problems. I must say I am pleased with the implications of that kind of resolution and attitude. I have no doubt the Prime Minister will be responding—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the minister, but his time has expired. He may continue with unanimous consent. Does the minister have consent?

Some hon. Members: Agreed.

Mr. Lang: Mr. Speaker, I was at that stage where I was ready to conclude my remarks in any case, by simply saying to the House that I have no doubt the Prime Minister will take note of the request, particularly from the Manitoba Wheat Pool, if not from the hon. member for Vegreville. I am delighted to assure the hon. member I will continue to give good time to this problem.

While I was at the Manitoba Pool meeting, provincial ministers of tourism were complaining because of my absence at a meeting here in Ottawa. I do not understand their complaint. As soon as I was told they were interested in having me with them, I let them know I had committed myself to the Manitoba Wheat Pool meeting in Winnipeg and that I could not, therefore, be with them. I do not apologize for having placed that commitment to the Manitoba Pool ahead of the later request of the ministers of tourism. I was a little surprised at the way in which they referred to the matter.

● (1652)

The House can be assured that this government will continue to take action, as required, to improve the grain handling and transportation system. It was this government which did spend $255 million on hopper cars, and which began to take such action before members of the House had taken note of the need to do so. That is a significant fact, in view of the ease with which it is possible for opposition members to ask that things be done without regard to the expenditure involved.

This government also instituted a rail rebuilding program, having set up the Hall commission to study the question of branch lines to see what ought to be done with them, and, later, the Prairie Rail Action Committee.

It was this government which faced the tough question of which lines should be identified for rebuilding. It was a reasonable analysis on our part, and on the part of the Hall commission and on the part of the Prairie Rail Action Committee, that not every branch line on the prairies could survive—but with the elevator companies themselves drastically reducing the number of elevators at which grain could be received, it did not make sense to maintain the number of tracks which had been put in place in the horse and buggy days. The cost of rebuilding these lines meant it was not fair to the people as a whole to try to spread those elevators out along the exact lines which had existed, bearing in mind that as convenient an arrangement for farmers could be arranged along a smaller number of lines.

The significant thing is that at the conclusion of the work of the Hall commission and of the Prairie Rail Action Committee, and at the conclusion of the studies carried out under the rail rebuilding program, we will have certainty as to the rail lines which exist, and we will also have certainty that those lines are capable of carrying the grain and carrying it well.

Just as the hopper car is an immensely superior vehicle for carrying grain to the hopper car of old, so the branch lines must be in shape in a way they never were before. The hopper car is top-loaded by gravity. It is unloaded through the bottom by gravity. Members in other parts of the House may never have seen the astonishing sight of an elevator agent having to cooper a boxcar, nail a door against the side of it, or sometimes laboriously repair the pillars upon which the door is nailed. They may never have watched it in the hands of a dumper after it arrives at the terminal, or seen the machinery which crushes that car in order to empty the grain from it.

The modern hopper car carries 50 per cent more grain than the boxcar. It can be loaded and emptied in a matter of minutes and seconds compared to a much longer period.

In the same way the rail system on the prairies, when it is completed, when our rebuilding programs are completed, will have all its mileage in shape to carry fully loaded cars well into the future. Consider the ballast that goes on the line, crushed rock that some of them have never seen in all their days, the weight of rail which would allow these cars to be carried. New ties were required, as well as track widening to ensure that snow does not gather on the lines. Lines must be put in shape so that snow ploughs can clear them, as is not always the case today. The government is spending more than $100 million on this program. That is the figure for last year and this. Next year it is committed to spending $70 million, and has made a general commitment to carry out the program in the seven,

eight or nine years to come. The certainty of that commitment is exemplified by the action we have already taken.

Prairie farmers can know that just as we built hopper cars, rebuilt branch lines, and encouraged the railways to improve the handling of cars in their yards, so will we assure that steps are taken progressively in the ensuing years to achieve the one billion bushels about which I spoke some years ago, and that we shall, by 1985, have a system capable of carrying into export the 30 million tonnes to which the Wheat Board referred earlier this year as being a realistic figure. Action taken by this government, which is willing to spend large sums of money in order to make the system better, is surely grounds for confidence that further steps will be taken to produce this result.

The prairie farmer can accept the fact of what we have done and that we are pledged to continue building the system effectively and solidly into the future.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. I should like to bring to the attention of hon. members the subjects to be raised on the adjournment motion this evening. They are as follows: The hon. member for Laval (Mr. Roy)—Floods—Flood prevention program in North Montreal—Government position; the hon. member for St. John's West (Mr. Crosbie)—Fisheries—Closing of St. Lawrence Fluorspar mine—Effect on employment in industry; the hon. member for Humber-St. George's-St. Barbe (Mr. Faour)—The Canadian economy—Inquiry whether government has special economic program for Newfoundland.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58(11)—ALLEGED SHORTCOMINGS IN MOVEMENT OF GRAIN FOR EXPORT

The House resumed consideration of the motion of Mr. Benjamin:

That this House condemns the government for its failure:

(a) to require the railroads to add 4,000 hopper cars and 5,000 repaired boxcars to their grain fleet; and

(b) to give the Canadian Wheat Board total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports.

Mr. Jack Murta (Lisgar): Mr. Speaker, the Minister of Transport (Mr. Lang) has demonstrated one thing with which all members will certainly agree. It is that after the next election he will be a great professor of economics or political history back at the University of Saskatoon. It is obvious he does not make his living selling grain on world markets or he would not have spoken as he did, trying to gloss over problems which are on the minds of many who are concerned with grain handling and transportation at the present time in western Canada. All the minister talked about was what the system would be able to do in the future. That is important, it is true, but there is another and more important aspect still. It is what the system can do now. That is what is important to the pocketbooks of prairie farmers. We can all speculate about what is likely to happen in the future, and I am sure that a number of speakers will do so in the course of this debate.

After talking to a good many grain growers, especially from Manitoba, and after talking to representatives of the Wheat Board, I have come to the conclusion that we are facing a crisis in grain transportation as the motion before us suggests. Responsibility for failures which the minister sought to gloss over must be laid at the door of the government itself. After all, the present administration has been in office since 1968, during which time the present situation was developing. Despite the urgency, little action was forthcoming, other than promises.

I should like to spend a few minutes analysing what is happening to grain transportation. Most of the figures I intend to present were obtained from the Wheat Board. They cover the period ending November 11, just this past week. No one in the grain industry really believes these figures are likely to change significantly during the rest of the winter, though some believe the picture is likely to be less satisfactory than those figures suggest.

The Wheat Board has made predictions, as it does each year, concerning the number of grain car unloadings on a weekly basis at Thunder Bay. If the system were operating as well as could be expected, the projection is that 7,000 cars could be unloaded per week. What is actually happening at Thunder Bay is that 5,500 cars of grain are being unloaded per week. During the recent Great Lakes strike grain stocks built up at Thunder Bay, but since the end of that strike three boats have been waiting. The reality is that at the present time there is not enough grain arriving at Thunder Bay to keep the terminals working on a full-time basis.

● (1702)

The Canadian Wheat Board projected that 3,000 to 3,500 cars per week would be unloaded at Vancouver. As of the week of November 11 some 2,400 cars per week have been unloaded. The port of Vancouver has been and will be operating literally from hand to mouth for the remainder of this crop year. As of the end of last week nine ships were waiting at

Vancouver harbour. Based on what is happening at the present time and on the problems which have become very apparent in the system the projection is that the number of ships which we can expect to be waiting some time in January or February could be in the neighbourhood of 30 or more.

According to the latest Canadian Wheat Board figures, the port of Vancouver will be deferring—or rolling, the term which is used in the industry—some 300,000 to 600,000 tonnes per month, or about 11 million bushels. Those are sales which could be made. In addition, because of problems caused by weather at Prince Rupert, the board is losing sales of an additional 30,000 tonnes per week.

What has happened to the grain transportation system in this country is that it has been allowed to slide into such a state of ineffectiveness that the system does not have any surge capacity. It cannot handle any additional sales opportunities which may, from time to time, be thrust upon it. The truth is that the situation is getting worse every year. Elevators are very nearly full and terminals are less than half full. Producer stocks on the farm are up some 20 per cent. Farmers are holding more grain than they did last year. If the minister responsible for the Canadian Wheat Board and for transportation had to make his income from grain he had to sell through the quota system to the Canadian Wheat Board, he certainly would not have spoken the way he did this afternoon.

At the present time the Canadian Wheat Board is actually working harder at deferring wheat sales than it is at selling grain. That is the state of the industry in 1978.

I am especially concerned about the province of Manitoba. The grain being sold by the Wheat Board at the present time is number one wheat. Movement of that grain is primarily out of Saskatchewan, the tip of southwestern Manitoba and parts of Alberta. Because of this, very little grain is moving out of the remainder of Manitoba. The reason for that is that the grade of grain in Manitoba has not been as high as it is in parts of Saskatchewan. By the Wheat Board's own admission, movement of grain out of the province of Manitoba will be almost non-existent until the first part of January 1979.

Elevators in Manitoba are full. Farmers have very little, if any, cash flow, and the cash advances farmers can get from the Canadian Wheat Board are so small that they are almost useless in terms of the amount of money it takes to operate a modern grain farm. How does the government or any part of the grain industry expect the Manitoba farmer to pay his bills in a time of rising expenses?

Barley is not being sold because number one wheat is the only grain which is being moved. The Wheat Board has said that it has backed away from barley sales. The Board does not even use the expression "deferred barley sales". The Board says it has backed away from barley sales. The government must obviously share much of the blame for this because it has had opportunities to make changes and to accept recommendations.

The railways have also entered into the fray. The problem has been confused. For example, CPR says it has all kinds of hopper cars and boxcars and that it does not need additional rolling stock. CNR says it does not have enough rolling stock. This confuses the matter and makes it difficult to distinguish the real crux of the problem. The Canadian Wheat Board feels that 4,000 hopper cars are need immediately. The board would like to see a total hopper car fleet of about 20,000 cars in ten to 15 years.

The 1978-79 shipping season looks truly dismal. There will be hundreds of millions of dollars in lost sales. The grain industry is already talking that way. There will be large demurrage payments. That is inevitable. That is coming, as sure as winter comes to the prairies.

Farmers will be frustrated because they will have very little cash with which to operate their farms. This will be especially so for exclusively grain farmers. We might even see China becoming a traditional customer of the United States, if the situation is not corrected relatively quickly.

In view of what I have stated it is no wonder that the present government's electoral fortunes on the prairies are so dismal. Rail problems have mounted while this government has been in power. The Liberal government has done little more than study these problems, and it must bear the blame for the loss of millions of dollars in sales.

Some days ago the minister said to me that the Wheat Board is studying continuous seven-day a week operations. He also said that there are problems with labour unions. Both those statements are true, but the whole question is really academic because there is not enough grain being delivered to Thunder Bay to allow it to be unloaded around the clock on a seven-day a week basis.

The big challenge which we as a country will be facing will be the tremendous leap in capacity which will be necessary to meet increased export opportunities by 1985 and even by 1990. Because of delay and lack of action by this government in moving to a rational grain handling approach, we will have to accomplish this in a very short period of time at possibly much greater cost to the government, industry, and farmers than should be the case. We could have developed this rational grain handling approach over a longer period of time if there had been more rational planning.

Foreign demand for Canadian grain will increase, as will foreign demand for grain from other countries. France is said to be planning a 67 per cent increase in grain exports by 1985. The United States Feed Grain Council thinks its exports will increase by some 50 per cent in the next four years, while Japan and China are said to need between 40 per cent and 50 per cent more production or, very likely, imports by 1985. Canadian Wheat Board officials have said that they feel that these intentions, along with the goals of both the importing and exporting nations, are a positive proof of trends in the grain industry which will certainly continue into the next decade. This is an additional reason why Canada must act quickly to protect its traditional markets, let alone develop new markets to widen the variety of Canadian grain products. Certainly the loss in sales over the past 12 months to the

People's Republic of China is an indication of the kind of action the industry and the government must avoid.

• (1712)

If we look into the future there is no question that grain will be one of the major export dollar earners for Canada. In fact, for any of the major exporting countries grain will be one of the major export dollar earners. In my opinion, we must make a commitment to move the kind of grain and volume of grain required. The dollars invested in the grain industry will be numerous but the invested return on those dollars will be four or five times greater than the original investment. Time is of the essence and action must be taken now.

What should be done? The government has spent a large amount of money on numerous studies, but one which we consider to be especially good is the Hall commission report. I believe that action should be taken immediately on some of the recommendations in that report. We, as a party, had hoped that the prairie rail authority, the establishment of which was the cornerstone of the Hall commission report, would have been instituted. Had the prairie rail authority, rather than the Prairie Rail Action Committee which the government established, been instituted, it would have given an over-all co-ordinated approach to the grain transportation problems in the country. However, that has not taken place because of the reluctance of the transport minister to do anything in terms of that recommendation.

We feel that another recommendation of the Hall commission should have been adopted, that is, that the railways be compensated for the cost of moving grain by rail. Railways must also be responsible for adequate maintenance and upgrading of the lines now within the basic network, or which would be added to the basic network. The latest costing report by the Snavely commission is out and it shows that the cost of shipping grain under the Crowsnest pass rate totalled some $354 million. The railways' cost came to $175 million, the farmers' cost came to $115 million, and the federal government's cost came to $64 million. In view of those costs, I do not think anyone would suggest that the railways could devote much time and money to moving grain at the statutory rate. They lose money on every bushel that is shipped, and the more grain they move, the more they lose. Farmers and farm organizations and governments should not expect the situation to improve. In fact it will only get worse in the months and years to come. When you think of all the problems we have had this year, just think of what will happen in a few years from now if the government continues to adopt the same system.

We on this side of the House believe that the railways should be compensated for hauling grain. We also believe that farmers should continue to receive the benefits of the Crowsnest pass rate, and in return for the money received for hauling Canadian grain, the railways should upgrade western rail lines. We think expenditures should be made on parallel rail lines in certain areas in western Canada, mainly in the mountain areas. We also think that stop-off charges in most cases should be eliminated in moving grain in western Canada.

We believe that the principle of the off line elevators should be adopted as a realistic alternative in those areas of Western Canada that do not have rail service. We also believe that money should be spent in the area of ports and terminals. Expenditures should be made, for example, on dredging at Thunder Bay, on Canadian Wheat Board co ordinators for all grain going through Thunder Bay and on enabling the Canadian Wheat Board to play a more prominent role in the over-all co-ordination of grain movement on the prairies. We believe that all these recommendations should be adopted if we are going to move grain in the volumes mentioned by the minister, by us on this side, and by the NDP. So far the government has shown itself to be sloppy and lacklustre when it comes to most things, but especially in grain transportation.

To conclude, Mr. Speaker, let me say that this year the country will lose hundreds of millions of dollars because we cannot fill our export commitments. That amount of money would buy many hopper cars. We will end up with large demurrage charges and with economic hardship for western farmers. We will also have a loss in foreign dollars to Canada because of losses in sales in western Canada. This is the legacy that the minister and the government will leave to the western grain farmer—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but his time has expired. He may continue with unanimous support. Is there unanimous support?

Some hon. Members: Agreed.

Mr. Murta: Mr. Speaker, I was just about to conclude. I said that the mismanagement by the government and the present Minister of Transport will be the government's legacy to the grain farmers in western Canada This is just one reason why, when the next election comes, we expect to see, if not all, certainly most of the seats in western Canada go to the PC party.

In conclusion, I would like to say that the problems are immense and it is most unfortunate that the man at the centre, the Minister of Transport, is not up to coping with these immense problems.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I am pleased to have the opportunity to participate in the debate this afternoon. This is a timely motion, but I am surprised that it is the hon. member for Regina-Lake Centre (Mr. Benjamin), a member of the NDP, who should bring forth this motion and cry crocodile tears for farmers in western Canada, remembering that ten days or two weeks ago when a bill was before the House legislating the marine engineers back to work, whose strike was costing the farmers in the Wheat Board area some $10 million a day, the NDP voted against it. They voted against a bill which would mean money in the pockets of western farmers, despite the fact that the premier of the province of Saskatchewan, a New Democratic Party member,

had sent a wire to the Prime Minister (Mr. Trudeau) asking him to legislate the workers back to work.

● (1722)

The hon. member for Regina-Lake Centre was shedding crocodile tears today. When western farmers learn the way the New Democratic Party voted on that piece of legislation, they will have second thoughts about what those members are doing in Ottawa.

Previous members have supplied many statistics to the House, and I do not propose to go into all of them. The situation in western Canada is very serious. Country elevators are bulging at the seams. The stocks in the terminal elevators in Thunder Bay and on the west coast are low. The movement of grain by railways ranges from 50 per cent to 70 per cent capacity. We have received reports of a deferral in deliveries of some 1.5 million tonnes, cancellation of contracts, and lost sales. The producers in western Canada have lost hundreds of millions of dollars.

For the first time in four years China has purchased wheat from the United States amounting to some 2.5 million tonnes, grain which the farmers of western Canada could have and traditionally would have sold to China. The reason China looked to the United States was because Canada could not guarantee delivery. The figure of the loss to the prairie farmer is not available. If one spent time going through all the papers and listening to the speeches made by representatives of the Canadian Wheat Board and other organizations, one might determine the losses. The producers and members of parliament should know the facts.

On November 7 I asked the minister to make a statement on motions setting out in detail the situation as far as sales, deferrals, and lost sales was concerned. The minister declined to do so, saying that the Canadian Wheat Board had made these facts available to the producers, that it was the appropriate body, and that he did not feel it was up to him to give this report to parliament. It is his responsibility to do so, but of course he has been very busy. He wears three hats as Minister of Justice, Minister of Transport, and minister in charge of the Wheat Board (Mr. Lang). I do not envy him his job. Those three portfolios are more than any man can handle. It is vital that the Prime Minister take immediate steps to divide those responsibilities so that whoever takes charge of the various portfolios can do a proper job.

The grain handling and transportation system is important and vital to the economy not only of western Canada but of Canada as a whole. It brings in billions of dollars in foreign exchange each year. It has a multiplier effect of some 5.5 times the amount which comes into the country, and a domino effect which spurs the economy of the whole country. Yet we continue to lose millions and millions of dollars in sales. Why has this happened?

Why is the grain handling and transportation system in such chaos? One only has to read the report of the agricultural task force of 1969 which was commissioned by this government. At that time it indicated that there was no future in the grain trade. That was the essence of its report. The task force recommended getting rid of half the farm acreage and two out of three farmers. The government brought in the LIFT program and paid farmers not to grow grain, a form of stabilization program which did not make sense, and a small farm program, and other programs developed to do what the agricultural task force suggested. Later the Prime Minister told the farmers in western Canada to sell their own wheat. He said, "Sell your own wheat".

If we look back over the past few years, we find that there have been a series of studies and royal commissions. Many of their recommendations were ignored by the government. There was the Hall commission report, the Snavely commission, and others. The Hall commission report was an excellent one on the grain handling and transportation system in western Canada. Mr. Justice Hall made some excellent recommendations, one of which was the setting up of the Prairie Rail Authority. Of course that recommendation was ignored by the minister in charge of the Wheat Board. Instead he set up the Prairie Rail Action Committee.

The functions of the proposed Prairie Rail Authority were to examine lines which Mr. Justice Hall said were in doubt, listen to representations, and to monitor these lines to see whether they should remain. But the minister set up the Prairie Rail Action Committee which made a final report and a holus bolus decision to shut down lines, without study and input from the people concerned: the railways, the elevators, and the people on the lines. The chairman of PRAC has indicated that there was too much mileage in the basic network recommended by Mr. Hall. Mr. Hall was not even invited to meet with the minister in charge of the Wheat Board for almost a year. He would not have been invited if it had not been for the fact that members of the opposition were able to pass a resolution in the Standing Committee on Agriculture which requested Mr. Justice Hall to appear before it. Then the minister in charge of the Wheat Board decided to meet with Mr. Justice Hall.

Another of the recommendations of Mr. Justice Hall was the utilization of inland terminals to service primarily the port of Churchill, which I am sure the hon. member for Churchill (Mr. Smith) will speak about later, as well as the port of Prince Rupert. Now the minister is putting the elevators and government inland terminals up for sale with no explanation as to why they are to be sold. The President of the Treasury Board (Mr. Andras), in a statement which he issued, said that selling the government elevators would save the sum of $8.3 million. This was at a time when the elevators at Moose Jaw and Saskatoon were being utilized to maximum capacity and were showing larger profits than ever before. The general manager of the inland terminal system said that he could not understand where the President of the Treasury Board got the figure of $8.3 million because the system, he said, would earn between $4 million and $4.5 million.

● (1732)

I was interested to read in the supplementary estimates which were tabled in this House a few days ago, at page 10

under vote 20a, that deducted from the estimates that are supplemental funds available from vote 45 amounting to $930,000, which amount is due to cancellations in respect of the planned sale of Canadian government grain elevators. On the one hand the President of the Treasury Board says that selling these elevators will save $8.3 million; on the other hand the estimates indicate a saving of $930,000. I do not understand it.

It is also interesting to note that we are doing away with the inland terminals in the west but building new terminals in eastern Canada. I received a news release the other day to the effect that four or five elevator companies or private concerns will receive either grants or loans to build terminals in eastern Canada. Two years ago this House passed estimates of $8 million to help build a terminal elevator sponsored by the Ontario co-operatives for the purpose of servicing an oil seeds plant that would be built alongside it in the Windsor area. The oil seeds plant was not viable unless the elevator was built; therefore the government provided $8 million to help and this was at a time when oil seeds plants in western Canada were having difficulty surviving.

The government is not interested in the viability of the agricultural industry in western Canada. They have decided to sell these inland terminals at a price which nobody knows. We do not know if there is a reserve bid or what will happen if they are not sold. We do not know what will happen to the employees.

Both the Minister of Agriculture (Mr. Whelan) and the minister in charge of the Wheat Board have said in the past that these elevators are underutilized. It is true that they are being used only at 20 per cent to 25 per cent of their capacity, but even so a profit has been made. They contend that the reason these elevators have been underutilized is due to the wheat pools and UGG, but it is interesting to note that the elevators in Moose Jaw and Saskatoon are being utilized to capacity now, mostly by the pools.

I do not believe that the Minister of Agriculture and the minister in charge of the Wheat Board have ever sat down and discussed the utilization of those elevators with either the railways or the farm organizations. They are all part of the system which the minister spoke about. Whoever buys the terminals will have to recover from the farmer the interest costs of the purchase price and the capital costs. It may be said that the capital costs should not be taken into consideration, but if the elevators are purchased by a company they must at least recover their investment as determined at the time of sale. These elevators were built in the 1920s.

The elevators should be utilized fully after consultation with the line company elevators, the railways and the farm organizations by supplying their services to the various grain companies at cost. By "cost" I mean the actual cost of operation and cost of keeping the elevators in good repair. The government cannot include capital costs because they have been written off many times over. If this were done, grain could be moved through the system faster to the export position, we would not be faced with bottlenecks on the west coast or with demurrage charges, and there would be a more even flow of grain.

The New Democratic Party has suggested that the government call upon the railways to add 4,000 hopper cars to their fleets. The government has already supplied some 8,000 hopper cars to the railways at no cost to them except that they must keep the hopper cars in good repair. It is my understanding that at the present time the railways are operating at between 50 per cent and 75 per cent capacity. I suggest that possibly we do not need any more hopper cars but instead we should take a look at the utilization of cars, whether they be hopper cars or boxcars.

Perhaps the Wheat Board should, if the minister will not, sit down with the elevator companies, the railways and the farm organizations to determine how they can best utilize the system. I do not believe such a thing has ever been done. There are many other things that could be done in the system through the co-operation of the various organizations and components. This has been the problem, a lack of cohesiveness.

If the grain could be delivered to the west coast or Thunder Bay on time it would save many millions of dollars in demurrage charges. The minister in answer to questions put to him regarding demurrage charges says, "Oh well, we never know when the boats are coming in." He talks as though the boats float out of the sky and land in the harbour. I suggest that these boats are at sea for some considerable time and are always in contact by radio. Contracts are made weeks and months in advance, and the Wheat Board and elevators know when these boats will be coming in.

In closing, I would say that we in Canada have the potential to produce a lot more grain. We have the potential to deliver that grain to export position if the various components of the system would only co-operate and if the minister in charge of the Canadian Wheat Board and the Minister of Agriculture would do their jobs. The markets are available and more will be available. There is a need for more and more food in the world. But if we continue to lose our reputation for delivering grain, then we will continue to lose the markets. The effects on the economy not only of western Canada but of the whole of Canada will be very drastic.

• (1742)

Mr. J. Larry Condon (Middlesex-London-Lambton): Mr. Speaker, I should like to participate briefly in this debate in order to tell the people of western Canada that we in the east and particularly in southwestern Ontario have concern for them and their problems.

The lament of gloom and doom is with us again in this debate, Mr. Speaker. For the last few years the people of Canada have been told how tough, how really bad, things are. I begin to wonder whether the politicians in this House and the media across the country understand the situation or ever ask people individually what the problems are.

I bring this point up very sincerely because I think one of the problems in Canada today is an illusion of things going bad. This illusion has been fostered by the opposition parties

and in some cases by the media. They have been trying to spread the impression that things are very bad and that this is a very bad government.

Some hon. Members: Hear, hear!

Mr. Condon: I hear a comment from a member of the New Democratic Party.

Mr. Nystrom: No, no.

Mr. Condon: Well, I should like to comment on the New Democratic Party for a moment. This party is supposed to be backed by labour, is supposed to be leading labour and wants the responsibility that labour could give them after the next election. On two occasions recently, however, the party completely forgot about the people of Canada, once during the marine strike and once during the post office strike. I feel this fact should be brought to the attention of everybody in Canada. If I remember correctly, and I could be mistaken, two and a half or three years ago parliament was recalled to deal with an emergency concerning the grain handlers. On that occasion the NDP again stuck with one particular segment of the country and forgot about the rest of the country.

I will read today's motion just to clarify matters. It says:

That this House condemns the government for its failure:

(a) to require the railroads to add 4,000 hopper cars and 5,000 repaired boxcars to their grain fleet; and

(b) to give the Canadian Wheat Board total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports.

On the one hand the opposition are concerned about grain exports, yet on the other hand they will vote in the House against a motion designed to get products to the export market. This leaves me a little confused. I hope the people of Canada will note this, however, and not forget it at the next election.

I should like to turn now to the condemnation of government policy by the official opposition. In the past two or three years their practice seems to have been to condemn everything. The acquisition of hopper cars was mentioned briefly by the opposition but they maintain they would have done more. In the past the cabinet has recognized the deteriorating condition of the boxcar fleet and has purchased 8,000 hopper cars made up as follows: 2,000 in 1973; 4,000 in 1974 and in 1975, and 2,000 in 1977, at a cost of approximately $260 million. The opposition did not mention that nor the evident success of the program.

These cars have had a significant impact upon the movement of grain as the grain farmers well know. Some of the commitments made to the western farmers will not only help them but help the farmers of eastern Canada as well. I want to say to grain farmers in the west that we in the east are very concerned about them and their problems. When I return to my riding of Middlesex-London-Lambton and hear comments about the problems of the farmers in Canada, I know that although the eastern farmer understands the problems of the western farmer, sometimes there is a lack of communication between them. The farm organizations meet once or twice a year. I think some of the misunderstandings between east and west could be resolved in the farming community. They have much in common. They depend on the weather, they depend on the soil, they depend on the use of the proper fertilizer; they have a common denominator. All this could serve to unify Canada in the way we all want to see it unified.

The hon. member for Lisgar (Mr. Murta) mentioned that over the last ten years this government has done nothing that will be beneficial to farmers in western Canada in the future. I disagree. I think that under the direction of the Minister of Transport (Mr. Lang), who is in charge of the Canadian Wheat Board, more has been done than was done by anyone who previously held that position. It is very easy to say that more should be done, but I think credit should be given for accomplishments. There is only a certain amount of money available to all the ministries and the 28 or 30 cabinet ministers try hard to get their share of the funds.

Mr. Mazankowski: Why did they buy Pacific Petroleums Ltd., Nordair and all that?

Mr. Condon: Mr. Speaker, obviously I am getting to the core of the problem when I draw comments. Not only does the opposition inadequately condemn but they fail to put forward a platform that would be accepted by the electors.

An hon. Member: Just call the election.

Mr. Condon: They say "call the election", but I am sure when it is over they are going to say, "Why did you call the election?"

Mr. Stevens: Why wait? Let's go.

Mr. Condon: Mr. Speaker, I have great respect for the opposition finance critic. He is probably one of the greatest opposition finance critics and I may say that I hope he keeps that position for some time. I notice he takes an interest in the farmers as well as all other areas that come within his purview. It is amazing that one man can know so much about everything yet never give credit to the government for anything it has done since he has been finance critic. With all this heckling from the opposition, Mr. Speaker, I think I must have hit the core of the problem. It may be a possibility that when the next speaker from the official opposition steps up to express his opinions on this particular motion, he may say at the beginning of his remarks: "You are doing a good job;" but I will not hold my breath. It does not matter if there are a lot of boxcars and a lot of special grain cars, without the tracks to run them on there is a problem. Neither does it matter what expenditure is made on hopper cars. In the recent past, while the Government of Canada has certainly gone ahead strongly on the rehabilitation of branch lines, the rehabilitation and upgrading of the system cannot be carried out until the size and extent of the basic network is known. A start has to be made some place, but it has been let go. I would agree partially with some of the criticism that has been voiced. It has been let go, and maybe for too long. But at this particular time

we are moving ahead to make it better than before, and as well looking forward to the next 30 or 40 years.

• (1752)

If I may digress for a moment, we are not as aggressive as we should be. I think in the future Canada will be in a similar position to that of the OPEC nations. I can see in the future the importance of the food dollar with Canada being the centre of the food dollar chain because of Canada's great areas of agricultural land and also because of the productivity of the farmer. I was talking to a farmer the other day in my riding of Middlesex-London-Lambton, just outside of Strathroy, and I said to him: "You are producing so much now; how much could you produce if you had to?" He replied: "If we were pressed to increase our productivity, we could maybe increase it by 150 to 200 times and have the same product we have now." Obviously the farmers are producing; there is no question about that. The figure is 100 per cent in the last ten years. They are the type of people who would do so providing they are compensated in the proper coin of the realm. Sometimes I question whether they are but I think farmers are in an improving position.

Regarding branch line rehabilitation, almost 50 per cent of the existing prairie rail network can carry only boxcars. It is essential to upgrade the lines to be retained in order to gain full impact from the use of the heavier loading hopper cars. New hopper car acquisition must be co-ordinated with improvements to the system. Seventy million dollars has been allocated for this program for the next year.

To date the following improvements have been carried out. Two subdivisions have been upgraded to carry fully loaded hopper cars. Cut widening and track stabilization has been carried out on approximately nine subdivisions. This will help to reduce problems caused by snow drifting and soft tract in the spring and fall. Many of the lines concerned were built to very low standards in the first place and such work represents a permanent, lasting improvement. Because of these expenditures I think we are at the beginning of great things for the western farmer. I believe the farmers' production will increase in proportion to the facilities that we have available in Canada. This will help the export market.

Returning to the question of being critical of government and critical of the Canadian people, we do not realize what we can do until we have to. In the past Canadians have had fairly secure and good lives. Different government agencies have helped out in certain areas. We never get complaints about that, and why should we? We are trying to help people to be more productive, thus making Canada a better country and a leader in the world's export markets.

Permafrost research is being carried out on the Churchill line to establish ways and means to stabilize the subgrade. This section of line, which is unique in the world for its permafrost problems, will remain at boxcar standards until the early 1980s when stability problems will have been resolved. A party of permafrost experts from many parts of the world, including the Soviet Union and the People's Republic of China, toured the lines this summer. We were seeking the best expert advice available.

Why did we do that? Canada is a complex country. It is a country of differing climates, attitudes and feelings. The most important thing we have in Canada is our land. We have a lot to learn yet about our land. I do not think enough research has been done in that respect. The government is doing more in the area of observation and spending money to make sure that these particular things are good not only for the present but for the next generation and the next century.

In summary, the rehabilitation program will eventually ensure that we have a basic network secure to the year 2000 that will not suffer from winter disruptions by reason of snow drifting. It will not suffer from soft track and drainage problems in the spring and fall. It will not suffer from rail buckling problems in the summer. It will be capable of carrying aluminum hopper cars unrestricted. In short, the rehabilitation program will greatly assist the utilization of the current rail car fleet.

We must recognize that there are problems. Certainly the government has worked very hard to solve them, and it will continue to work to solve these problems not only for this generation of grain farmers but for all grain farmers in the future. This government is thinking not only of today but of the future of this country.

The Acting Speaker (Mr. Turner): It being six o'clock, I do now leave the chair until eight o'clock this evening.

At six o'clock, the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

PRIVILEGE

MR. BAKER (GRENVILLE-CARLETON)—POSSIBLE MISLEADING REPLY BY MINISTER OF ENERGY, MINES AND RESOURCES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, today in the House of Commons I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) a question with regard to the financing of the Petro-Can takeover. I do not want to go into the details of the question and cut into the time of those engaged in the allotted day. However, in his answer, the Minister of Energy, Mines and Resources said: "Mr. Speaker, the hon. member has misinterpreted the provisions of the statute. There is no intention to bring in any amending legislation."

If that is the case, I have no question of privilege. If that is not the case, however, and I have not misinterpreted the statute, the minister may have misled the House, albeit inadvertently. Therefore, I wish to reserve my question of privilege

so that I can go into the statute, because it is rather complicated.

The Acting Speaker (Mr. Turner): Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): It is so ordered.

MR. STEVENS—MISLEADING REPLIES BY MINISTERS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a question of privilege which is somewhat similar to the question of privilege referred to by my colleague, but much more specific. On three occasions during the question period today, ministers of the Crown misled this House by indicating that a certain transaction had been completed, by either a subsidiary or a Crown corporation known as Petro-Can, and that there was no charge against the resources of the Government of Canada as a result of this transaction.

In reply to a specific question raised by my colleague from Halifax (Mr. Stanfield), the Minister of Energy, Mines and Resources (Mr. Gillespie) stated: "Mr. Speaker, I made it very clear that this was a commercial transaction. It was negotiated and financed by normal commercial instrument. There are no government guarantees."

At another point, in response to a question put by my colleague from Calgary North (Mr. Woolliams), a similar comment was made. In response to a question put by myself to the Minister of Finance (Mr. Chrétien), dealing specifically with the nature of this transaction, the Minister of Finance stated that "it is a commercial transaction... This was analysed by those who were loaning the money. They found that the assets being given against borrowing were very good indeed."

The act incorporating Petro-Can could not be more clear. They act as an agent of the Crown. In similar circumstances, the Export Development Corporation has legal opinions which state in that case that the Crown is bound by every obligation entered into by the Export Development Corporation.

We will be looking into this more fully. However, I would like to give Your Honour notice that we think we have a most substantial question of privilege to be raised at the earliest opportunity.

The Acting Speaker (Mr. Turner): Is it agreed that we take this as notice?

Some hon. Members: Agreed.

* * *

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58(11)—ALLEGED SHORTCOMINGS IN MOVEMENT OF GRAIN FOR EXPORT

The House resumed consideration of the motion of Mr. Benjamin:

[Mr. Baker (Grenville-Carleton).]

That this House condemns the government for its failure:

(a) to require the railroads to add 4,000 hopper cars and 5,000 repaired boxcars to their grain fleet; and

(b) to give the Canadian Wheat Board total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports.

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, this debate on the NDP motion moved by the hon. member for Regina-Lake Centre (Mr. Benjamin) is very important. It is an important topic for all members of the House, particularly those from western Canada. This debate has dealt with a number of circumstances and situations dating back not only to the four or five years I have been here, but many years beyond. That is as good an indication as any that the problems which plague the grain industry do not go away but recur, not only for the grain producer but for the grain industry as a whole.

Hon. members who took part in the debate referred to two issues that continually arise. I refer to labour unrest, strikes in various sectors and by various unions involved with or affecting the movement of grain. That has been referred to by most members who have spoken today. The second is natural disasters, such as extreme snowstorms which plagued a number of branch lines in western Canada last year and the torrential rains in British Columbia this fall which washed out the rail line to Prince Rupert. That will disrupt the movement of grain to that port, as well as shipping and the programs of the Wheat Board and grain companies. Those two situations continue to recur.

I thought either the hon. member for Regina-Lake Centre or the hon. member for Vegreville (Mr. Mazankowski) might have recognized the tremendous progress made over the past eight to ten years in resolving some of the problems which cause difficulty to the grain farmer and grain producer. As usual, opposition members have totally disregarded the tremendous advances made over the years in solving these problems, learning what causes them and dealing effectively with them. Producers and organizations are more effectively involved in developing policies and solutions to many problems that have been with us for a long time.

● (2012)

Hon. members forget the years not so long ago of very poor sales and very poor prices, when there was no real policy on domestic feed grains. It is not so many years ago that damp barley in Saskatchewan next to the Alberta border was 25 cents or 30 cents a bushel; that was in the late 1960s. Next door in Provost and Camrose in Alberta, just across the border, it brought twice that much purely because of a regulation which had been in existence for years of not allowing trade in grain under the Wheat Board between the provinces. So we have seen the clearing away of an awful lot of that kind of pure nonsense which was certainly a hindrance to the development of normal trade and sales as far as grain was concerned.

Many hon. members opposite, whether the hon. member for Regina-Lake Centre, the member for Moose Jaw (Mr. Neil),

the hon. member for Yorkton-Melville (Mr. Nystrom) or others, if they were to go back into their constituencies, as I know they do, and travel up and down the grid roads and municipal roads of their constituencies and compare the situation today of their farmer friends, their grain producer friends they have known for years, as I can certainly do in my area, with the economic situation in those very farmyards ten or 15 years ago, I am certain they will find a great difference.

Life then was a great deal tougher than it is today. I suppose that in essence what I am saying is this, that while there are problems in the field of grain handling and transportation as well as in grain production generally, there are far fewer problems than there were. In the meantime, despite those problems the grain producer over the last several years has enjoyed an economic benefit which neither he nor any of us in this chamber in any political party might have believed possible five or six years ago. If hon. members from various rural constituencies would do what I suggested, drive through their own areas and look at some of the farm operations and compare them with conditions eight or ten years ago on smaller holdings, contrasting their net worth today with their net worth eight, ten or even 15 years ago, they will find that—

An hon. Member: What about inflation?

Mr. McIsaac: —despite inflation and even with an 85-cent dollar they are still immeasurably better off than their brothers who may be working in a small town as mechanics, or working in Calgary or other places. Although they are doing quite well in their own profession, the chap who has stayed home on the farm in Rosetown, Lisgar or any other farming community has also done quite well in the field of grain production over the last number of years, inflation notwithstanding.

The hon. member for Moose Jaw, I think it was, applied some interesting logic which to my mind was somewhat inconsistent with proceedings earlier in the day when there was great opposition from hon. members opposite to more Canadian ownership in the oil industry.

An hon. Member: Not at all.

Mr. McIsaac: That is the truth. There is no question about what was involved. They are not concerned or interested in Canadian ownership or government involvement in that area. Yet when it comes to the grain industry, which has traditionally been owned by Canadian farmer-producers, the opposition take a different stance. Years ago the Canadian government put up a number of storage elevators on the prairies, and it seems to me that there really is not very much need to continue inland terminal storage. Major companies which are Canadian-owned, farmer-owned, are engaged in the storage business, as I say, and it seems to me that in an industry which is highly government regulated in any event it makes sense for those elevators, whether they be in Moose Jaw, Saskatoon or elsewhere, to be under the control and jurisdiction of the grain companies themselves.

The hon. member for Moose Jaw was very concerned that the government should be getting out of that operation, yet earlier in the day the Conservative opposition was very concerned that the government should be getting into the energy business in an effort to ensure adequate supplies of energy at a reasonable price for prairie farmers.

An hon. Member: What price would you sell them for?

Mr. McIsaac: The price and the arrangements can certainly be negotiated, and I am sure both the Minister of Agriculture (Mr. Whelan) and the minister responsible for the Wheat Board have already held discussions with grain companies and other interested groups in that regard. It seems to me to make a great deal of sense to place those facilities under the jurisdiction of the grain companies themselves.

The motion before us condemns the government for its failure to require the railroads to add 4,000 hopper cars and 5,000 repaired boxcars to the grain fleet. It goes on to say the Wheat Board should be given total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports. I am sure that on reflection the hon. member for Regina-Lake Centre might wish to modify some of the wording of that motion. I am sure he does not really want to bring all aspects of the industry under the Wheat Board. He might wish to extend the Board's authority, but I do not believe he would want to see the government or the Wheat Board or any other agency getting into the movement of grain from farm to farm, from farm to feed-lot, what might be termed community sales.

It seems to me that more attention should be paid to the progress which has been achieved in terms of grain movement and storage. This aspect has been touched on by the minister and by some other speakers. It is not only a matter of more boxcars or hopper cars. There are factors involved in grain movement quite aside from boxcars. I am sure most hon. members are aware of the advantages of the hopper cars over the old-fashioned boxcars. In my view, we could use still more but I would question the advisability of turning the money over to the railroads, as was suggested in the Hall commission report and again this afternoon by the hon. member for Regina-Lake Centre, for the purchase of the cars and for the re-grading which must take place if many of these branch lines are to be able to carry those hopper cars. Repairing all those branch lines is a big job. There is a good deal of that going on now.

● (2022)

I am more than happy to see what is going on in my part of Saskatchewan, and I am sure other hon. members are too. On weekends when I go home, I see rebuilding, re-gravelling and new equipment. Going from Saskatoon to North Battleford I see 50 to 60 tanker or ballast cars hauling ballast out to those lines to get them rebuilt. That is a big program which will cost an estimated $700 million. That program will go on into the 1980s before it is completed. About $70 million is projected to be spent in the forthcoming fiscal year. Almost $100 million

has been allocated or spent this year for new equipment and for upgrading.

The hon. member for Regina-Lake Centre (Mr. Benjamin) and the authors of the Hall report suggest that this government should merely turn over to the railroad companies those large chunks of cash necessary to make grain hauling an economic operation, and that we should ask the railroads to go out and buy boxcars and rebuild rail lines. When they make that suggestion, they are really not looking at the facts and the history of the last eight or ten years.

I remind hon. members of the last time the National Transportation Act was amended by a minority parliament in the 1960s. One of the solutions to the problem of upgrading rail lines at that time was thought to be a provision to allow the railroads to apply to abandon branch lines on which they were loosing money, which, of course, they did. They applied to abandon many lines. The solution decided upon by parliament, which met the approval of most parties in this House ten or 12 years ago, was to say that the treasury should pay by way of branch line subsidies to the railroads the amount of the loss which was estimated. What happened to that subsidy? It grew to be about $100 million in the past year. The money went to the railroads, but did it go to the rebuilding of branch lines? Of course it did not.

Mr. Benjamin: They took the money and ran.

Mr. McIsaac: My hon. friend says they took the money and ran. That is why I go back to the point I made earlier. I wonder why my hon. friend gets up, as he did today, and suggests to the government that we continue to pour in $100 million or $200 million a year with no strings attached.

Mr. Lang: Or more.

Mr. McIsaac: This is the suggestion I gathered the hon. member made in his remarks, as did other hon. members opposite. The experience of the last number of years demonstrates to me that the Hall commission made a mistake with that recommendation. I suggest the hon. member is wrong in endorsing it. We cannot give the money directly to the railroads with no strings attached and expect them to build boxcars and rail lines and haul grain. They have not done that in the past, and I am not sure what has changed which would ensure that they will do that in the future.

That is why I endorse the approach taken by the minister, his department and the government in terms of providing funds for specific purposes; for example, the purchase of hopper cars, rebuilding and upgrading equipment or rebuilding specific lines, either CN or CP. The money should be paid when the job is done. It seems to me that is a much better approach than to expect them, as we have in the past—and we were disappointed—to take that money and make the improvements all of us want to see in the grain handling network.

I mentioned that in the past that not only has the government purchased 8,000 hopper cars, but we have also rationalized the whole rail network. Hon. members will be aware that a problem and an issue for years and years has been the threat of rail and branch line abandonment. That threat has largely been removed and cleared away by the Hall recommendations and that commission's handling of that entire question. There are still some lines which are being dealt with by the Prairie Rail Action Committee.

Mr. Benjamin: That is the problem.

Mr. McIsaac: It will not be a problem much longer because that committee's report will be in by the end of the year, and we will finally know what its recommendations are. There will still be an opportunity for the hon. member, for me and for other hon. members to make recommendations to the minister in that respect if we do not like some of the committee's recommendations. Of those lines in doubt, which used to add up to 8,000 or 10,000 miles, today there are less than 2,000 miles of lines in doubt and they are still being dealt with by the Prairie Rail Action Committee. In that respect we have come a long way.

Hon. members referred to improvements in car utilization and in car turnaround. There has been improvement in this regard, and there are railroad figures to demonstrate that. We are moving much more today with the same number of cars and the same kind of equipment than we did in 1974. We are moving about 30 per cent more, but I am sure many hon. members of all parties will also agree that we could continue to improve that car turnaround and car utilization in order to get more mileage out of the equipment which we have in operation.

There have been improvements to the terminal elevator system. At Vancouver expansion is going forward. That in itself will assist a great deal. I think hon. members are aware that there are other bottlenecks associated with getting grain to Vancouver. These are being worked on, and gradually the list of difficulties over the last number of years has been narrowed down quite considerably.

I do not say we do not still have problems. I just say that the system has been substantially improved. I agree that there are improvements yet to be made, and they will be made as the various segments work together to try to resolve the problems they have. I do not think more hopper cars alone or additional and wider powers for the Wheat Board will completely resolve these problems.

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. McIsaac: Mr. Speaker, I was at the conclusion of my remarks. I was watching the clock, and I appreciate the fact that my time has expired. I will be interested to hear my hon. friend, the hon. member for Yorkton-Melville (Mr. Nystrom), and others. I hope they will put forward some concrete and specific suggestions.

Mr. Benjamin: We did. They are in the motion.

Mr. McIsaac: There were a couple of suggestions, impractical as they may be, from the hon. member for Regina-Lake Centre. We heard a few more today from the Tories, and they were a little more specific than usual. We did not hear just the usual doom and gloom which we have become used to hearing from them; they were a little more specific. They did not bring forward their leader's suggestion of a year or two ago to abolish the Wheat Board or to supplement it with some other export agency.

An hon. Member: Oh, come on!

Mr. McIsaac: The Tories were a little more specific today. I hope later hon. members opposite will get into the debate and spell out specific solutions to some of our problems.

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. I am sorry to interrupt the proceedings at this time, but I would like to ask the hon. member for Battleford-Kindersley (Mr. McIsaac) if he would be prepared to quote the reference in which the Leader of the Opposition (Mr. Clark) allegedly said he would abolish the Canadian Wheat Board.

Mr. McIsaac: Mr. Speaker, I do not have the reference here with me, but I will be glad to check into that. It was a speech made in Manitoba. I may have erred in saying "abolish the Wheat Board", but the suggestion was that the Wheat Board be restricted or that additional agencies be added to take away power from the Wheat Board.

Mr. Lang: Mr. Speaker, I rise on the same point of order. I think it might be helpful to hon. members if I make it clear that what the Leader of the Opposition (Mr. Clark) did say was just what the minister of agriculture of Alberta said the other day. He was in favour of letting many other people into the export selling business instead of letting that be the exclusive preserve of the Wheat Board. The hon. member for Vegreville (Mr. Mazankowski) is quite right that this is not quite the same as saying that you would abolish the Wheat Board, but it is really just a way of undermining and destroying the Wheat Board.

● (2032)

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please.

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

An hon. Member: A point of order.

The Acting Speaker (Mr. Turner): I recognize the hon. member for Calgary Centre (Mr. Andre) on a point of privilege.

PRIVILEGE

MR. ANDRE—INACCURATE REPLY BY DEPUTY PRIME MINISTER

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I give notice of a question of privilege similar to that raised earlier by my colleagues, the hon. member for Grenville-Carleton (Mr. Baker) and the hon. member for York-Simcoe (Mr. Stevens), with regard to an answer given to me this afternoon by the Deputy Prime Minister (Mr. MacEachen) which I believe to be inaccurate. I have just had a chance to peruse the blues and I should like to point out the inaccuracy of his reply that the purchase of Pacific Petroleums by Petro-Canada will not in any way draw on government resources. I would like an opportunity to gather evidence to pursue this later.

The Acting Speaker (Mr. Turner): This will be brought to the attention of Mr. Speaker tomorrow.

* * *

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58(11)—ALLEGED SHORTCOMINGS IN MOVEMENT OF GRAIN FOR EXPORT

The House resumed consideration of the motion of Mr. Benjamin:

That this House condemns the government for its failure:

(a) to require the railroads to add 4,000 hopper cars and 5,000 repaired boxcars to their grain fleet; and

(b) to give the Canadian Wheat Board total authority to co-ordinate all aspects of grain movement and any other authority necessary to protect and expand grain exports.

Mr. Lorne Nystrom (Yorkton-Melville): Just so I can mediate the dispute between the hon. member for Vegreville (Mr. Mazankowski) and the hon. member for Battleford-Kindersley (Mr. McIsaac), let me say that by chance I happen to have the quotation of the Leader of the Opposition (Mr. Clark).

An hon. Member: Let us hear it.

Mr. Nystrom: The Leader of the Opposition is a real hazard to grain farmers in the west. I am quoting from the *Valley Leader* issue of August, 1977. In the riding of the hon. member for Lisgar (Mr. Murta), the Leader of the Opposition is quoted as having said:

—marketing boards to be set up only if industries request them.

—expansion of the Wheat Board's selling efforts, but permission given to private organizations to sell grain in competition with the Wheat Board.

Some hon. Members: Shame.

An hon. Member: Do you want to emasculate the Wheat Board?

Mr. Nystrom: Further, the Leader of the Opposition said that private organizations working alongside the Wheat Board would stimulate the board's efforts, and so on. So here is the Leader of the Opposition saying we should be setting up private organizations to compete with the Wheat Board, which is the first step toward destroying and abolishing the Wheat Board altogether.

Mr. Andre: They cannot compete.

Mr. Nystrom: Continental Grain and other big grain multinationals in the country competing with the Wheat Board are like having an elephant dance with chickens in the chicken coop. The Wheat Board is a small organization compared with these huge multinationals. I think the position of the Leader of the Opposition is very clear: he would like to abolish the Wheat Board, to get rid of all these public organizations. For the same reason he was opposing today the takeover of the Pacific Petroleum Company by Petro-Canada.

An hon. Member: You should resign.

An hon. Member: So should you.

Some hon. Members: Oh, oh!

Mr. Nystrom: I see we have ruffled the feathers of the Conservative chicken before he even starts debating.

The motion before the House today is very clear, and I want to point this out in response to my friend, the hon. member for Battleford-Kindersley. It says clearly we want to add 4,000 hopper cars and 5,000 repaired boxcars to the grain fleet, and we want the railways to pay for this. He was criticizing the hon. member for Regina-Lake Centre by saying that that hon. member wanted to give a handout to the railways by subsidizing the railways for the real cost of hauling grain; in other words, covering the difference between the Crowsnest pass rate and the real cost. What we are saying is that if they do not haul the grain, they will not get the money. The *quid pro quo* here is that if they get the money compensating them for hauling grain, they should damn well pay for hopper cars, repair the boxcars and meet all the other costs required for hauling grain. Railroads have been given sufficient subsidies over the years so that if they are making a decent buck hauling grain, they should darn well pay for the hopper cars and pay for repairing the boxcars needed to haul that grain.

Some Liberal members have asked us why all those boxcars. I just want to quote an article in the *Leader Post* in which officials of the Wheat Board themselves give us an idea what to say in the motion which is before us. This is an article dated July 22, 1978. At page 22 we find the following:

> A spokesman for the Canadian Wheat Board in Winnipeg said the federal government has been told an additional 4,000 new hopper cars plus 5,000 rehabilitated boxcars are required to meet present grain movement needs.

Here is the Wheat Board saying they need these additional cars. The hon. member for Battleford-Kindersley thinks the opposition is often too negative. I agree that some of the speeches we heard from members on my right have been negative, but I think the speech made by the hon. member for Regina-Lake Centre on the motion was very positive. We have a lot of respect for the Wheat Board, we think they are doing an excellent job, but we also think they need a few more tools with which to do a better job. One is the availability to them of a larger grain-moving fleet. That is what our motion is saying.

If hon. members want to find some other data, look at some of the concerns expressed by some of the commissioners of the Wheat Board about our recent sale to China. As hon. members know, we sold around three million metric tonnes to China. One of the Wheat Board commissioners told my friend, the hon. member for Regina-Lake Centre, that if our grain had been moving efficiently, we could have sold about four million tonnes to China; and if it had been moving really efficiently, we could have sold six million tonnes to China. That is a really big order. It means a lot, not just to farmers, but in terms of Canada's balance of payments, in terms of our dollar, our economic activity and our unemployment situation, and in terms of all kinds of other things that are needed in this country.

We are having such a problem trying to balance those payments that a small investment in boxcars alone would help go a long way toward making our economy more healthy. Commissioner F. Hetland said that if we had some 4,000 extra hopper cars, we would have a net increase in sales of grain worth $700 million a year. That would even help Newfoundland, even though that province does not produce grain, because it would give stimulus to the economy, it would strengthen our dollar, it would create more jobs, it would help our balance of trade, and it would make Canada a much more attractive place economically of which all of us could be proud.

Let me go on to quote the chief commissioner of the Canadian Wheat Board who was speaking at the same convention as that attended by the minister in charge of the Canadian Wheat Board. I am referring to Mr. Esmond Jarvis. On November 9 he said that in the last year we had some $350 million worth of lost sales because of the deferred sales. They turned out to be a real loss to the Canadian economy, according to the chief commissioner of the Canadian Wheat Board.

I think the motion before us today is a very sound one, a very positive and constructive motion. I notice the minister in charge of the Wheat Board himself is waffling on this. He said, if I remember correctly, that if this were last year, if we did not have the cutbacks that the heavies in the cabinet, such as the Minister of State for Federal-Provincial Relations (Mr. Lalonde), had forced on the government, perhaps we would have already put in an order for more hopper cars. But because we have restraint in the government, the minister cannot make that argument forcefully enough at the cabinet table. So I am not sure precisely where the minister stands. He said clearly that there were two arguments. One is: yes, we need more hopper cars; the other argument is: no, we do not need them at this time.

In terms of the second part of the motion which gives to the Wheat Board total authority to co-ordinate grain movement in our country, our party is clear on this. We think all grains should be co-ordinated by one grains board which should have authority on behalf of the farmer. We are talking here about

total authority. The minister in charge of the Wheat Board said, if I remember correctly, that he thinks the Wheat Board could have that authority now under the legislation which is being passed through parliament. The minister is a lawyer and it seems strange to hear him say he thinks it might have that power. I should like to hear from him whether or not he really believes it does have that power, and if it does, is he willing to use it? Is he willing to give the Wheat Board power to co-ordinate grain movement in the country, which I know some of the commissioners want?

Those are the two main thrusts of the motion before us today. Now I want to present some arguments as to why I think this House should strongly endorse the position taken by the hon. member for Regina-Lake Centre. I sincerely believe that the CPR in particular, and the railways in general, are on strike against Canadian farmers. Basically they are on strike because they want more money to haul grain. What they are receiving now is the amount guaranteed by the Crow rate. American companies receive approximately three or four times as much for hauling the same bushel of grain over an equivalent distance. This makes our railways very envious, so they continue to run down the service. They deplete services and do not repair boxcars. They put less and less money into the system until the government perhaps bails them out totally and completely. If that is not a strike against Canadian farmers, I do not know what a strike is.

● (2042)

We should use all the available precedents for legislating workers back to work, be they grain handlers, postal workers or any other group. We should legislate the CPR back to work. Under section 262 of the Railway Act, the government has the power to legislate the railways in this country back to work.

I want to illustrate what I really mean when I talk about the railways striking. Through its generosity, the government of Canada in the last few years has purchased 8,000 hopper cars to move farmers' grain. Because of that, many people think that Canada has more grain moving capacity now than prior to the purchase. Back in 1972 the CNR and CPR had 26,000 boxcars moving grain in Canada. In 1978 the number of boxcars was reduced to 12,800. That is a loss of approximately 13,200 boxcars. If one combines the 8,000 hopper cars and the 12,800 boxcars, one will find that Canada's grain moving capacity is less than it was before the hopper cars were purchased. Each hopper car is equivalent to 1.5 boxcars. Thus, 8,000 hopper cars equals approximately 12,000 boxcars. If that is added to the 12,800 boxcars which the railways have presently, one will find that there are 1,200 boxcars less than there were in 1972.

Mr. Lalonde: There was more efficiency.

Mr. Nystrom: If it was for efficiency, I would be very, very pleased. I should like to tell the minister in charge of Canadian unity what he means by efficiency. The National Farmers Union, good friends of the minister in charge of the Wheat Board, had an operation last year which was called "Car Wars" or "Sky Spy". In operation "Sky Spy", they flew over approximately 6,000 miles of railway track in Canada to spy on the minister in charge of the Canadian Wheat Board to see what he was doing about moving grain. They saw the efficiency which the minister in charge of the unity question is so concerned about. They found that hundreds of cars were sitting at delivery points for over a month after being filled but before being moved to the terminal. That is not efficiency. Also they found that thousands of CN and CP cars—I am not talking about hopper cars—had been on the sidings with "bad orders" forms, some as old as 1974.

I should like to refer to part of a brief which was released by the National Farmers Union a couple of months ago and reads as follows:

> Our members found thousands of boxcars sitting on sidings or on abandoned lines with "bad order" forms on them. The state of disrepair was assessed by qualified railway engineers and in a substantial number of cases the cars have minimal damage. We have found bad orders forms dating from 1974. That means boxcars have been sitting idle for four years when a small investment on repairs could have put them back into service. Instead they are left abandoned and some cars have been badly vandalized. We have seen a bad order form dated 1975 which indicates the cars merely needed cleaning.

Further on in the brief it continues:

> As you already know, we have found CN and CP boxcars in the U.S. hauling American grain. We found, on average, three Canadian cars for every mile of American track flown over. Recently 20 CN hopper cars were seen as far south as Fort Pierre in South Dakota close to the Nebraska border. CP is shipping American grain through Canada on the backaul to help American grain companies get their shipments through to the U.S. west coast ports.

I could refer repeatedly to the study made by the National Farmers Union.

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

Mr. Nystrom: Yes, Mr. Speaker.

Mr. Lang: Would the hon. member make it clear that none of these cars were government purchased hopper cars, and that any hopper car found in the United States may very well have carried Canadian products to the American market, and therefore were perhaps slowly on their way back.

Mr. Knowles (Winnipeg North Centre): Slowly is the correct word.

Mr. Lang: It was as a result of taking Canadian products to the American market that they were there.

Mr. Nystrom: Slow like molasses, and as an old railroader I am sure Mr. Speaker understands what I mean. I was not referring to government hopper cars. I was referring to hopper cars owned by the railways.

Mr. Benjamin: They ship American grain to Canada in Canadian cars.

Mr. Nystrom: Clearly the railways have gone on strike against ordinary Canadians and farmers. They are not repairing their boxcars, and they are being very inefficient about the manner in which cars are allocated. They are going on strike because the rail sectors of the CPR and CNR are not paying

very much in terms of profit, and they do not believe they are receiving enough for handling grain. As I said before, the railways in the United States receive three or four times as much for hauling a bushel of grain over the same number of miles.

We should legislate them back to work. We believe this can be done under the Railway Act, as the hon. member for Regina-Lake Centre (Mr. Benjamin) and I already have said. If the minister legislates them back to work, I guarantee the support of my party. They should be made to allocate a certain amount of their investment money and cash reserves to purchase hopper cars and to purchase and repair boxcars in order to move grain in the country.

The minister went part way this afternoon by indicating he will ensure that the CPR will repair its cars. I hope he really means that. I hope he uses a heavy fist with the CPR. I hope this is not just rhetoric but that he really means it.

As we have indicated in our motion, 1,000 boxcars are not good enough. Approximately 5,000 in this country require repair. The situation is serious. Some people have asked, "What does repairing a few boxcars really mean? Is the problem not really the production of grain, the over-production of it and the acquisition of more markets?" I should like to refer to my riding and the stockpile of grain in Canada.

Last week a little survey was conducted in my constituency, and we found that most of the elevators were plugged, there is a shortage of boxcars, and there is a lot of concern, as I am sure is the case in the Marquette constituency of Manitoba, about the situation because most of the grain goes through to Thunder Bay. Despite the fact the elevators are plugged, we have found out that there is space in Thunder Bay. That does not make very much sense.

One must keep in mind that in approximately three or four weeks the Thunder Bay route will be frozen due to weather conditions; if we do not move the grain to the terminals in Thunder Bay very quickly, it will be stuck for the winter; and that there are tremendous stockpiles of grain in the country. This year Canada will sell approximately 21 million tonnes of grain. Just a few years ago our biggest sales were 21.6 million tonnes of grain. The most recent estimates of the farm stocks by the Canadian Wheat Board show that we will sell this year 20.4 million tonnes of wheat, 3.3 tonnes of Durum, 1.8 million tonnes of oats, 8.7 million tonnes of barley, .63 million tonnes of rye, .65 million tonnes of flax and 3.7 million tonnes of rape, a total of 39.3 million tonnes. Because of the lack of grain handling facilities we are capable of handling only 21 million tonnes, approximately 50 per cent of the farm stocks.

● (2052)

The Wheat Board talks about the lack of boxcars and hopper cars and the damage it is causing to the Canadian economy. Not until 1985 are we expected to be capable of handling 35 million tonnes a year. This indicates the urgency of the debate before us today and, it is why we must insist that railways repair their boxcars and begin purchasing hopper cars and boxcars from their own funds.

[Mr. Nystrom.]

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may proceed if he has the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Nystrom: I shall be finished, Mr. Speaker, in three or four minutes. I would like to remind the House that we have a deficit in our balance of payments this year of $4,150 million. If it was not for the tremendous surplus in wheat and barley sales, that deficit would be well over $6 billion because our sales last year were $2,273 million in those two grains. As Commissioner Hetland said, if we had 4,000 more hopper cars we would have another $700 million in grain sales every year. It is important that this House express very strongly to the minister in charge of the Wheat Board and the railroads, the fact that we are serious about wanting them to repair their boxcars and about having them put more hopper cars on the rails for the farmers of this country.

There is a lot of concern in Saskatchewan that the off-board grain is eroding the superiority of the Canadian Wheat Board and hurting the quota system which is the basis by which farmers have an equal shot at hauling grain to the elevators. Many spokesmen in the west, such as the commissioner of the Canadian Wheat Board and the head of the UGG, are concerned about this very thing. In fact, the only people who are not concerned about the off-board grain situation are the spokesmen for the Conservative party and for Cargill. I have a quote here from Cargill grain about the fact that the Wheat Board is getting tougher in off-board grain and, that they are getting very defensive because they are saying it will destroy competition in the wheat market.

I know that members of the Conservative party are the apologists for the open market, firms like Cargill and Continental. They want to abolish as well the Canadian Wheat Board. That party is the only party in this House that has really come clean and said that they would definitely like to do all these things. The minister in charge of the Wheat Board wants to be half pregnant because sometimes he is on the good side and, sometimes he is on the bad side, but you really never know where he stands. I admire the Conservative party for standing clearly on the side of firms like the Richardson Grain Exchange and the private grain enterprise in this country and for adopting the policies of the nineteenth century. In fact, the hon. member for Vegreville has boasted about barley on the open market and how great the situation is.

The Canadian livestock feed board in its weekly feed grain market report for the week ending October 25, says that the per tonne price of off-board barley was $75.80. If you look at Wheat Board barley, the price was $97.10, substantially higher. If all grain was sold through the Canadian Wheat Board, all Canadian farmers would get a much better price for their barley. However, this is not the philosophy of the Conservative party; their philosophy is to make sure that the grain is sold so that the speculators benefit and be damned the price the poor farmer gets.

I can recall the stories of my father and grandfather when the Canadian Wheat Board was formed in 1935. Then the price of a bushel of wheat was only a few pennies, but when it was sold in the spring, after the boys in the grain exchange had finished with it, it was being sold at well over $1 a bushel. They were overcharging the consumers, other nations around the world, and at the same time were parasites, living off the backs of farmers.

Those are the issues confronting us in this debate today. I am very pleased that the Conservative party has taken a clear position, as I said, in its support of the policies of the 19th century. I just hope that the minister in charge of the Wheat Board will get off the fence or fall off on the side of the Wheat Board, giving it more strength; and also that he will get really tough with the railways, as he is being with some of the working people in this country, so that they will do a job on behalf of the farmers and on behalf of each and every Canadian.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the hon. member for Regina-Lake Centre (Mr. Benjamin) is asking me what a bushel of grain looks like. Well, of course no grain is grown in the area of Quebec where I come from and also there is no railway system going through my area, but I can assure him however that the well-being of western farmers and the fact that the greatest possible number of bushels of grains are being moved on Canadian systems and exported is a blessing for the whole economy of this country as much for the constituents of my riding as the constituents of his riding.

● (2102)

Mr. Speaker, after listening today to the speeches made by hon. members on the other side of the House, an unaware listener could be led to believe that there is not an ounce of grain being moved at this time on railway systems in western Canada. Speeches like that, Mr. Speaker, can mislead not only this House but also all Canadians. Of course there are problems in the movement of grain, and we are aware of that; members must not only mention those problems but they should also be aware that this year as in past years more than 700 million bushels will be moved on those systems which members of the opposition consider inefficient and also as being the universal cause of the failure of grain transportation in Canada. There is no failure, Mr. Speaker, quite the contrary, there is a steady increase in the potential of that system. The motion introduced by the hon. member for Regina-Lake Centre is important, and I believe it is essential to discuss the movement of grain as often as possible both in this House and other forums in Canada because it is one of the most important elements of the Canadian economy. And, Mr. Speaker, all Canadians must be aware that grain export is the major factor allowing us to maintain a steady balance of payments in Canada.

To improve the system, the mover asks or demands that railways, and I quote:

—add 4,000 hoppers cars and 5,000 repaired boxcars to their grain fleet;—

He also adds that the Canadian Wheat Board should have more authority. That might be a good suggestion, Mr. Speaker, but the hon. member carefully omitted to say what his request means in terms of dollars. He also omitted to put a timeframe on his request. And why did he avoid, Mr. Speaker, setting this timetable and quantifying the amount of money his demand can represent? Simply because the New Democratic Party is most likely a party which will never exercize the responsibility of taking real decisions in this country.

The other solution put forth by the New Democratic Party is to nationalize the Canadian Pacific.

Mr. Nystrom: It is a very good idea.

Mr. Lapointe: I confess that I feel some sympathy for this suggestion and that it may appear to be rather appealing solution in areas of Canada where the railway companies, either Canadian National or Canadian Pacific, have tried not to provide the necessary service for Canadians. However, I think that the middle of the way solution put forth by this government and those which preceded it and which consists in maintaining the powerful state owned network besides a privately owned network is probably the best solution. It is also important aggressively and efficiently with private networks such as Canadian Pacific in such a way that the latter will be compelled to follow the same course and provide the best possible service to the western farmers as well as all Canadians in the field of commodities transportation.

On the Tory side, Mr. Speaker, we have my colleague for Vegreville (Mr. Mazankowski) who naturally deals very seriously with the issue of grain movement as with all the issues in the field of transportation in Canada, with great sincerity I am sure of it. He rightfully tries to find which solutions would be best to provide the best possible service to Canadians, be it in the field of grain movement or in other fields.

However the speeches delivered by my Progressive Conservative friends contain the same basic and unfortunately regular inconsistency of that party. On one hand they ask for additional or increased public funds to enable the railways to purchase their own hopper cars or improve their lines and they say to the government: "Give more money to the railway companies". However, on the other hand, for the sake of the sacrosanct free enterprise and competition they say: "Mind your own business, we have enough state intervention." Now, Mr. Speaker, I think that the inconsistency is apparent and with such a base for discussion, we cannot go very far.

Having briefly dealt with the comments of my colleagues opposite, let us see what the government has done and continues to do to improve the grain transport system. It is appropriate, Mr. Speaker, to remind the House that in 1973 the

government purchased 2,000 hopper cars. In 1974-75 we added 4,000 new hopper cars and in 1977 we added another 2,000. In other words, Mr. Speaker, over the last five years the government gave to the grain transport system 8,000 hopper cars at an approximate cost of $260 million, and this is only one of many sides of the governmental action in this field.

Another aspect which is worth mentioning is the upgrading of rails. As the minister said this afternoon, and this was repeated by some of colleagues, it is good to know that last year the government invested $100 million to upgrade rails and that it plans to invest $70 million in similar works next year. Right now, Mr. Speaker, 50 per cent of the rail system in western Canada cannot accommodate these new hopper cars because they are too heavy for the existing rails. So, through this railroad upgrading program in which we already have invested $170 million and in which we have undertaken to invest more than $500 million in the coming years, I believe the improvement of the system will enable us to reach, in years to come, the target of one billion bushels of grain moved over that network, objective set for 1985, I think. It should be achieved easily.

Mr. Speaker, speaking now of another matter, namely increased storage of grains, I should like to quote the excellent reply given by my colleague, the Parliamentary Secretary to the President of Privy Council (Mr. Pinard), to the hon. member for Vegreville in the House last Thursday November 9; I quote from the *Hansard* for that day, on page 997. The parliamentary secretary was answering the hon. member for Vegreville. After having summed up our interventions with regard to hopper cars, our interventions in the field of railway line improvements, the parliamentary secretary said, and I quote:

> The federal government has also contributed to the repair costs of several thousand box cars that will increase our capacity in the short term. Recent improvements to branch lines to Churchill under the prairies branch lines renovation program have also effectively increased our grain exportation capacity through that port.
>
> We are also increasing the capacity of grain terminals in Canada. Under the storage improvement program of the Canadian Wheat Board, the storage capacity should improve by 40 per cent in Vancouver. Half of the storage capacity increase of 5.8 million tons must be done before the coming winter. The rest will be completed by the end of next year.

I should like to quote another paragraph where the parliamentary secretary says, as follow:

> Major improvements are being made to increase our present and future export capacity.

● (2112)

> We are now studying all possible means to transport a maximum quantity of grain through the St. Lawrence Seaway before its closing, including the extension of operating hours whenever possible. But we do not deal only with those urgent problems, Mr. Speaker, we are also concerned by problems that will be faced in the long term by our grain transportation and hauling system. We commissioned an inquiry, the Hall commission, on complex social and economic factors related to that system. We should soon establish in the prairies a comprehensive basic branch line system that will be operated at least until the year 2000.

Mr. Speaker, an hon. member, the one for Moose Jaw (Mr. Neil) I think, was telling this afternoon that the grain hauling system out west had been studied to death. Yet it is surprising to note that at the first opportunity opposition members do not hesitate to refer to findings of the Hall commission to state that the government has not been up to its commitments, etc., whereas since the tabling of the commission's major recommendations the government has been busy acting with great celerity to protect immediately, and until the year 2000, all the lines recommended by Mr. Justice Emmett Hall, those which should be part of the basic network of the prairie railway. Also concerning a second category of lines to be studied, the government has acted very rapidly to protect the 2,344 miles of lines which were categorized as "uncertain" and it is expected that by the end of 1980 a decision will be made about those lines. It means, Mr. Speaker, that is in less than a year and a half from now western farmers and all users of the railway service of this region will be able to count on an improved system serviceable all year round.

Mr. Speaker, hon. members readily refer to the conclusions of Mr. Justice Emmett Hall's report, and in the past they used to refer also to another report, namely the Snavely Commission report. But by sheer accident, members opposite have refrained from referring to it because in its final report the Snavely commission states that Canadian products are arriving on export markets faster and in better condition than they have since many years. Of course, by all means our hon. friends opposite will avoid publicizing those positions, those extremely positive conclusions by the Snavely commission. Furthermore, the report indicates that the financial help of the federal government contributed to improve considerably the transportation system since the advisers of the Board have begun studying the cost structure in 1974.

The Snavely report also emphasizes that in 1947 only 9 per cent of grain cars were modern hopper cars whereas in 1977 the proportion was 30 per cent. In addition, more efficient planning enabled us to make better use of the cars since in 1977 an ordinary car made 3.3 more trips than in 1974. This shows that improvements to the system combined with the use of more powerful engines and better tracks reduced by one third the total number of cars which were necessary to transport the grain last year. The report also indicates a marked increase in grain markets in the ports of Vancouver and Churchill. In 1977, 34 per cent of the export business was made in Vancouver compared to 27 per cent in 1974. In Churchill, the export volume increased by 62 per cent between 1974 and 1977 and 3.6 per cent of the total of Canadian exports were handled there last year. Of course, all those conclusions are ignored by our colleagues opposite. And the name of the report, the name Snavely, has totally disappeared from their vocabulary since the publication of this document.

My colleague from Regina-Lake Centre says that Mr. Snavely is wrong, Mr. Speaker. I cannot, in tonight's debate, go into a long discussion with him on that issue, but I would be very happy to sit down with him and do so. Together we could review Mr. Snavely's conclusions which show, beyond the shadow of a doubt, that the variable costs of grain transport have risen from $247.1 million to $355.9 million in three years, which means an increase of only 13 per cent per ton. Producers' costs have also gone from $89.7 million to $114.8 million, a comparable increase. So, Mr. Speaker, there are not only negative sides to grain transport, and I think that the government can be proud of the action it has taken in this sector and of the improvements in rolling stock, ways and volume of grain export.

Mr. Speaker, I would like to come back to the importance of this issue for all Canadians. The importance that is recognized by this House and by the government points to one of the most significant facets of our Canadian federation. As I said, grain is one of the key positive factors in our Canadian economy, and grain exports account for some degree of equilibrium in our balance of payments. Quite understandably hon. members from the western provinces and governments of those grain producing provinces as well as farmers in Manitoba, Saskatchewan and Alberta are trying all they can to improve the movement of grain, their potential for larger and larger crops and more and better conditions for maximum revenues. It is quite understandable these concerns are expressed here at the national government level, just as the regional concerns of another province I am more familiar with, the province of Quebec, because we from Quebec have legitimate demands within this federation the same way as the western provinces, the Maritimes or British Columbia. Of course, we all have very strong regional concerns and therein lies the wisdom of our parliamentary system, under which we have a strong central government ensuring some balance between regional interests and a fair redistribution of wealth and interests between the various parts of Canada.

Mr. Speaker, this important debate opened today by the motion put forward by my friend the hon. member for Regina-Lake Centre gives me an opportunity to conclude on that vision of our country that is most important, namely the meeting of regional interests in central parliament where, side by side, whether opposition of government members, we have a duty to try and give Canadians across the country the best possible service, the fairest redistribution of wealth, and I rest assured that the hon. member put the motion forward in the best of spirits, and I would like to commend him for having shown such a spirit of generosity toward all Canadians.

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I welcome the chance to speak on the problems of the western grain industry made possible through the motion put by the hon. member for Regina-Lake Centre (Mr. Benjamin) regarding hopper cars provided by the Wheat Board. Being an ex-station agent he is no doubt an expert in this field. This is a problem we have had for a long time. In the issue of the *Western Producer* for October 26 the headline is: "Railways, Government blame each other for Grain Shortfalls". The article reads:

> Railway company spokesmen and government officials pointed accusing fingers at one another when short-falls in the grain handling system were discussed at the Canada Grains Council semi-annual meeting here Oct. 18.
>
> Spokesmen for Canadian National and Canadian Pacific railways said they had sufficient capacity to move grain to export shipping positions if winter shipping surges were spread out over a 300-day shipping season.

I think this is of interest whatever private industry and nationalized industry have to say; they both get together when discussing grain at this time. On a more local level, I remember meeting a grain area supervisor in my riding a few years ago. I asked him, "How is the grain business?" He answered, "When the cars arrive and they are one week late—they are supposed to come on a Tuesday and they arrive on a Thursday—well, we eventually get things done, but sometimes it is rather difficult." We do not know whether the answer lies in more expenditures by the government out of treasury to buy hopper cars. We are not even sure they are being used to full advantage, even when they are under the control of the Wheat Board or the railroads, but this provides them with an opportunity to discuss their problems.

There is no doubt about the seriousness of the transportation problem, at least from an export point of view and the point of view of the good of the Canadian economy. Although sales are good, probably surprisingly good, the farmers have not been able to capitalize on the saleability of their products so that many elevators are congested. While we talk about record grain movement, in some grades such as No. 3 Utility wheat and No. 3 Red there has been little movement, at least in my riding, and the barley producers have been left with little opportunity to sell their grain unless it is to the local feed mill operator. There is practically nothing moving through the board.

It is small wonder that the farmer finds the movement of his grain curtailed or controlled by the Wheat Board. These grain handling companies are often farmer owned, but the farmer finds himself isolated and cut off from the management, all of whom issue contradictory statements and seem to be taking positions antagonistic to what he regards as his best interests. I would like to say that with this conflict of interest coming up, I am glad to have my chance of speaking as a permit holder. Grain is grown by some 200,000 permit holders. It is handled by a monopolistic Wheat Board supposedly working in the farmers' interest and by the railroads and other parts of the transportation system. In many cases the movement of grain seems stymied. Of course, there are government regulations covering the Wheat Board, the railways and the grains commission. Many of these seem to have the effect of limiting the movement of the farmers' grain.

• (2122)

In a general way, I am not in favour of the government of Canada purchasing hopper cars for the use of the railway and

the grain-handling system, at least without considerable strings attached. As a starter, hopper cars may have seemed a more feasible method of transporting grain than boxcars.

Why are hopper cars not purchased by the railways directly, or even better, by the grain handling companies? Railways purchase their own rolling stock. I understand the oil companies have found it to their advantage to own, manage and route their own cars. If the grain handling companies were charged with moving the grain under their jurisdiction, with the Wheat Board giving them a target to move, they would do better than at present. This possibility deserves to be carefully investigated.

Much better use apparently is made of cars as far as oil companies are concerned when they are owned or at least leased by the oil company. Unfortunately, the manufacture of hopper cars is being directed by the government into areas of high unemployment, and to some extent they represent an unemployment measure rather than their primary purpose of providing service to the western grain producer.

The western grain transportation system is approaching the limit of chaos and recriminations fly thick and fast. The Wheat Board has implied that the railroads are not pulling their weight and in this regard, for once, the railroads have fought back. Both the privately owned CPR and the publicly owned CNR say that their facilities are not being used in a proper manner and that they could haul much more grain if orders were placed in a rational way. Merely increasing the number of hopper cars to sit around deserted sidings or hidden away in isolated gravel spurs is not a particularly good way of moving the grain.

Either the railroads or the grain handling companies should provide the hopper cars or other means of transportation necessary for the movement of grain. Merely the government producing hopper cars is not enough. If the government does pay for the building of those cars, they should be leased to the railways. I understand there is no assessment as to the cost of these hopper cars and no method to provide for their upkeep.

Recently in my constituency there was a shortage of boxcars or hopper cars. It was found they were available, but there were no work crews and no power to haul the cars because of cutbacks and other activities of the railroads which had sopped up their working force. In my constituency, the CNR is the only railway of any consequence.

Obviously one of the important things to consider is who should supply the hopper cars, who should pay their initial cost and who should control them. Should it be the Wheat Board or the grain handling companies? Should producers have the right to order cars? Under the new order of the past few weeks, it seems that right will be taken away from producers or at least be restricted. That right seems to be challenged by the Wheat Board. The producers have fought for these rights over the years. They have fought to order their own cars. At the moment, this right is being jeopardized. It is being challenged by the Wheat Board on the basis that it must control the movement of grain. This is an important principle to consider.

[Mr. Ritchie.]

In other words, should we become more and more bureaucratic, controlling the movement of grain in a bureaucratic way, which the NDP would like, or attempt to free it in order to provide a degree of competition that does not seem to prevail at the moment?

Overriding all that, of course, is the problem of the Crowsnest rates. It is now generally realized that it is not practical for the railroads to haul grain at the rates set out in the Crow rates and maintain a viable rail operation. For many years the railways have complained they have not been making money. It seems that the Crowsnest rates were not unreasonable until the last three or four years. While their costs increased, their efficiency increased as well. Therefore, four or five years ago they were still in the black with regard to hauling grain.

Railways are becoming an increasingly expensive operation. Wage structures have continued to rise along with those in other parts of industry. The price of grain at the moment is low. Indeed, in many respects it approaches the low levels of the depression years. It is perhaps fair to say that a grain grower with a section of land might gross $30,000 a year in returns and, after his expenses and a modest return to himself and his living costs are taken out, there is certainly not much left. Can he afford to have his grain hauled down the track by a railroad whose wage structure is much greater than his own? Can he afford to have his grain hauled down the Great Lakes by engineers who earn much more than he would hope to make out of his crop? This gives us considerable food for thought. I would calculate that if present prices in the grain industry are projected, they would probably return something like $3 to $4 an hour for a farmer's work. It certainly puts him in at the lower end of the scale.

The question arises, can the farmer reduce his dependency on the grain handling system and can he profitably take over some of the grain handling transportation that has hitherto been reserved for the railroads? The grain handling system was built for the horse and wagon and elevator points were situated accordingly. But grain hauls of 40 to 50 miles are now common, and as roads improve, highways open up and farms get bigger, transportation is made available. It certainly seems possible that farmers who invest $50,000 or $60,000 in a combine or a tractor would not be able to invest similar prices in a truck to haul their grain to more central gathering points. A haul of 50 or 60 miles may not seem much when the grain is destined for Thunder Bay, a distance of 700 to 800 miles. However, if a producer lives on a branch line, a haul of 50 to 60 miles may well mean that the grain, from an economic point of view, has been hauled half way to Thunder Bay. The farmer's costs may not have been so much out of line with what it costs the railway to maintain a short branch and the attendant large number of people involved in merely standby operations to maintain services.

Construction in the grain transportation system is having some important effects. It seems that with longer hauls by farmers and reduced quotas they have to turn more and more to crops that produce a large amount of money per bushel. Therefore, in areas that are suitable, special crops are receiv-

ing more and more attention. The growing of oats has practically ceased, except for local use, as they are pretty well defeated by the high cost of tranportation. Barley is fast approaching the same point and there may well be a reduction in the amount of barley produced if this congestion increases or, conversely, barley will be fed at a local level. We may also be faced with increased pork production.

I now wish to refer to the off-board quota. This has become a bone of contention. In fact, if there had not been off-board quotas, many farmers in my area would have delivered no wheat or barley this past season. For instance, we have quotas of, say, five bushels for wheat. But five bushels of No. 1 and five bushels of utility wheat mean a great deal of difference in dollars, because No. 1 brings twice the amount per acre as No. 3 utility, yet for many farmers there was only No. 3 utility wheat last year. Again this year most of the crop seems to be No. 3 red or No. 3 utility. In fact, there was practically no movement of No. 3 utility out of my riding last year. The Wheat Board could not seem to find any sales for it, they said. Without off-board quotas, it does not seem likely any would have moved.

● (2132)

Perhaps this situation will change but the Wheat Board will have to show that it can move the grain. As I understand it, the Montreal feed market is the place where most of the off-board grain is going, so presumably if there are no off-board quotas Wheat Board sales to that market would increase. But there feed grains are in competition with American corn, and in many practical ways it is easier to obtain American corn in the eastern market than western feed grains. A good many farmers have been able to sell grain whereas without the off-board quotas they would have had no market whatsoever and would have been reduced to selling at the local level if they could find any buyers.

It is some years since there has been a glut of feed grains on the prairies, and since then agriculture has changed a lot. There seems less possibility of a greater food-producing industry developing than was the case seven or eight years ago. There are fewer people on the farms and they are not of an age group to be able to involve themselves in the feeding of pigs, always the main meat raised when there is a surplus of feed grains. So the problem becomes relatively greater than it was eight or ten years ago.

Then what about the selling of No. 3 red under the quota system? I am thinking particularly of the Parkland area. It seems likely that with the change in the grading system we shall rarely produce anything more than No. 3 red wheat, at least half of the time anyway. It seems the best the farmers in the Parkland area can get is No. 2 red; with the first shower it is down to No. 3 red and with the second shower it is into the No. 3 utility grade.

The Wheat Board does not seem to be able to move this grain and perhaps I can understand some of the reasons. After all, No. 1 and No. 2 grades bring much more in the way of price, and it costs no more to move than a bushel of No. 3 utility. As they bring a dollar or two more a bushel, I can understand the desire of the board to move them. But is this the fairest way of doing things? Should the board be put in the position where it must ration available sales? And what about the barley growers? They are even further down the ladder than the utility wheat people because their grain is less saleable. These are some of the problems which have to be addressed, particularly in the northern parts of the prairie wheat growing area.

I would like to end with one problem of the grain industry which should be set at rest once and for all, and it is this. Does the government intend to put into effect the restricted hours of work for elevator agents? The minister in charge of the Wheat Board is quoted in the Winnipeg papers as telling the Manitoba Wheat Pool that there will be an indefinite suspension of the so-called 40 and eight hours of work by country elevator agents. I think this is important because a great deal of rationalization, a great deal of the future of the country elevator system, is bound up with this apparently simple question. In the elevator system it is a very important factor, and while the minister perhaps does not have full authority to make an announcement, I hope he will prevail on the Acting Minister of Labour (Mr. Ouellet) to make this announcement in the very near future.

Mr. Cecil Smith (Churchill): Mr. Speaker, we have heard today from non-farmers and retired station agents. I would like to put my two-cents worth in as a member of parliament from an area which has the only inland port in central Canada.

The present government's blatant inability to program grain shipments has cost Canada an additional 4 million tonnes in foreign grain sales and a deferment of 1.5 million tonnes for delivery in 1979. Our grain transportation system is choked by a tremendous backlog in deliveries that has delayed grain shipments right from the start of the 1978 shipping season this spring. Following three record crops, producers have stocks overflowing their on-farm facilities. Prairie grain elevators are stuffed, holding 35 per cent more stock than a year ago, yet deliveries to these primary elevators are lagging behind 1977 figures. At the same time grain stocks at the major export terminals are down 33 per cent from last year. The problem is rail movement of grain to export positions, and more specifically, the scheduling of deliveries.

In this debate on the motion put forward by the hon. member for Regina-Lake Centre (Mr. Benjamin), I am speaking on behalf of the port of Churchill as well as the hinterland to the port of Churchill, which covers most of Saskatchewan where there are at least 118 million bushels of grain which could be destined for shipment through Churchill.

Instead of increasing our grain exports and developing new markets, Canada is losing her traditional customers. Foreign requests to purchase Canadian grain are being turned down because of this government's lack of foresight and initiative to update our transportation system to meet even present demands.

Our national deficit could be lowered significantly. Instead, grain handling facilities from country elevator to the port terminal limit us to 21 million tonnes of grain exports annually. And as far as this government is concerned, that is all they will supply.

This anomaly in government policy is best exemplified by the port of Churchill. This Manitoba port provides western producers a 10 per cent to 14 per cent higher net return, yet the government refuses to direct more than a nominal shipment of grain through the port. Grain shipments for the 1978 season through Churchill totalled 23 million bushels—down nine million bushels from the expected 32-million bushel quota.

Since only 23 million bushels have been shipped through the port, the port is in a cash loss position. This means that the deficit will have to be picked up by the taxpayers of Canada. Had the port been allocated a few million bushels more, its accounts would have been in the black, and there are not too many ports in Canada which find themselves in the black at year end.

● (2142)

The port of Churchill has a storage capacity of about four million bushels. A few years ago this facility had to be used for grain storage, but for some reason this government takes the approach that it is not going to store grain at Churchill. One of the excuses is that the government does not know just what grain sales it will have next year through that port. However, in this particular year there have already been cargoes sold for shipment next year through the port of Churchill. I therefore see no reason why—with this huge capacity—grain could not be moved into place.

This motion is before us today because there is a shortage of boxcars. It is my understanding that even if boxcars were made available at some later date, the port of Churchill would have to be opened during the winter, which might not be too acceptable. If cars could have been available this fall, the four million bushels could have been put into place before the ice and snow came. It is time the minister took off his blinkers and lifted his eyes to the north.

One-tenth of Canada's total grain exports moves through the port of Churchill. A senior economist for the Wheat Board, Harold F. Bjarnsson, has said that in just six years—by 1985—Canada should be able to export 20 million tonnes of wheat, up to 10 million tonnes of barley and 1.5 million tonnes of oilseeds, for a total of 31.5 million tonnes. That is an increase of 10.5 million tonnes, which will call for a 50 per cent increase in transportation and grain-handling facilities.

The port of Churchill can play a large role in the expansion of Canada's grain export industry. The Hall commission recommended an increase in grain shipments through Churchill to 55 million bushels, but to date this government can see its way clear to allow only a two million bushel per year increase in shipments. With the loss of some nine million bushels this year, it will take us up to five years to make that amount up.

Moreover, the Minister of Transport (Mr. Lang) has virtually ignored the Hall recommendations and commissioned a second study, the Bryden report, to which I have referred before and which views further development as uneconomic. Now we are waiting for the results of a third report on grain handling and transportation. This government claims to be fighting for a strong federation, but until it can envision Canada as stretching north and south as well as east and west, it cannot hope to maintain a unified and prosperous country.

This year it was expected that the m.v. *Arctic* would be going to Churchill for a cargo of grain on November 15. I asked if the minister would consider also sending in or having three or four other ships accompany the m.v. *Arctic*, which is a class two icebreaker. In his reply the minister said he did not think that would be a feasible operation and that no one would want to send ships in there.

That is not the kind of approach I would like to see taken. I think the minister should have pursued this matter in order to get at least another four million or five million bushels of grain out through the port of Churchill. Because the nine million bushel shortfall at Churchill will have to be made up through Prince Rupert and Vancouver this winter, and looking at the track record of grain handling facilities in this country, I am sure we will end up having that nine million bushels still sitting there next spring.

When I mentioned the m.v. *Arctic*, the minister said that it had encountered bad ice conditions and that a hole had been ripped in its side. The minister was clouding the issue for the simple reason that at that time the m.v. *Arctic* was coming from the Nanisivik Mines with a load of ore and it was out on the other side of Baffin Island in Baffin Bay. It was nowhere close to the shipping routes out of Churchill. It was on October 20 that the minister brought to the attention of the House that the m.v. *Arctic* had encountered ice. The last ship clearing Churchill this year did so on October 24 and encountered no problems whatsoever. I just wanted to clear that up.

The minister was saying that the m.v. *Arctic* was going to be scheduled for Churchill for November 15. It could not go there because of damage. I understand that it has to go to Rotterdam for complete repair. Because of the slow movement of grain in Canada, I ask the government to schedule the m.v. *Arctic* to go to Churchill by at least July 1, 1979 and to provide at least four or five ships to accompany the icebreaker to Churchill. Let us get the season started so that we can handle not only the anticipated 30 million or 32 million bushels out of Churchill but also set our goal a little higher than that.

I speak for grain handlers and those who work for the National Harbours Board in Churchill. Some of those fellows have lived there for 25 or 27 years, and it is a personal challenge for them to be able to reach and better what they reached in previous years. We have to have a commitment from the government. The minister must work with the Wheat Board, convince it that the CNR can get grain to Churchill and that ships can be scheduled to handle grain through that port.

One other concern to me regarding the port of Churchill also involves the ports of Montreal and Halifax. It is my

understanding that an in-house National Harbours Board task force has just been struck to examine the prospects of leasing the ports of Churchill, Montreal and Halifax. I do not know what the idea behind this is. I have not seen the terms of reference. Perhaps the government wants to lease these ports, for example, to Cargill, which would then be responsible for the ports. However, tied to that there would have to be some commitment that Cargill would have the necessary cars to move grain to those ports and thus increase the flow of grain. I look forward to the report of the task force, which is supposed to be released in two months.

The government and the Canadian Wheat Board must think of transportation of grain in this country on a north-south basis as well as on an east-west basis. The old east-west concept which was born at the time of confederation is just not sufficient to handle the amount of grain we are producing in Canada now. We are going to have to use the port of Churchill. When the government is replaced, and I do not think will be too long, I am sure the port of Churchill will be used to its maximum capacity in order to relieve the situation on the prairies and get grain moving.

We talk of boxcars' not being available. The distance from Saskatchewan to the port of Churchill is only half the distance from Saskatchewan to Thunder Bay, and it is a little further to Prince Rupert. We must use the port of Churchill so that we can move grain quicker. That is a commitment our party will make to the farmers and producers of this country.

● (2152)

Mr. Gordon Towers (Red Deer): Mr. Speaker, I welcome the opportunity of closing the debate on this major problem which exists in western Canada.

I should say at the outset that history is repeating itself. There is no doubt that today we are going through almost the same thing that grain producers went through 22 years ago. At that time grain was piling up on the prairies and the government of the day was not doing anything about it. It was defeated first in 1957 and then completely defeated in 1958. I see the same thing happening now when I witness the so-called experts on the government side ganging up together with the NDP against the Conservatives. This shows their tunnel vision. They do not realize what the problem is. It is very simple: get out and sell the grain that is there. If you sell it, you move it. These are the two simple things that need to be done.

This is what happened in 1960 and 1961. Hon. members opposite should realize that the then minister of agriculture, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), made a trip to China at that time. One would have thought the world was coming to an end when those sales were made, and the NDP together with the Liberals of the day criticized those sales bitterly. Now they are following that example.

There is no doubt in my mind that the government will not be in a position to win the next election and that we will have the opportunity to move this grain, because it has to be moved. You can blame whom you like, the government, the railroads or the Wheat Board. Nevertheless, the real crux of the problem is, first of all, to go out into the world market and sell it. We are competing now with other countries for grain sales because of the fact that there is a small surplus.

I am particularly concerned about some of the comments made by the hon. member for Battleford-Kindersley (Mr. McIsaac) when he said that the western grain grower has fewer problems now than he had eight or ten years ago. He went on to say that if you compare the western grain farmer's net worth now with his net worth a number of years ago, you would find it is a lot greater. It is not the net worth that is important because many cemeteries are full of rich farmers. It is the net income that is important, and this is what members opposite do not seem to realize. The grain farmer must have an increase in profit so as to stay in business.

As much as I do not like statistics, I think I will have to put some on the record to set it straight. In the last five years, if we compare the cost of wheat with the increased cost of production, we find that it would have to sell at approximately $3.62 a bushel. What is it selling at? It is selling at $3.19 a bushel. This means that the western grain producer is falling behind and his costs are increasing tremendously. In the last 27 years the cost of machinery alone has gone up over 100 per cent.

I should like to impress upon members of the House that 30 years ago this fall feed grain in western Canada was selling at exactly the same price as it is this year. How in the world can anyone survive in that kind of situation, with increased cost of production, increased taxes, increased cost of fertilizer? That is why it is so urgent that the government realize the predicament of the grain farmer. Many grain farmers are going further into debt. The farm debt in western Canada has doubled in the last five years. This means added cost in interest. We have seen the cost of borrowing money go up in the last several months. The bank rate has increased six times this year. This is reflected in the cost of operation of the western grain farmer.

We cannot fool around with this situation because it is too important to our economic well-being, too important to those who are involved. Let me show exactly what is happening. I wish the minister in charge of the Canadian Wheat Board, his parliamentary secretary or anybody else on the other side would come over here so that I could show him a picture of farmers loading their own grain on their own cars. They have to go back to doing that because the elevators are plugged. This year alone 1,042 producer cars have been loaded between the beginning of the crop year, that is August 1, and the end of October. This compares with 250 producer cars shipped in the same period last year.

This proves the agility and versatility of the western grain producer, but let me impress upon members that he can only go so far; he can only spread himself so thin. If hon. members opposite, in the short time they have left on the government side of the House, do not do something about this, I can assure them that they, together with the NDP, if the latter continue to support the government, will not find any of their members

elected in any of the western provinces in the next election, and I would be prepared to wager that with any of them.

There has been a great deal of discussion with regard to the problems associated with the Crowsnest pass rate. I have to impress upon hon. members opposite and on the minister in charge of the Canadian Wheat Board, who is also the Minister of Transport (Mr. Lang), that problems in western Canada connected with the movement and sale of grain have created a schism between beef producers and grain producers. The government, the minister or the cabinet—I do not care who—are the logical people to get busy and alleviate this serious problem.

I hope that as a result of this debate the minister has become cognizant of the serious problem which exists on the prairies, because I have a great fear that hon. members opposite, who have never had to rely on net income from grain to pay for their groceries, to pay their bills or to maintain their families, do not realize the seriousness of this situation. I cannot express more firmly that it is very important that action be taken now.

* * *

● (2202)

BUSINESS OF THE HOUSE

Mr. Paproski: Mr. Speaker, I would appreciate it if somebody on the other side of the House would let us know what the business is for tomorrow. Perhaps the government whip might be able to inform us.

Mr. McIsaac: Mr. Speaker, tomorrow we will deal, in the following order, with Bill C-7, Bill C-5, and Bill C-10, whether or not we get to the final one. That is the order in which the government will put forward the business tomorrow.

Mr. Deputy Speaker: It being ten o'clock p.m., the proceedings on the motion have expired in accordance with Standing Order 58(11).

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

[*Translation*]

FLOODS—FLOOD PREVENTION PROGRAM IN NORTH MONTREAL—GOVERNMENT POSITION

Mr. Marcel Roy (Laval): Mr. Speaker, first I thank you for giving me this opportunity to rise once again on an issue which has been the subject of several interventions not only from myself but also from the hon. member who took the floor before me as the representative of Laval riding, our good friend and colleague, Mr. Jean Rochon. It concerns the flood problem. We have been informed of the budget cuts made by the Government of Canada, and I think we all agree that budgets must be seriously trimmed down, but when we are directly concerned we may not agree so readily. So to lessen the effects of those budget cuts, considering the seriousness and the priority of our problem, floods in the Montreal area, I communicated with the Minister of State (Environment) (Mr. Marchand) last October 16 in a letter referring to the agreement made on October 4, 1976 between the Government of Canada and the government of Quebec whereby $5 million were to be earmarked for undertaking works in the Montreal region to reduce damages due to floods.

In August 1977, having examined together the situation, the two government levels agreed to extend the agreement for two years, in other words until March 31, 1980 and the Minister of State (Environment) confirmed that agreement to the Quebec natural resources minister on October 31, 1977. I expressed my concern over the possibility that this budget might be cut due to restraint measures.

I mentioned that I wanted to advise him that a cut would be hardly acceptable to people who live on the shore of the Prairies and Mille-Isles rivers and who must suffer those floods every spring time since almost 30 years. To make the public aware of that situation, all we have to do is to make them read again newspaper reports from 1963-64 and 1971. And now that almost everybody has a television, it is even easier to witness it through images.

Given the importance of those works, I asked a question of the minister last November 7. I asked him if he intended to cut expenses regarding the commitment I referred to earlier, and I learned that the release had been issued by some PQ members coming from that area who had mentioned that we were refusing to go ahead with our commitment before 1980. In his answer, the minister referred to an agreement of 1975.

I have with me a press release mentioning the implementation of a diking program in accordance with an agreement on hydrometrical survey cost sharing which was reached on March 17, 1975 between the Liberal government of Quebec represented by then minister Gilles Massé and the Canadian government. I was not completely satisfied with the minister's answer because it seemed to me that we did not directly tackle the problem I had raised. However I was a bit more optimistic when the minister told me that he would be on the site last Friday. The minister was given the opportunity to fly over the concrete dike built along the river to control the water level and also over the pumping station system established with a view to draining the water which could cause damage in spite of the dikes. I am optimistic about the minister's attitude but I am still concerned with the situation.

I suggest, Mr. Speaker, that we put this question on top of our priorities in view of the damages that have been caused by spring floods in 1974. I refer here to a document issued by the department stating that the cost incurred by the Canadian government for damages caused by floods in the Ottawa River, the Mille-Isles River, Bizard Island and the Prairies River amounted to about $25.5 million for 1974 alone. It seems to me as was stated in the agreement, half of this amount would be sufficient to avoid any additional spending and that it would contribute considerably to improve a situation which has already lasted for too long.

Mr. Speaker, I mentioned this problem to make my colleagues in the House aware of the importance of this situation. The time allotted to me is limited but it seems to me we should give consideration to the natural resource contained in these two rivers, the Prairies River and the Mille-Isles River. This touristic attraction, this holiday attraction should not be a polluting factor, this natural resource should become as soon as possible a regional waterway centre, by the development of the Prairies and the Mille-Isles rivers and thus contribute to economic progress of the area north of Montreal. So it seems to me the provincial, municipal and federal governments should join hands in the pursuit of this goal.

• (2207)

[*English*]

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, as a result of flooding in the Montreal area in the early 1970s the federal government, in full and equal partnership with the province of Quebec, conducted a comprehensive study of the causes of flooding and developed an integrated plan to remedy the problem. This plan included needed liaison with the bodies responsible for regulating the Great Lakes and in particular the flows in the St. Lawrence River. Schemes were mapped out to enlarge storage capacity in the upper part of the Ottawa basin and to provide for local diking and for control works at the head of the Mille Isles River, the most northerly outlet of Lake of Two Mountains. The integrated plan also included flood risk mapping.

The plan of which I speak was prepared by a federal-provincial committee in 1976. In October of that same year, implementation of its recommendations began. Since then, diking has been completed for three of the communities most severely affected and work should commence soon to protect a fourth community recommended as part of the integrated plan. Mapping of the flood risk areas in the Montreal region at a scale of 1 to 10,000 is complete, and a series of 22 maps is available to ensure that people know where the flood risk is greatest.

On May 11 of this year, the federal Minister of the Environment (Mr. LeBlanc) and the responsible provincial minister jointly designated the flood risk area, thereby assuring that the provincial and federal as well as local governments would discourage development in those areas, development that would be liable to future flooding. All the work that has been done to date has been done under formal agreement with Quebec, and this includes the studies, the mapping and the diking.

There are a number of communities in the Montreal region which remain unprotected, and discussions have been held with provincial authorities on this problem. Obviously, not all communities can receive protection at the same time, but our record in the Montreal region is one that the federal government can be proud of. Anyone implying anything else just does not understand the complexity of the flooding problem. As I stated earlier, we cannot work everywhere at once.

Flood control is extremely expensive and there are often alternative ways to provide protection. I have already mentioned the use of a storage reservoir in the upper basin and of control works at the upper end of the Mille Isles River. These alternatives to local protective works such as dikes can be just as effective. We—and I speak here of the federal government in conjunction with the province—have not completed all the work we have in the Montreal region; because of the cutbacks, the job will take longer than we previously thought. In the interim, studies are continuing jointly with both Quebec and Ontario on the best way to use the storage capacity of existing reservoirs, and of Lake Ontario, to reduce flooding in the Montreal region.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his time has expired.

• (2212)

FISHERIES—CLOSING OF ST. LAWRENCE, NEWFOUNDLAND FLUORSPAR MINE—EFFECT ON EMPLOYMENT IN INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, the town of St. Lawrence, Newfoundland, was sentenced to death by Alcan when they decided to close their fluorspar mining operation at St. Lawrence. The provincial government of Newfoundland together with Fishery Products Ltd. devised a scheme together with the local citizens' committee in St. Lawrence to resuscitate the town economically by constructing a fish plant in St. Lawrence, which has a fine harbour, and providing employment in the fish plant for the fishermen in that area who were formerly miners. Everything has been done, everyone is ready to go ahead except the Minister of Fisheries and the Environment (Mr. LeBlanc), who is dragging his feet, who has been delaying for some three months the decision whether or not two Portuguese gill-netting draggers can be permitted to fish into this plant and land their catch there so that there will be enough fish to keep the plant operating a reasonable length of the year to make it economic and viable.

In other words, Mr. Speaker, the situation we are in now is that our fisheries dictator is dithering while the town of St. Lawrence is withering. The people are on unemployment insurance there and their unemployment insurance is starting to run out.

All arrangements were made for construction to start on this plant on August 1. It has been held up because we are waiting

for the Minister of Fisheries of Canada. It is now November 13. The project is going to be supported by DREE. Fishery Products Ltd. is putting up its own money and there is a contribution from the provincial government.

Last January 20, a DREE assistant, Mr. Tom Webb, was quoted as saying that the federal government was a long way from making any decision on the proposed fish plant. Here we are eleven months later and there is still no decision on it. A spokesman in the minister's office on the same date, January 20, was non-committal when asked to predict the future date for a federal decision on the St. Lawrence proposal. He might well be non-committal. All the work has been done and in July, when the minister thought a general election was imminent, he gave general approval to the scheme.

Landed immigrant status was to be granted to Captain Almeida, the Portuguese owner, and his crews. The proposal was that the vessels would operate under a Canadian company. The fishermen would be landed immigrants and teach Newfoundlanders their techniques. Apparently, these vessels are really excellent and with their new methods, they catch a lot of fish. The Portuguese government objected to that method, however, and now the proposal has been before the minister for several months that there be a charter arrangement for these vessels so that they can land their fish under contract to this new fish plant in St. Lawrence. But still the minister does not act.

Today he said he was going to send a changed proposal to Fishery Products Ltd. this week. This means there will be no construction. It will not be ready in the spring. It will not be ready to receive fish next year. People will be coming off unemployment insurance and going on welfare, degraded, because of the lack of action by this minister.

This minister stopped the Nordsee investment in Harbour Grace that would have provided year round employment there. He is against any foreign control, any foreign entry into the fishery in Canada, but he has agreed to all kinds of deals with the Bulgarians and Russians for buying fish from the union in Newfoundland. He has agreed to East German trawlers landing fish at the lake plants on the south coast of Newfoundland—Canadian quota fish for the lake plants. He has agreed with Norwegian vessels landing fish at four fish plants at Conception Bay and one in Trinity Bay, but he will not agree to or make up his mind about this arrangement with two Portuguese vessels so that this new fish plant can be built in St. Lawrence to give those abandoned miners some hope for the future, some employment, some occupation to go back to. Why is it, Mr. Speaker, that the minister is carrying on like this?

It has been stated by the provincial government, by Fishery Products Ltd., by everyone involved, that the only thing holding this plant up now is the minister. I should like to put on the record some quotations from a column entitled "Double 007 Seven" which appeared in the *Daily News* on November 8. This column is usually very favourable to the minister and to the Liberal party. It reads in part as follows:

[Mr. Crosbie.]

Unfortunately Ottawa, in the person of the Minister of Fisheries, Romeo LeBlanc, is being something less than co-operative.

In July, when a federal election appeared imminent, he quickly agreed to the proposal which included the use of two Portuguese-owned vessels to supplement locally caught fish and thus ensure a year-round production at the proposed plant.

A little later this statement appears:

His procrastination has prevented a goodly number of St. Lawrence men from obtaining work on the project during the winter months.

And still later the writer had this to say:

Either Mr. LeBlanc is completely heartless, excessively stupid, or someone had failed to inform him of the plight of the nearly three thousand people in the town.

The writer goes on to mention that their only hope is the member for the district, the Secretary of State for External Affairs (Mr. Jamieson). I say, where has the Secretary of State for External Affairs been while this affair has been going on, while this hang-up has been in effect since last August, while St. Lawrence is abandoned, while this fish plant has been stopped? Where is the Secretary of State for External Affairs? Is he going to be dictated to by the Minister of Fisheries who will not move, who is incapable of making up his mind—who only makes his mind up when the president of the fisheries union in Newfoundland, Richard Cashin, tells him to make it up? When is the Secretary of State for External Affairs going to make the Minister of Fisheries move on this matter which is preventing the fish plant from starting production down in St. Lawrence?

The new play is no longer "Waiting for Godot"; the new play is "Waiting for Romeo". There is decision after decision in his department waiting for him to make up his mind on. He has a pathological disdain for anything to do with countries outside of the Iron Curtain apparently. It is all right for East Germans to go and land their fish at lake plants on the south coast under an arrangement, but not for Portuguese to land fish at the town of St. Lawrence on the south coast. It is all right for Bulgarians and Russians too. It is all right for Poles. There is a deal that has been negotiated now with Poles for winter fish, but for some reason when it comes to the West Germans, Portuguese or whatever, he is incapable of making up his mind.

● (2217)

Captain Almeida and his two ships cannot control the fishery of Newfoundland; they cannot control this fish plant. The fish plant is going to be owned by Fishery Products Ltd., fully owned by them. These vessels will come under Canadian control. There is a simple chartering agreement that is put before the minister. He has agreed to charters for all of these other vessels I have mentioned. What is holding them up in agreeing to the chartering arrangements so that construction can start on this fish plant? It is now November 13 and it is unlikely that construction can even be started and be finished for next spring. They are going to lose their whole year's fishing in St. Lawrence. They will lose a year's employment. They will have to go on welfare. These are the people who have been laid off because the fluorspar mine closed down.

If the minister can give us some reasonable explanation, Mr. Speaker, we would be pleased to have it. But until we get it, we have to tell the minister that it is time for him to stop dithering and take action on this very serious problem.

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, no one is more anxious to solve the unemployment problem in the community of St. Lawrence than the Minister of Fisheries (Mr. LeBlanc). This is evidenced by the fact that the minister approved two licences for Fishery Products Ltd. and so advised the company on May 3 of this year. If the company had stuck to this original agreement we would have been able to provide the needed jobs for the community, and at the same time maintained control of fishing licences in the hands of Canadians.

However, this company was not able to stick to the agreed approach. They informed the department on August 15 of this year that they could not carry out the terms of the original proposal. The department immediately exchanged letters with the company and met with their principal officers in Montreal on October 3 in order to try and reach a mutually satisfactory solution. The terms the company was now proposing were considerably different from what they had agreed to earlier. In essence, the new proposal invclved foreign ownership of the licences and this is unacceptable to the government and unacceptable to those Canadians in whose name we fought for the 200-mile zone.

The minister informed the House today—and I can only reaffirm it again tonight on his behalf—that the government will be making another proposal to the company which will allow them to proceed with the fish plant and, as a consequence, to supply the much needed employment for this community. The proposal should be made in a matter of days, and certainly no later than the end of this week. It is the minister's hope that the company will be able to proceed with the government's second offer when it is finalized. This offer, like the first, is consistent with the over-all policy for a controlled expansion of the fisheries, with control remaining in the hands of Canadians.

The Minister of Fisheries also assured the House that if the second proposal was unacceptable to Fishery Products Ltd., then other avenues would be quickly explored. In short, the minister has asked me again to assure the people of St. Lawrence that something will be done for them, and done by 1979.

THE CANADIAN ECONOMY—INQUIRY WHETHER GOVERNMENT HAS SPECIAL ECONOMIC PROGRAM FOR NEWFOUNDLAND

Mr. Fonse Faour (Humber-St. George's-St. Barbe): Mr. Speaker, my comments this evening concern a special economic program for the province of Newfoundland in view of the high unemployment in Newfoundland and the sluggish performance of the economy, especially this year. I addressed a question to the Minister of Finance (Mr. Chrétien) on October 30, 1978 to that effect and the minister answered by saying that consideration is always given to parts of the country like Newfoundland. He cited the Department of Regional Economic Expansion and government employment programs such as Canada Works as ways in which the federal government helps. Although DREE and the work programs have been in effect for many years in the province of Newfoundland, we still have a depression level of unemployment.

● (2222)

These programs of the federal government do not get at the root causes of unemployment in Newfoundland. The root causes are not served by these federal programs. Unemployment in Newfoundland is directly related to the province's position with the rest of Canada. A good example of how its position with the rest of Canada has a detrimental effect with regard to government programs was the 3 per cent remission of sales tax enacted by the federal government last spring. It was of little benefit to job creation in Newfoundland.

The benefits of any increased spending in the consumer-purchasing area are felt in Ontario and other areas where manufacturing industries are concentrated. This is, of course, concentrated in central Canada. That area of the country benefits from a policy such as the 3 per cent remission of sales tax, but not an area like Newfoundland, which does not have this type of industry.

The structure of the economy of Canada militates against Newfoundland ever improving its position in the Canadian federation. I quote from the report of the People's Commission on Unemployment in Newfoundland, released earlier this year, page 15:

> Tariffs and import duties protect the market for Central Canadian industry, and government stimulants encourage consumption, but there is no such protection for producers or raw materials. If the Aluminum Company of Canada can get cheaper fluorspar in Mexico, the miners of St. Lawrence lose their jobs, but they and their families must still buy goods that are not produced in Newfoundland—
>
> Transfer payments from Ottawa can be viewed as an indirect subsidy to Central Canadian industry: a subsidy which, while keeping Newfoundlanders alive, also serves to keep Newfoundland's economy underdeveloped.

The present structure tends to perpetuate the inequalities of income and opportunity that exist in this country with regard to an area like Newfoundland. Federal programs hailed by the minister as special considerations have been a dismal failure. The minister relied upon DREE as a program to help Newfoundland.

Let us look at DREE. When it was set up in 1969, its stated objective was to redistribute wealth from the have provinces to the have-not provinces on an enduring basis. What has been the result? Up until 1975, $185 million was spent to provide a total of about 3,400 jobs. The Economic Council of Canada in its 1977 report stated that in the period 1970-75 over 8,300 jobs were needed just to reduce unemployment in Newfoundland by one half of 1 per cent.

As for where the money was spent by DREE, I go back to the People's Commission report, page 70, and I quote:

> Between 1969 and 1975 DREE spent more than 75 per cent of all its moneys in the province on what the Economic Council of Canada calls "non-rural infrastructure"—

The commission finds nothing wrong with the construction of roads and the building of schools. But we must seriously raise the question as to whether DREE has, through its support of urban development, made our rural areas less competitive in terms of economic development and job creation.

DREE seems to have contributed to the non-viability of our rural areas without any redeeming contribution to our urban areas. In view of this type of situation, it is incumbent on the minister to give this House some concrete proposals as to what he is prepared to do in his forthcoming budget to realistically meet the pressing needs of the province of Newfoundland.

I call on the minister to bring in a new deal of a Marshall plan type of economic package that will radically change the position of Newfoundland within the Canadian economy so that real and lasting benefits might result.

● (2227)

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, I should like to respond on behalf of my colleague the Parliamentary Secretary to the Minister of Finance (Mr. Martin) who has been unavoidably detained elsewhere this evening.

As the hon. member for Humber-St. George's-St. Barbe (Mr. Faour) indicated earlier, the Conference Board in Canada has forecast that real output in Newfoundland will decline by almost 2 per cent in 1978. However, it is important to note—as the Conference Board has done—that this contraction is in large part due to the protracted strike, which lasted from March to July, in Labrador's iron mines. Production has since resumed, and indeed the Conference Board forecasts a real growth of almost 4 per cent in 1979 which will more than recoup the losses of the previous two years. In spite of this decline in real output in 1978, the Conference Board also forecasts a growth of 2.9 per cent in employment in Newfoundland in 1978; but as in the case in the rest of the country, the growth of the labour force is even greater and consequently the rate of unemployment has risen.

As the Minister of Finance (Mr. Chrétien) indicated on October 30 when the hon. member first raised the question, the national and regional economic situations are taken into account when the budget is drafted. Moreover, as all hon. members know, the provisions of the budget are not discussed prior to the presentation of the budget, and hence they will have to wait until later this month for the budget.

I should, nevertheless, make note of a few points with regard to the request that some special economic program be set out for the province of Newfoundland. First, as I mentioned at the beginning in noting the Conference Board's forecast, this year's decline in real provincial output is in large part due to strike activity. This is now past and, more important, no structural change had occurred to bring this decline about; consequently, the need for special consideration does not arise because of this forecast decline.

Second, as the Minister of Finance stated on October 30, there already exist numerous provisions and measures which do provide help and incentives to those provinces such as Newfoundland which have higher than average unemployment rates and below-average per capita incomes.

Finally, I should remind the hon. member that the Economic Council of Canada has currently under way a major study of the Newfoundland economy; the government will wish to consider this study and its recommendations when it is completed, and subsequently take appropriate actions.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.30 p.m., without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, November 14, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

RESEARCH

URGENCY OF ADEQUATE FUNDING FOR MEDICAL AND SCIENTIFIC RESEARCH—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the purpose of Standing Order 43 is to make it possible for the House to deal with something that is urgent. I suggest there is nothing more urgent than the need for the government to review its cutbacks respecting medical and scientific research before it is too late. I therefore move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House calls on the government to institute an immediate review of its cutbacks respecting medical and scientific research, it being the view of this House that adequate funding of such research is a matter of urgency and that the time to act is now.

Mr. Speaker: Presentation of such a motion for debate at this time can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST GOVERNMENT CONTINUE SUBSIDIZATION OF CANFARM PROGRAM—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to move a motion relating to a matter of urgent and pressing necessity.

Considering that the Canfarm program is an important service whose objective is to help farmers in the administration of their operations; considering that almost one-third of the farmers subscribing to that program are in the province of Quebec; and considering that the Department of Agriculture has decided to withdraw all financial assistance granted under that program, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the House instruct the Minister of Agriculture to reconsider his decision to end financial assistance under the Canfarm program.

Mr. Speaker: Pursuant to the provisions of Standing Order 43, this motion can only be put with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ENERGY

SUGGESTION NON-RENEWABLE RESOURCES SHOULD BE NATIONALIZED—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my motion arises over the takeover of Pacific Petroleums by Petro-Can. I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House congratulate Petro-Can for its foresight, and urges the federal government to co-operate with the provinces to devise a joint plan to bring all of Canada's non-renewable resources under public ownership.

Some hon. Members: Oh, oh!

* * *

STATISTICS CANADA

PUBLICATION OF JOB VACANCY SURVEY—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the fact that the job vacancy survey by Statistics Canada is being cancelled as part of the $13.5 million spending cut for that department, and in view of the fact that this is the only good measure of demand for labour that we have in Canada, it is obvious that there is political involvement in this cut to avoid embarrassment to the government over the unemployment crisis. I move, therefore, seconded by the hon. member for Northwest Territories (Mr. Firth):

That for the sake of freedom of information in our democratic society, StatsCanada be required to publish the vacancy survey as in the past and with improved regional data.

S.O. 43

Mr. Speaker: Presentation of such a motion for debate at this time, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

PUBLIC SERVICE

CONSTRUCTION OF TAXATION DATA CENTRE IN SUDBURY, ONT.—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise, under the provisions of Standing Order 43, to seek the unanimous consent of the House on a matter of urgent and pressing necessity.

In view of the fact that the unemployment rate in the Sudbury basin is 11.2 per cent, second only to the Atlantic region, the fact that construction of the taxation data centre for Sudbury has been put off until next year because of the government's cutback program, and the fact that workers, provincial leaders and municipal leaders in the Sudbury basin want the project started now, not next year, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House instructs the President of the Treasury Board to rescind the rescheduling of the construction of the taxation data centre in Sudbury so that it can be built now.

Mr. Speaker: The presentation of such a motion would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ASYLUM IN CANADA FOR SOUTHEAST ASIAN REFUGEES—MOTION UNDER S.O. 43

Mr. Yuri Shymko (Parkdale): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. It relates to the tragic plight of more than 2,000 human beings escaping from the holocaust of genocide by regimes in Southeast Asia, 1,200 of them children, now stranded on a ship off the coast of Malaysia, reminding us of a similar tragic plight of Jewish refugees who were seeking the assistance of humanity prior to World War II.

I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this House give consideration as the only country in the world to launch a rescue operation with relation to the plight of these people and offer them asylum in Canada.

[Mr. Hogan.]

Mr. Speaker: The presentation of such a motion for debate can be done at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

PURCHASE BY PETRO-CANADA OF SHARES IN PACIFIC PETROLEUMS LTD.—REVISED CAPITAL BUDGET FOR PETRO-CANADA

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance: it arises out of answers given yesterday by the minister and by certain of his colleagues with regard to the Petro-Can takeover of Pacific Petroleums Ltd.

Does the minister recall an order in council being filed in this House on October 10 which set out a revised capital budget for Petro-Can, stating it was approved specifically by the Minister of Finance, the revised budget calling for Petro-Can raising either in direct debt, or through share issues, $819 million. If the minister does recall this filing, will he tell the House what he had in mind when he approved that $800 million further capitalization for Petro-Can?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I replied in the House yesterday that the buying by Petro-Canada of Pacific Petroleums was announced last week. This was done under the operation of the board of Petro-Canada: they used their borrowing capacity in order to get the necessary funds in American dollars from Canadian banks. This was approved.

As far as the particular question in relation to this order is concerned, I will have to check and give a reply to the hon. member.

Mr. Stevens: Mr. Speaker, again the Minister of Finance has avoided answering the very specific question.

Let me go to the Minister of Energy, Mines and Resources, whose name is also included as being one of the three cabinet ministers who approved the supplementary capital budget for 1978 involving Petro-Canada. As this budget includes preferred shares of $64.5 million, common shares of $205 million, and debt financing of $504 million, will the minister indicate to the House what he had in mind, or what he thought Petro-Can was going to do with this money when he granted his approval?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, when I answered questions in the

House yesterday, I indicated that an opportunity had come to Petro-Canada to make a very significant transaction which members on this side of the House and some members on the other side supported. At that time, the particular deal had not come to fruition: it was not possible to speculate about it at that time. Indeed, it did not come to fruition until late Friday afternoon of last week.

Mr. Stevens: The Minister of Energy, Mines and Resources, together with the President of Privy Council and the Minister of Finance, created—or attempted to create—the impression yesterday that this was just another commercial transaction. Yet we find they had already filed, on October 10, a budgetary addition of $809 million, presumably in anticipation of this.

● (1417)

My question to the Minister of Energy, Mines and Resources is: would he like to reconsider his answer, given yesterday, that Canada is not involved, federal government-wise, bearing in mind the provisions of section 14(1) of the act incorporating Petro-Can, which states that corporations may exercise this power only as agents of Her Majesty?

Mr. Gillespie: Mr. Speaker, I shall need your guidance with regard to this question, because the hon. member has given notice of his intention to raise a question of privilege dealing, I believe, with this point. I am quite prepared to deal with it right now and to cite from the Petro-Canada act the relevant passages; but I would seek your guidance before fully answering the question.

Mr. Speaker: Order. I shall not be able to deal with the question of privilege until later in the day.

VALUE OF PACIFIC PETROLEUMS SHARES

Mr. Harvie Andre (Calgary Centre): My question, also, is directed to the Minister of Energy, Mines and Resources. This morning, trading in Pacific Petroleums was reinstituted. The stock was trading at $55, and by eleven o'clock some 280,000 shares had been traded.

Since the market is discounting from Petro-Can's price the shares of Pacific Pete by $10, and since Petro-Canada did not consult with the management of Pacific Petroleums in advance of this purchase and there is no guarantee, therefore, that the management will hang around to protect its investment, my question is: what guarantee does Petro-Canada and, by extension, Canada as responsible for Petro-Canada, have from Phillips Petroleum that the investment of taxpayers' dollars made will not be subject to jeopardy in the event of the deal falling through, in the event of the market being correct that the shares are overpriced or in the event of Pacific's management depreciating the value—

Some hon. Members: Order.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The press release which was issued by Petro-Canada and by Phillips Petroleum on Friday dealt with these issues. It clearly indicated that the purpose of Petro-Canada was to obtain all the remaining outstanding shares of Pacific Petroleums; that it had an obligation to seek the support of the management and the board of directors of Pacific Petroleums. Those discussions have already started, and I believe the board of directors of Pacific Petroleums will be meeting later this week to deal with that specific question.

Mr. Andre: On September 26, Petro-Canada issued a statement indicating it had no interest in acquiring Pacific Petroleums, and a number of investors made investment decisions based on that statement. What obligation does the hon. gentleman feel he has to those shareholders who made investment decisions based on that statement by Petro-Canada, an agent of Her Majesty?

Is he aware that Petro-Canada and the Government of Canada are open to a class action suit by the previous shareholders in Pacific Petroleums who sold their shares on the basis of a categorical statement by Petro-Canada that it had no interest whatsoever in Pacific Petroleums?

Mr. Gillespie: There has been a considerable amount of speculation in the marketplace with respect to the shares of Pacific Petroleums. I saw a letter from "the street" dated October 21, from one of the brokerage houses, indicating there was a very good chance that there would be a takeover of Pacific Petroleums if only for the reason that it was thought to be known that the ownership of the shares—that is to say, Phillips—would be available at a price of about $65.

Mr. Andre: In early September, the President of the Treasury Board, during a cross-Canada tour publicizing his so-called budgetary cuts of $2.5 billion, stated in Edmonton that much of the money being cut from the budget would be reinvested in Alberta in the oil industry, in an equity position, to enhance federal government control. Was the President of the Treasury Board referring at that time to the acquisition of other oil companies, including Pacific Petroleums, by Petro-Canada?

An hon. Member: I hope so.

Mr. Gillespie: If the question is meant for the President of the Treasury Board, I think it should have been so directed.

* * *

● (1422)

URBAN AFFAIRS

COMMUNITY SERVICES GRANTS PROGRAM—INQUIRY AS TO BUDGET FOR 1978

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of State for Urban Affairs. Most of the cities and municipalities of Canada have been very interested in participating in the community

services grants program which funds the Neighbourhood Improvement Program and sewer and water extensions.

In view of the discussions which the Minister of Finance had with provincial ministers of finance about a week or ten days ago, in which he indicated that this program would be discontinued or put back to a later time, is there a community services grants program with a budget for 1978 and, if so, of what does it consist?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, at the federal-provincial meeting of ministers of finance there was a consensus to delay the implementation of the community services grants program for one year. Therefore, this program will not operate in 1978. I understand that municipal incentive grants and sewage treatment programs will continue until December 31, 1978, and the decision which was taken was that the community services grants program will commence as of January, 1979.

Mr. Orlikow: Is any consideration being given to the extension of the Neighbourhood Improvement Program so that municipalities which had plans to improve run-down areas can proceed with their work; or are they to assume that there is no more money for this kind of neighbourhood improvement until the new agreement is put into effect?

Mr. Ouellet: Mr. Speaker, some neighbourhood improvement projects were designated by the provinces this year and some activity took place during 1978. Under the new community services grants program, it will be possible for municipalities, with the approval of their provincial governments, to designate some areas for neighbourhood improvement. That will be under the new scheme which will be implemented in January, 1979—not under the previous program. Many municipalities will be able to take advantage of the new program and undertake some neighbourhood improvements.

Mr. Orlikow: I assume from what the minister said that whatever was planned for the future will have to wait until money is available and the program is allowed to go ahead. As a result of the negotiations with the provinces which are being carried on by his department, have any of the provinces signed a new agreement? If so, which ones; and has the federal government signed the agreement so that work can proceed?

Mr. Ouellet: Mr. Speaker, those signatures had to await the discussions which were to take place at the meeting of the federal Minister of Finance with the provincial ministers of finance: they had to wait until a decision was reached at that meeting of ministers of finance.

Now that a decision has been taken, it is possible for us to sign some agreement with the provinces. I have received indications that provincial authorities are ready and willing to sign an agreement.

[*Translation*]

AGRICULTURE

REQUEST GOVERNMENT CONTINUE SUBSIDIZATION OF CANFARM PROGRAM

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Agriculture.

In view of his department's recent decision to cut back $6 million which were allocated to Canfarm to help farmers in their agricultural operations, and in view of the fact that this is a very valuable program for agriculture, can the minister inform the House if he intends to revise his decision of allocating these $6 million, as this has proven extremely valuable for the management of agricultural lands and for farmers, especially in Quebec?

● (1427)

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): I am sure the hon. member knows that there have been submissions and propositions made by several different farm organizations through the Canadian Federation of Agriculture. That is being considered at the present time. A final decision has not been made to go along with their request, which involves some financing by the federal government, but it is being considered at present. However, the hon. member can rest assured that I will do everything I can to see that Canfarm stays alive.

* * *

NATIONAL DEFENCE

NEW FIGHTER PLANES FOR NATO FORCE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. Last Tuesday, when I asked the minister about the delay in selecting the new fighter aircraft, the minister blamed the plane manufacturers for the 3½ months' delay since the companies submitted their final bids. Now that he has had a chance to review the facts, would he care to tell the House the real reason for this delay? Also, would he tell the House in which month he expects to sign the final contract?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I was certainly not blaming the aircraft manufacturers: as a matter of fact, I welcomed the opportunity for them to give more comprehensive bids which were extremely valuable in the whole process. As I said the other day, I am still targeting a final decision for late spring. However, I think it would be unwise to be tied down to a specific date on a contract of this importance, because we must make absolutely certain that we get the best deal for Canada that is possible, with the best industrial benefits possible. If that takes a couple of weeks more, those are weeks well worth taking. On the other hand, I would like to see the decision taken as quickly as

possible, because this contract will be a great boon for Canadian industry.

Mr. McKinnon: The minister did not answer my question as to when he planned to sign the contract. Would he be prepared, either this month or next, to appear before the Standing Committee on External Affairs and National Defence, together with his officials, to answer questions on both the schedule of funding for the new fighter aircraft and on the government's recent announcement of a further $150 million cut in his budget which, as many believe, is the real reason for the delay in the NFA contract?

Mr. Danson: I did not say when I was going to sign the contract, first of all because I am not the one to sign it: as the hon. member knows, the Minister of Supply and Services oversees these contracts. Second, I would not presume to want to sign a contract until it is negotiated. I gave the explanation as to when it would be negotiated, and how.

So far as the funds are concerned, this is in our financial envelope. We fully intend to meet our commitment to a 12 per cent growth in capital equipment. The budgetary savings in the calendar year 1979-80 will not affect this project, as the hon. member continually implies.

So far as appearing before the committee is concerned, the committee is master of its own business. I always appear before the committee when I am asked to so do, and would welcome any opportunity, as would my officials.

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CONSUMER AFFAIRS

AUTOMOBILE MANUFACTURERS' ADHERENCE TO ANTI-RUST GUIDELINES

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, my question is addressed to the Minister of Consumer and Corporate Affairs and it has to do with the voluntary anti-rust guidelines set down by the government. Has the minister held discussions with the automobile manufacturers; have they agreed to comply with the guidelines: and, if so, was any time-frame or deadline discussed?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, we introduced this code in January of this year. It provides a one-year warranty against surface corrosion, three years against perforation, and a six-year warranty against structural damage. We did meet with the automobile companies. So far, 13 companies have accepted the code, ten have introduced specific warranties which are similar to the code, and two have not responded. But nobody has refused so far.

Mr. Scott (Hamilton-Wentworth): Can the minister tell the House how he proposes to monitor adherence to the guidelines, even if some of those companies have accepted the code? Does the government intend introducing any legislation in this regard?

Mr. Allmand: We did carry out a preliminary monitoring program last summer in Montreal and Toronto, through the Canadian Automobile Association, and we have submitted proposals to the companies and to the consumers' associations for a more extended monitoring program for next summer, following this coming winter. We are still awaiting a response from some of the companies on that.

With respect to legislation, we would prefer not to legislate. We feel that if the voluntary code is a success, we will not have to legislate.

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COMMUNICATIONS

SUGGESTED ROYAL COMMISSION ON COMMUNICATIONS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Communications. I wonder if the Minister of Communications is prepared to communicate today. Perhaps she could confirm the reports across Canada indicating that officials in her department are requesting very distinguished Canadians to sit on a royal commission on communications.

● (1432)

Hon. Jeanne Sauvé (Minister of Communications): No, Mr. Speaker, I cannot confirm that: there are no officials of my department crossing Canada to set up a royal commission.

Mr. Nowlan: Mr. Speaker, my supplementary question is directed to the same minister. If these communications are not to inquire about setting up a royal commission on communications at this late date in this parliament, and/or to seek employment in some other parliament, can the minister tell the House, in view of the introduction of Bill C-16, if she intends to proceed with that bill prior to the federal-provincial conference in February? What has happened to the timetable for the pay television model and/or her review on an earth satellite station policy?

Mrs. Sauvé: Mr. Speaker, the model on pay television will be submitted to the next conference of provincial ministers of communications to be held in the month of March. It could be accelerated and prepared before that date, if there is need to discuss that at one time or another in the course of our discussions with the provinces regarding federal-provincial relations.

As for the earth station policy, I think I will be in a position in a short while to give the House and the public an idea of the manner in which this will be reviewed.

Oral Questions

INDUSTRY

PROCESSING OF RAW MATERIALS IN CANADA IN ORDER TO CREATE JOBS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question was for the Minister of Industry, Trade and Commerce, but as I understand he has been dispatched to Barbados during this critical budget week, I will direct it to the Prime Minister.

In order to start creating the additional 800,000 jobs which the Canadian Manufacturers' Association recently indicated can be made available in this country if we can overcome our $12 billion a year trade deficit in fully-manufactured products, when does the government intend to introduce legislation requiring those who export our primary products in their raw state to process a far higher proportion in this country as a condition of exporting, and in this way make available the jobs which Canadians have a right to expect and need very much indeed?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, because the House is well aware of the hon. member's propensity for vacation spots, I think I should correct him: the minister has a trade conference in Trinidad, not in Barbados. Therefore, I urge the hon. member to change his airline tickets so he can go and talk to the minister in Trinidad rather than Barbados, as I know he planned. He would find out what the House knows, that the government has done many things to produce expansion in Canada of the developmental sector. In practically each budget for the past several years, incentives have been given to the manufacturing and processing sectors, which the hon. member could find out about.

Mr. Hees: Mr. Speaker, my supplementary question is directed to the Prime Minister. As the Prime Minister did not answer my question and did not make any attempt to answer it, it is very obvious that the government has no intention at all of introducing necessary legislation such as I have outlined to him. Is it not obvious, when we receive vacuous answers such as the Prime Minister just gave, why the economy is in the terrible shape it is today?

Some hon. Members: Order.

Mr. Speaker: Order, please. The hon. member for Egmont.

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EXTERNAL AFFAIRS

HUMAN RIGHTS VIOLATIONS—GOVERNMENT REPRESENTATIONS AT UN—HUMAN RIGHTS COMMISSIONER

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It relates to the recent establishment by his department of a new branch having to do with human rights issues. It also relates to his speech at the United Nations in September which took particular exception to human rights violations occurring in democratic Kampuchea.

What action has the government taken with regard to furthering its general concern for human rights in the United Nations and, in particular, the establishment of a human rights commissioner to which I believe the government now is committed? Has any particular action been taken by way of follow-up to our concern about human rights violations in Kampuchea, as expressed today by the hon. member for Parkdale in his motion under Standing Order 43?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, on the matter of the human rights commissioner, other than having made our position known at the General Assembly, I have also had our officials advocating this course not only with the officials of the United Nations but with other countries which we hope will support the idea.

On the democratic Kampuchea situation, I was pleased to learn that the Secretary General of the United Nations received an indication from the government of that country to inspect, himself, the human rights conditions. I can only assume that this was, at least in part, as a result of the statements we made at the United Nations. Since the Secretary General is going there, I consider that perhaps the most appropriate course is to await his return to see what kind of a report he makes, before taking any further action.

Mr. MacDonald (Egmont): Mr. Speaker, respecting the establishment of the human rights commissioner, since Canada has let its position be known at the United Nations, have we taken any initiative to either initiate or co-sponsor a resolution which might effect the achievement of this position which has been discussed for a number of years at the United Nations? I do not believe that Canada, to date, has given any unique or forthright leadership in order that that post can be established and to make the UN more effective in dealing with human rights violations.

Mr. Jamieson: Mr. Speaker, it sounds to me like a worthwhile suggestion. It may very well have been done at some time in the past, before I was minister, but I do not recall it having been done in the last year or so.

In connection with whether we should put it forward formally, as the hon. member knows, that would depend upon how much support we could assess would be available, by consultation with friendly countries and the like. I will ask my officials to look into it and discuss it myself.

Also, may I just add, lest there be some misunderstanding with regard to Kampuchean refugees, when I mentioned doing nothing until the Secretary General returned, I meant on the broader question. On the question of individual families, I think I announced, at the same time, that we were increasing the assistance to refugees and boat people generally, as they are called.

THE CANADIAN ECONOMY

REPORT ON SURVEY OF LARGE CANADIAN CORPORATIONS

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is directed to the Minister of Finance. Today, the Toronto *Globe and Mail* reported on a survey of 300 large Canadian corporations that a 16.2 per cent rise in business spending is indicated for 1979. Will the minister indicate the basis for this improved position of Canadian business and how it might relate specifically to government policies?

Some hon. Members: Oh, oh!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the question contains the answer: there is much more confidence in Canada than there was before.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

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TRANSPORT

RAIL NETWORK FOR WESTERN CANADA—GOVERNMENT POLICY

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a question involving basic government policy which I should like to direct to the right hon. Prime Minister. It arises out of actions by the government when it fully accepted the recommendations of the Hall royal commission on the basic rail network for western Canada as government policy.

In light of the fact that the chairman of the Department of Transport's Prairie Rail Action Committee has called the basic network itself an irrational collection of lines derived from a series of politically expedient decisions, and that events show there is too much mileage in the basic network, can the Prime Minister advise whether this is a change in government thinking or policy? If not, will he ask the Minister of Transport to dismiss Mr. Anderson?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, this was discussed at length yesterday. The government was very prompt to consider the Hall commission report. Two days after its publication, it had already acted, through an order in council, to protect the more than 1,000 kilometers of tracks which, as recommended by Mr. Justice Hall, should be part of the permanent system. Afterwards, more than 1,444 kilometers of the network were included in a second category for further consideration, and that part of the network was referred for an in-depth study to the commission mentioned by the hon. member.

By 1980, I believe western farmers as well as other users will have at their disposal a permanent railway system which will allow them to move their goods most efficiently.

[*English*]

Mr. Benjamin: Mr. Speaker, I find it strange, when an officer of a commission appointed by the government flies in the face of government policy, that the Prime Minister will not deal with it and the minister's parliamentary secretary attempts to do so. The government has accepted the recommendation of Mr. Justice Hall as government policy, and Mr. Justice Hall also said that the task committed to the Prairie Rail Action Committee was premature and impossible of fulfilment within the time-frame given that committee.

● (1442)

May I ask the Prime Minister whether he will instruct the Minister of Transport and Minister of Justice to dismiss Mr. Anderson and disband the Prairie Rail Action Committee?

[*Translation*]

Mr. Lapointe: Mr. Speaker, the hon. member may not like parliamentary secretaries to deal with matters which come under the ministers to whom they are assigned but I would remind him that all members on our side of the House agree we are fully entitled to look after matters related to grain transport or other relevant matters whenever they come under our responsibilities.

It may be true that Mr. Fred Anderson flies in the face of the government, as the hon. member put it, but I would remind him that in past months it did happen that Mr. Justice Hall referred to other conclusions which perhaps did not agree with government policy. Still I wonder if he agrees with one of Mr. Justice Hall's recommendations, for instance when he suggested that there is no need for more hopper cars in the fleet used for moving western grain.

* * *

[*English*]

IMMIGRATION

ASYLUM IN CANADA FOR SOUTHEAST ASIAN REFUGEES

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Employment and Immigration: it relates to the plight of the 2,500 refugees now on the high seas who have been trying to get to Malaysia as the country of first asylum. This mattter, as the minister knows, was raised under Standing Order 43 by the hon. member for Parkdale.

I would ask the minister whether the Canadian government has contacted the United Nations high commissioner for refugee matters and committed Canada to accepting a number of these 2,500 refugees. If no contact has been made specifically in respect of these boat refugees, rather than the additional families regarding which the minister made a commitment earlier, will the minister indicate when contact will be made? If contact has been made, what has been the response?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the United Nations high commissioner for

refugees commended Canada for its role in the refugee program. As you know, we announced the policy respecting the 50 small boat refugees and have increased that by another 20 families which we are taking by month for those going overland.

The present situation, as explained to us, is that the United Nations commissioner is, in fact, endeavouring to board that particular ship to find out what can be done. Normally, we wait for the approach to be made by the United Nations high commissioner. In light of the history and the excellent record Canada has in this regard, I would expect that we will probably be one of the first countries he would contact. We are looking at that issue now.

Mr. Epp: Mr. Speaker, I would ask the minister whether he has been contacted by the church officials of Canada, of various denominations, who have been in contact with my office stating they would be willing to sponsor some of these refugees. Has the minister had these contacts; and, if so, what has been his response to these church officials?

Mr. Cullen: Mr. Speaker, it is pretty difficult to make a response to the church officials until we know precisely the magnitude of the problem as discovered by the United Nations high commissioner for refugees. Once we have a contact from that particular office, we will be in a better position to respond. I do compliment the church officials for being quick off the mark on this one.

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FORESTRY

DECISION NOT TO CLOSE PETAWAWA RESEARCH STATION

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is addressed to the Minister of State (Environment): it concerns the proposed amalgamation of the work of two of the forestry labs in Ottawa with the work in Petawawa.

Is the minister prepared to let the House know what study or what group recommended, first of all, the elimination of the establishment at Petawawa and, secondly, the basis for the reversal of that decision followed by the decision to integrate the work of Petawawa with the work of the two forestry institutes from Ottawa?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, these were internal decisions taken with my departmental officials.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I assume the minister is saying that the decisions were taken by the people of Petawawa and the institute itself, but that is not the story I am getting. Will the minister indicate whether any consideration at all was given to cutting the administrative costs between the operating end of the forestry service and the home base in Ottawa as a means of implementing the restraint program?

[Mr. Cullen.]

Mr. Marchand: Mr. Speaker, the amalgamation of the Forest Fire Research Institute and the Forest Management Institute at Petawawa will result in considerable reduction in administrative costs.

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AGRICULTURE

STABILIZATION PLAN RESPECTING WHITE BEANS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of Agriculture and it relates to the stabilization plan in respect of white beans.

It seems that producers who have worked hard to harvest their beans and sell them, but who had them graded as feed beans—and I said "feed", not "seed"—are now not eligible for stabilization. I am also advised that some producers received payment and are now being asked to send the cheques back. Will the minister advise us whether this is, in fact, the case and the way the plan was supposed to work? If that is so, will the minister have the plan changed, because these are the very producers who are most in need of this stabilization assistance?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am not aware of what the hon. member says about the stabilization board action regarding white beans. I will certainly look into it and report to the hon. member.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I had a question for the Minister of State for Urban Affairs. Since it took only six days to create the earth, and this is the seventh day I have been trying to get recognition, I shall rest, particularly as the question was asked by a member from Winnipeg.

Some hon. Members: Hear, hear!

POLICY RESPECTING CANFARM

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Minister of Agriculture. I would like to return to the subject of Canfarm in Guelph, Ontario. The decision of Canfarm's future was scheduled for announcement last Friday. In view of the fact that each day that goes by without a decision being made makes it that much more difficult for Canfarm to keep dedicated and qualified employees and to sign up new clients for the year 1979, may I ask the minister whether he can give the House a date when a decision will, in fact, be announced on Canfarm's future?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the people in Canfarm know what we are doing and how concerned we are. The people who use Canfarm in Canada know the very same thing. As I said earlier during the question period, we are doing everything we possibly can to make sure it stays alive. There may be some cutbacks in Canfarm, even with the submission made by the Canadian Federation of Agriculture, but I am not in a position to say at this time. All

the technicalities, etc., of that proposal are not ironed out as yet.

Mr. Beatty: Mr. Speaker, might I ask the minister whether he will at least give the House the assurance that Canfarm will be kept alive until the time when it can be turned over to the private sector, something which is strongly supported by the employees, the farmers concerned, and certainly by me?

Mr. Whelan: Mr. Speaker, I am condemned on the one hand for not keeping it alive with government funds; and when I said it should be privatized, I was condemned for that. I am glad to see that the member has come around to agreeing to both sides. I just want to say that I can say no more at this time, other than to suggest that our concern seems to be the same, that Canfarm should stay alive and we will do everything we can to make sure that happens.

* * *

EXTERNAL AFFAIRS

RAYMOND CHUNG, VANCOUVER, B.C.—REUNIFICATION WITH FAMILY

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and relates to Raymond Chung, of Vancouver, the beloved founder and master of T'ai Chi in Canada, who has for 16 years sought to be reunited in Canada with his wife and two children in mainland China.

Since the Peking government has been telling the free world it will act to honour our goals toward the free movement of people and family reunification, will the minister press China to prove its integrity and sincerity by reuniting Raymond Chung with his family?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I have made a number of representations to the government of China on this particular case, as well as, of course, on the whole issue of family reunification. I regret to say that in this particular instance I have not had as much success as with many other family reunification matters, but I can assure the hon. lady that I will take it up again with the appropriate authorities.

* * *

● (1452)

THE CANADIAN ECONOMY

EVALUATION OF PACIFIC PETROLEUMS SHARES PURCHASED BY PETRO-CANADA

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources.

Why did Petro-Canada buy into Phillips Petroleum when it was at the end of a long rise in share prices of the past four years and only a year ago averaged $31? On what grounds did Petro-Canada evaluate the purchase, which seems to be some $20 higher than it was on the trading day? Is this to be another Texas Gulf type of transaction, when the CDC bought at the height of the market and the stock has not done very well since?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada paid a premium over the then market price, as the hon. member has noted. That is not extraordinary; indeed, every oil company takeover this year has involved a significant premium over market.

As to the actual price and what might be an appropriate price, this, of course, is a professional judgment. A professional judgment was taken by the board of directors and those who advised the board of directors of Petro-Canada.

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PUBLIC WORKS

GOVERNMENT INVESTMENT IN THEATRE IN NATIONAL PRESS BUILDING

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Public Works and Minister of State for Science and Technology: it deals with reports that between $500,000 and $1.5 million have been invested in the theatre at the National Press building.

Could the minister tell the House what the intention is for future use of that theatre, having regard to the fact that the Prime Minister seems determined to move his press conference out of that particular locale?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I will have to investigate the figures suggested by the hon. member. They sound rather on the high side, and I am not sure whether he is talking about the original construction or the modifications to the building. It is my understanding, however, that the theatre will continue to be used in the future.

MOVING OF PRESS CONFERENCES FROM THEATRE IN NATIONAL PRESS BUILDING

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, may I put a supplementary question to the Prime Minister? He will recall that the Secretary of State made a long speech at UNESCO with respect to what we regard as freedom of the press in this country. In view of the statements made by the Secretary of State on this important topic, will the Prime Minister reconsider his plan to move press conferences to his own locale to allow him to stand in front of the television cameras, rather than being seated, as he is apparently concerned about this?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that is an urgent question of national importance and I am anxious to answer the hon. member. It is precisely in keeping

with the freedom of the press that we are moving to a larger room, because of the great onrush from the press of all quarters to hear me speak.

[*Translation*]

AGREEMENT CONCERNING RENTAL OF NEW MANPOWER DEPARTMENT OFFICES IN ROUYN, QUEBEC—GOVERNMENT POSITION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I am pleased to hear the Prime Minister's answer where he seems to attach some importance to the space for newsmen.

My question is directed to the Minister of Public Works. An agreement was made in Rouyn to rent new offices for regrouping unemployment insurance and manpower offices to give more space to the staff, and this agreement was delayed over the years to the point that employees work in offices which are too small. They were advised to wait for the new offices which would—

Mr. Speaker: Order, please. If the hon. member has a question he should ask it immediately.

Mr. Caouette (Témiscamingue): My question is coming and if hon. members on the government side would listen perhaps they would understand. As a matter of fact, there was an agreement to rent new offices. Is the minister aware that recently his department cancelled that agreement and that they do not want to reconsider it in any way? Is the minister prepared to reevaluate this situation?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): No, Mr. Speaker, I am not aware of this fact, but I shall be very pleased to inquire about this and to inform the hon. member.

* * *

[*English*]

FISHERIES

EXPANSION OF ROBERTS BANK, B.C., FACILITIES—EFFECT ON SPAWNING GROUNDS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment: it concerns the rather massive expansion of the Roberts Bank port in the estuary of the Fraser River.

Clear evidence has been presented to the environmental panel that there will be substantial damage to about 300 acres of spawning grounds, with the potential loss of some $60 million in the future. Would the minister advise the House whether it is his intention to use the new fisheries legislation to ensure that construction does not destroy the fish habitat at the estuary in the Fraser River?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am very happy that the hon. member has obviously read what officials of my department put forward as a position of sound conservation and protection of the habitat.

The legislation, which was passed unanimously by this House and which gives us power to prevent damage to spawning grounds, will be utilized if it is found to be applicable in this case. Certainly, the position taken by my officials was cleared with me and I intend to act accordingly.

COST OF EXPANSION OF ROBERTS BANK, B.C., FACILITIES

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my supplementary question is for the Minister of State (Environment). I am pleased to hear that the Minister of Fisheries and the Environment indicates that he will act in accordance with the law.

My question to the Minister of State (Environment) concerns the environmental assessment panel, under his jurisdiction, with regard to the Roberts Bank development which is now looking into environmental questions. One question that has not been put before the panel is the matter of the estimated cost of the construction. The chairman of the Vancouver harbours board indicated he would not release that figure to the commission. Could the minister indicate to the House why the estimated cost of that project has not been put before the public and before that inquiry?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, this question should more properly be put to my colleague, the Minister of Transport, who is acting as proponent of the project. I will check, on behalf of my colleague, to find out why that kind of figure could not have been put. It is my view and my wish that all kinds of information pertinent to that project going ahead should be put before the panel.

* * *

THE CANADIAN ECONOMY

PURCHASE BY PETRO-CANADA OF SHARES IN PACIFIC PETROLEUMS

Mr. James Gillies (Don Valley): Mr. Speaker, may I put a question to the Minister of Energy, Mines and Resources? Is the offer being made by Petro-Canada to Phillips Petroleum being made to all owners of outstanding stock of Pacific Petroleums Ltd. at the same price?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I made it quite clear that Petro-Canada wants to pick up all the shares of Pacific Petroleums, and it is the intention of Petro-Canada that all shareholders would get the same price.

Mr. Gillies: A supplementary question. Could the minister explain why shares of Pacific Petroleums were selling at $10 below offer price on the Toronto Stock Exchange today?

Mr. Gillespie: Mr. Speaker, it is not for me to speculate on that matter. It may have something to do with the fact that the

board of directors of Pacific Petroleums has not yet met. They will meet on Thursday, at which time they will consider the proposal put to them by Petro-Canada.

* * *

FISHERIES

PLANS FOR DEVELOPMENT OF ATLANTIC FISHERIES

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Fisheries and the Environment. Could the minister tell the House if he will have some specific proposals for federal development of our fisheries when he meets with his four Atlantic provinces' counterparts, and will he take a more conciliatory attitude with them than he has heretofore?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I certainly found most interesting the points made by my colleagues at the meeting of the Atlantic ministers last Friday. I was trying to ascertain what their position was on sharing, consultation, etc. I found a fair difference of view as to what the words meant in English. Maybe if we had been speaking my other official language, I might have understood more clearly.

Mr. McGrath: A supplementary question, Mr. Speaker. May I ask the minister if it is the government's intention to participate in the development of our fisheries in the Atlantic provinces and, specifically, if it is the government's intention to co-operate with the government of Newfoundland on the excellent proposals they announced yesterday, so that we can maximize the opportunities open to us by virtue of the 200-mile limit and help reduce the substantial unemployment in the area?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the substantial budget of this department, plus the $200 million-odd we put in to keep the fishery alive since 1974, indicates, obviously, the level of commitment of all parties in this House.

As for the plan of the Newfoundland authorities, since I was not consulted and was not informed before the plan was made public, I am at a bit of a disadvantage to comment. I was a little surprised, frankly, that provinces which constantly ask me to consult with them should have—from the meeting last Friday—not informed their colleagues of the details of the new project.

* * *

● (1502)

PRIVILEGE

MR. CLARK—WITHDRAWAL OF IMPLICATION IN REMARKS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege. My seatmate, the House leader

of the official opposition, has brought to my attention some debate that occurred in this House on November 10 in relation to a statement I made during debate in the afternoon of Wednesday of last week. That was a statement I made, sir, in response to an interjection by my good friend, the hon. member for Gloucester (Mr. Breau), who had moved within shouting range of me and invited me to make a remark which, on reflection, was more extreme than I intended.

As you made clear in your remarks on Friday, it is quite open for me to take no action at all on this matter; that that would be quite within my right. However, I have a very deep respect for the traditions of this House and I am conscious of the example that we can set here in this House, an example which will be seen and, I trust, followed by Canadians across the country.

I want to make it clear, therefore, that I had no intention of suggesting that any member of parliament from the other side of the House, or indeed any member of parliament at all, would deliberately seek to sow hatred in the country, and I want to withdraw any implication to that effect.

Some hon. Members: Hear, hear!

Mr. Speaker: I am very grateful to the Leader of the Opposition (Mr. Clark) for taking that step.

MR. STEVENS—PETRO-CANADA'S USE OF FUNDS TO PURCHASE SHARES IN PACIFIC PETROLEUMS LTD.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question of privilege arises out of the various exchanges that occurred in yesterday's question period, and particularly the exchanges with the Minister of Energy, Mines and Resources (Mr. Gillespie), the President of Privy Council (Mr. MacEachen), and also the Minister of Finance (Mr. Chrétien). Speaking very generally, the impression was left by those three ministers that the actual takeover of Pacific Petroleums on the part of Petro-Can had no federal implication. It was presented to us that this was a commercial transaction that the government felt Petro-Can were right in entering into. But, in any event, there was no consequence as far as the federal treasury was concerned. Perhaps one of the most direct answers to that effect was given by the President of Privy Council when he stated, as reported at page 1042 of *Hansard*:

> It is totally a commercial transaction, financed outside government expenditures by commercial transactions by the private banks of Canada.

I rise on a question of privilege because I feel the answers given by the ministers yesterday interfere in a direct way with my ability to perform as a member of parliament in this House.

You will recall, Mr. Speaker, in the budget that was delivered on April 10 of this year, rather than reflecting the borrowings of certain agency corporations the Minister of Finance chose to make it simply a noted item. At that time the Minister of Finance stated:

> Direct market borrowings, of $463 million in 1976-77 and some $350 million in 1977-78, by agent Crown corporations, specifically Petro-Canada, the Export

Development Corporation, and Eldorado Nuclear, which have been authorized to borrow under their respective statutes, are not included in Government of Canada financial requirements. In the projection of financial requirements for 1978-79, it is envisaged that such direct borrowings by agent corporations will continue—

Having noted that reference in the budget we on this side of the House took some pains to find out if the minister was saying there were no liabilities involved, and that was the reason why he had chosen not to reflect the borrowings I have referred to of such corporations as Petro-Canada, Eldorado or the Export Development Corporation, or alternatively, was the minister simply saying because the funds did not come directly from the Consolidated Revenue Fund that he chose to show them as a noted item. The answer was the latter. Simply because the funds were not being routed through the Consolidated Revenue Fund the government felt in future that, notwithstanding there was no disagreement, it had to stand behind those corporations, that they in effect were the principal behind those corporations and said it would prefer to show them as a separate item.

The reason I would suggest that my ability to function as a member of parliament has now been somewhat harmed is that if we accept at face value the statements which were made by the minister, to which I referred yesterday, it means Petro-Canada can literally borrow money to an unlimited amount with no covenant of the Dominion of Canada being involved. If that is so we must get it established before budget night this Thursday. In responding to the budget our members in this caucus, and certainly myself specifically, need to know are these liabilities of Petro-Canada in fact an obligation of Canada? Are the obligations of the Export Development Corporation of a like nature an obligation of Canada? If so, should they not be included in the general financial requirements of Canada, as the budget will outline? I stress this point because up until the rather startling statements made by the minister to which I have referred, there was really no question about this. I draw your attention to Section 14(1) of the Petro-Canada Act of Incorporation which states:

The corporation is, for all purposes of this act, agent of Her Majesty, and its powers under this act may be exercised only as an agent of Her Majesty.

It goes on to state in subsection (2):

The corporation may, on behalf of Her Majesty, enter into contracts in the name of Her Majesty or in the name of the corporation.

I take it that is simply empowering it to sign directly in its own name, that is, Petro-Canada, or to sign on behalf of Her Majesty. In either event it is acting as an agent for its principal, Her Majesty in the right of Canada.

In subsection (3) it goes on to state:

Property acquired by the corporation is the property of Her Majesty and title thereto may be vested in the name of Her Majesty or in the name of the corporation.

Subsection (3), I think, is particularly relevant. In response to a question put by myself to the Minister of Finance yesterday he responded at page 1042 of *Hansard* as follows, referring to the Petro-Canada, Pacific Petroleums deal:

I just want to say that it is a commercial transaction and Petro-Canada pledged the assets they have gained in making the transaction.

Subsection (3) of Section 14 of the Petro-Canada Act of incorporation makes it clear that they are not Petro-Canada's assets to pledge. To repeat that subsection again it says that the assets are the property acquired by the corporation and they are the property of Her Majesty and title thereto may be vested in the name of Her Majesty or in the name of the corporation.

If I may point out, other sections of this act make it very clear that any obligation of Petro-Canada may be sued for in the name of the Queen. Second, in Section 7(5) of this act it is stated that all the borrowing authority of Petro-Canada are only operative provided they have a proper order in council. You will recall, sir, that I referred to the fact earlier in today's question period that in this connection an order in council was passed on June 16, 1978, in which, on the recommendation of the Minister of Energy, Mines and Resources, the President of the Treasury Board (Mr. Andras) and the Minister of Finance, pursuant to section 7(5) of the Petro-Canada Act, the supplementary capital budget of Petro-Canada for the financial year 1978 was approved.

There is a schedule attached. That schedule shows there is contemplated a supplemental or extra usage of funds on the part of Petro-Canada in their 1978 capital budget of $819.9 million. They show the source of those funds. They say that the common shares that will be issued by the corporation will supply $205 million, the preferred shares $65 million, debt financing $504 million, and there is a certain adjustment figure to come out to the $819.9 million.

● (1512)

I suggest that schedule is doubly important. First, it confirms that Petro-Canada is certainly acting under the provisions, as you would expect, of the act incorporating them. They specifically sought the consent of the governor in council. Second, it provides for the actual issue of preferred shares and common shares of this corporation. Those shares, certainly in the case of the preferred shares, can only come under another section of this act from the Government of Canada. They are the only ones who can subscribe to those preferred shares.

In looking for some reason as to why the government might have presumed it had the right through Petro-Canada to borrow moneys and yet not involve the covenant of the Government of Canada, I can only assume it has turned to section 23 of the Petro-Canada Act of incorporation. In that section it is stated that the corporation, that is, Petro-Canada, may issue certain debentures, have securities guaranteed under another section, and may put out certain loans, or issue preferred shares. But, in any event, they may not exceed $1 billion.

The reason I think this is significant is because, in effect, what this section is saying is that there is a limit as to how much the Government of Canada can put into Petro-Canada, either in the form of capitalization, in the form of direct loan advances, or in the form of gurantees of a direct nature as far as the corporation is concerned.

The subsection that the government may be relying on is subsection (2) of section 23, which states:

> Nothing in this section shall be interpreted as limiting the amount
> (a) that the corporation may borrow without a Crown guarantee; or
> (b) that a subsidiary of the corporation may borrow.

If in fact the government is relying on that section, I think that a legal opinion should be supplied to show why that section has an overriding effect on section 14 to which I originally referred, which makes it very clear that Petro-Canada throughout their entire activities act as an agent.

I am advised by my legal counsel that the statutory interpretation of section 23 is not in any way to minimize the agent principal relationship between Petro-Canada and the Government of Canada. It is simply to make it clear that the total limit of any direct guarantee of any advance or of any capital infusion on the part of Canada is $1 billion.

Beyond that point my legal counsel tell me the section simply says they can borrow other moneys, but if they borrow those moneys relying on section 14, which is the overriding section, they clearly have borrowed those funds as an agency of Her Majesty in the right of Canada, and as such the covenant of Canada goes with those funds.

To support that argument I would refer to the comparable act in this regard, a very similar act incorporating the Export Development Corporation. In fact, section 14 as it appears in the Petro-Canada Act is almost, with the exception I think of three words, identical to the section you find in the Export Development Corporation Act. In short, that corporation under their act, like Petro-Canada, not only are designated an agent of Her Majesty in the right of Canada, but they are both put into Schedule D of the Financial Administration Act.

Dealing with the Export Development Corporation, various prospectuses have been filed, mainly in the United States. Those prospectuses, for example, make statements such as this:

> Export Development Corporation

Immediately under it is shown:

> (An agent of Her Majesty in right of Canada)

It is then stated that the notes, that is, the notes that are being proposed to be sold by the Export Development Corporation under this prospectus, and I quote:

> —will constitute direct obligations of Export Development Corporation and as such will constitute obligations of Her Majesty in right of Canada. Payment of the principal of and interest on the notes will be a charge on and payable out of the Consolidated Revenue Fund of Canada.

It is my submission that Petro-Canada has no different status under its act of incorporation under the Financial Administration Act than the Export Development Corporation, and any debts they incur are in fact incurred as an agent on behalf of Her Majesty in right of Canada. We must identify those because, when a budget is presented in this House, it will be a total distortion of the facts if the direct and indirect obligations of Her Majesty in the right of Canada are not identified as such. That is why I am suggesting that our rights, certainly my rights within this House, to act in an effective way, are being hampered.

If for the first time there is some doubt being shown as to what is the effect of an agency corporation of Petro-Canada borrowing money, then we must get this clarified. Certainly I do not want, unintentionally or otherwise, to be making statements as to what in fact are the gross or net obligations of Canada if in fact the ministers are correct in making the statement they have made. However, to the best of my knowledge, certainly on the advice of counsel that we have consulted, the ministers are not correct in making this suggestion that the resources of Canada in the name of Her Majesty are not charged.

For the Minister of Finance to suggest that the Petro-Canada assets acquired on this takeover of Pacific Petroleums are being pledged seems to be in direct defiance of the act which states that all assets of Petro-Canada are assets of the Crown.

I could give further evidence of the point I am making. I acknowledge that the Minister of Energy, Mines and Resources, during today's question period, said that he felt he had an answer. I will certainly look forward to what he has to say. However, if he is relying on the provisions of Section 23 of the Petro-Canada Act, he is relying on a very weak argument. It can only be accepted on receipt of proper legal opinion indicating that, notwithstanding Section 14 of the Petro-Canada Act, the Queen in the name of Canada is not bound by Petro-Canada borrowings or any other obligations.

I feel it is a very material matter that is before us, particularly in this budget week, because an understanding on the finances of this government is essential to the proper operation of this House. In truth, if these are direct or indirect obligations of Canada, we must know that. If, presumably unintentionally, the ministers have misrepresented the facts, they should be allowed to clarify the record to that effect.

If you, sir, find that I have a question of privilege, particularly as it relates to my ability to function as a member of parliament and certainly as my party's financial spokesman, I would be prepared to move the proper motion to have a reference to the suitable committee of this House so that the matter may be gone into in some depth.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, in the opening remarks of the hon. member for York-Simcoe (Mr. Stevens), he referred to the fact that ministers had described this transaction as a commercial transaction. That, of course, is precisely what it is. It is a commercial transaction. It was financed by a normal commercial instrument which has been used by the private sector repeatedly. It was handled by the commercial banking system of Canada. So let me reaffirm it was a commercial transaction entered into by a Crown corporation under the legislative authority provided by parliament in the act setting up the corporation.

● (1522)

I think it is important to recognize that parliament did set up this Crown corporation. It did give it powers, and it did give

it latitude and flexibility with respect to some of its financial arrangements. As to the nature of the financing, I do not intend to go into the details of that; I think it would be more appropriate for that information to come from the officers of the corporation. But the transaction was financed through a subsidiary of Petro-Canada, Petro-Canada Explorations Inc., which holds all the revenue producing assets of Petro-Canada.

During the debate yesterday, in the notice with respect to the question of privilege which the hon. member for York-Simcoe gave, considerable doubt was cast on the question of government guarantees. Let me deal with that one. There is no question that Petro-Canada as an agent of Her Majesty is covered, as are other Crown corporations, by the Financial Administration Act. That is common knowledge and is not in question. But I was asked by the hon. member for Halifax (Mr. Stanfield) whether or not there were any expressed guarantees by the federal government. I would refer the House to *Hansard*, page 1050, I believe, in which yesterday's debate is reported. That is a fair question, Mr. Speaker.

I would draw to the attention of the hon. member and of the hon. member for York-Simcoe, section 21 of the Petro-Canada Act in particular, which is subtitled "Guarantees." Section 21(1) reads:

> Subject to section 23, the governor in council may, on the recommendation of the minister and the Minister of Finance, authorize the Minister of Finance to guarantee on behalf of Her Majesty in right of Canada, the principal and interest of any debentures or other securities issued by the corporation for the purpose of raising capital otherwise than from Her Majesty in right of Canada.

Section 21(2) goes on to say:

> The Minister of Finance may approve or decide the form, manner and conditions of guarantees under this section.

It seems quite a proper question to address. Were the guarantees which were anticipated in the legislation setting up Petro-Canada sought from the Government of Canada? I can tell the House that those guarantees were not given under this section of the act, nor were any other express guarantees with respect to this transaction given by the Government of Canada.

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, the minister has brought me into this and I rise because I do not think in all fairness he gave a proper summary of the question I put to him and which he answered. I asked him whether he was saying in connection with this transaction that there is absolutely no financial responsibility on the part of the federal government. Is he saying not only that the federal government did not engage in any expressed guarantee but, by virtue of Petro-Canada being the agent of the government and the implications of that under the Financial Administration Act, there is no financial responsibility on the government in connection with this transaction, by way of guarantee or otherwise? I do not think that anybody could have read his answer or listened to his answer today without coming away with the impression that it was calculated to give the impression that the answer was no, that there was no financial responsibility, not only no expressed guarantee but no financial responsibility on the part of the Government of Canada.

[Mr. Gillespie.]

An hon. Member: Read his answer.

Mr. Stanfield: I have read his answer very carefully. I want to say there is only one reasonable impression one could get from reading his answer. It may be that the answer is worded in such a way that he can say he did not answer my question. But he purported to answer my question. He certainly gave the impression he was answering my question and he certainly gave the impression that the answer was in the negative, that it was a purely commercial transaction and there was no way in which the government is involved.

I got the impression today that he is not maintaining that position, that he is not maintaining the Government of Canada is not financially responsible for this, he is not denying the point made by my hon. friend from York-Simcoe.

I feel deeply aggrieved. I have always regarded the minister as being an honest man. I have not always agreed with him, but I believe I have a question of privilege. I think he tried in a smart way to mislead in this matter, and I do not think this is the sort of thing which should be allowed to pass unnoticed in this House.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I will not take up too much time of the House. I rise because I gave notice last night to the Chair of my intention to raise a question of privilege. I did not give notice today because it follows the question of privilege raised by the hon. member for York-Simcoe (Mr. Stevens). It relates to an answer given to me by the Deputy Prime Minister (Mr. MacEachen) in connection with the same matter. I asked about the liability of the Crown, and the Deputy Prime Minister stated, as reported in *Hansard* at page 1042, "This does not represent in any way a demand on government resources."

My hon. friend from York-Simcoe presented detailed, accurate, and sincere arguments about the impact this has on our ability to operate; whether this is, indeed, a factual statement of the circumstances. I shall not go over that again but I want to reiterate one point.

Section 14 of the act is very clear. It states that in terms of every transaction Petro-Canada might undertake it is an agent of Her Majesty. Therefore the principal, Her Majesty, or the Government of Canada cannot avoid being responsible for the actions of the agent and therefore maintains a liability in terms of any debts which might be incurred by Petro-Canada. Section 14(3) points out that all property of Petro-Canada, owned directly or indirectly, is the property of Her Majesty. Thus, any pledge of property to support any debentures, or other documents which have been sold by Petro-Canada, are pledges of property belonging to the Government of Canada, to the people of Canada, and therefore there is a government liability; it does represent a demand on government resources, totally contrary to the statement made by the Deputy Prime Minister.

I sincerely hope the Chair will give serious consideration to accepting the motion put forward by my hon. friend from York-Simcoe so that this matter can be referred to the committee, because this whole question of Crown corporations—

their liability, the way they operate, how their books are accounted for, and how their spending is accounted for—is not a new issue; it is an issue which has been with us for a while, and one which is in considerable dispute not only between this side and the government but between the Auditor General and the government.

A related matter is this question of the capital budget of Petro-Canada which was approved by the cabinet on June 16 in Privy Council document 1978/1975, by outlining the capital budget which has a source of funds of $205 million in common shares and $269 million in preferred shares.

● (1532)

The Petro-Canada Act states quite specifically that only the Government of Canada can purchase the common or preferred shares of Petro-Canada. This was approved on June 12. I have looked through the main estimates for 1978-79. I have looked through the supplementary estimates which were tabled just last week. Nowhere in those estimates is there a statement by the government that it has put up the cash to purchase these shares, yet the act states specifically that the purchase of common shares is a demand on the Consolidated Revenue Fund, and that therefore that should appear in the spending estimates of the government. This was authorized in June.

There is every reason to believe that money has been committed or spent in terms of the purchase of share in Pacific Petroleums, yet nowhere in the miscellaneous estimates does this item appear. I think there may be a separate item of privilege in the sense that the estimates do not reflect the factual position of the government in terms of the commitment it has made.

I would like briefly to make one further point. I refer to the position of the Auditor General. Just weeks ago the Public Accounts of Canada for 1977-78 were tabled. The Auditor General mentioned again, as he has repeatedly in the past, that the manner in which the government treats the accounts of Crown corporations, the manner in which it includes within its own budget certain expenditures of Crown corporations and the manner in which it excludes certain operations of Crown corporations from its public accounts, create an inaccurate picture of government assets and expenditures. I think that in itself constitutes an item of privilege because an inaccurate statement of accounts is presented to us, as members of this House of Commons, as a factual statement in terms of government spending.

While this is somewhat separate from the point raised by the hon. member for York-Simcoe, it is related. I think this is a grand opportunity to have this issue explored in depth in the appropriate committee so that we can reach some final decision as to what the liabilities of the taxpayers are with regard to Crown corporations and what declarations must be made public in terms of Crown corporations. I am sure the government would have to admit that it is in the best interests of good government and our democratic system to have the rules out in the open and accurate information placed before the House. I strongly urge acceptance of the motion of the hon. member for York-Simcoe.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, as regards the question of privilege directed to the Deputy Prime Minister (Mr. MacEachen), I would like to add the following: it was the hon. member for Calgary Centre (Mr. Andre) who put a specific question to the Deputy Prime Minister as reported on page 1041 of *Hansard*, and I quote:

—Will the Deputy Prime Minister give his firm commitment that there will be no further nationalization of private companies—

It was in that context, Mr. Speaker, that the Deputy Prime Minister answered the hon. member for Calgary Centre. He wanted to know whether the government was going to nationalize other private companies and the answer to that specific question was also quite clear. The Deputy Prime Minister answered:

I also ask him to probe more deeply beneath the surface of this transaction to discover for himself that the purchase was made entirely without government funds. It is entirely a commercial transaction. It is not drawing upon the revenue of the Government of Canada.

However, Mr. Speaker, if the question put by the hon. member and the answer given by the Deputy Prime Minister are examined in their proper context, it becomes obvious there is no breach whatsoever of the hon. member's privileges. The hon. member is making a fanciful interpretation of a federal law, namely the Petro-Canada Act, and he is giving interpretations. The hon. member for York-Simcoe (Mr. Stevens) even went so far as soliciting legal advice to ascertain whether section 23 of the Petro-Canada Act could be interpreted in such or such a way in light of other sections of the same act. This is a purely academic debate, Mr. Speaker. It is interesting to hear legal advice in the House, but it is equally interesting to note that some questions of privilege are ludicrous and do not hold water. In this case, it is much more a point of debate and a matter of interpreting answers given to quite specific questions than a matter of whether there has been any breach of the privileges of the hon. members for York-Simcoe or for Calgary Centre in carrying out their duties as members of parliament.

I suggest the facts speak for themselves, Mr. Speaker. The hon. member for Calgary Centre wants to know whether the government intends to nationalize other companies. The Deputy Prime Minister said we have no intention of nationalizing any company whatsoever, and in this instance the government is spending no money. A corporation created by a federal act is investing funds through the intermediary of the bank: it is a commercial transaction. There is nothing dishonest about that, nothing that is contrary to the Petro-Canada Act; moreover, Mr. Speaker, the Minister of Energy, Mines and Resources (Mr. Gillespie) himself gave the answer about the whole matter saying it was strictly a question of debate. He

referred the hon. member to section 21, paragraphs (1) and (2) of the Petro-Canada Act where the legislator saw fit to specify that in certain cases, circumstances or procedures might necessitate the intervention of the Minister of Finance (Mr. Chrétien) or the government to guarantee a commercial or financial operation on the part of Petro-Canada.

Now, in this instance, neither the government nor the Minister of Finance had to resort to the provisions of section 21, paragraphs (1) and (2) of the Petro-Canada Act. It is in that context, Mr. Speaker, that we must interpret the replies of both the Minister of Energy, Mines and Resources and the Deputy Prime Minister to the questions of the hon. members for York-Simcoe and Calgary Centre.

If one is taking into serious consideration the facts which are the very basis of the questions of privilege brought up today, one realizes that we are dealing with what is far more a matter of legal interpretation, discussion or debate than a matter of privilege of hon. members of parliament.

[*English*]

Mr. Paul E. McRae (Fort William): Mr. Speaker, my contribution will be short. I find myself compelled to say a few words because I do not believe that the motion of the hon. member for York-Simcoe (Mr. Stevens) is very serious.

Petro-Canada has had very rough going at the hands of many hon. members, particularly hon. members opposite. I think we should look back to when the bill setting up Petro-Canada was undergoing study in committee and in this House. After second reading there was a clause or clauses in the bill which made the relationship between Petro-Canada and the Minister of Energy, Mines and Resources much closer than is normal with Crown corporations. Clause 2 of the bill was before the committee for about 13 meetings, and in order to pass the bill it was agreed that the relationship between the minister and the corporation would be broken and that the relationship would be at arm's length. I think that was at the insistence of the opposition. Now we have the opposition claiming that for every step Petro-Canada takes, and every time it buys a paper clip, the government and the minister must be responsible.

There was an attempt to separate the corporation from the government. That proposal was accepted by our party in the interest of getting the corporation going. No matter what happens, the opposition will constantly berate Petro-Canada in this House. It happened with regard to the purchase of Husky and is happening with regard to Pacific Petroleums.

I believe Petro-Canada is an imporant part of the petroleum industry of this country. It is important that we have a national petroleum company, in the same way Britain has one and Italy has one. Some foreign state-owned petroleum companies are operating in Canada. The opposition constantly seems to be trying to undermine Petro-Canada. I understand that, if they had the power, they would immediately sell its assets.

• (1542)

I believe that in the course of the debates in committee it was clearly developed that Petro-Canada and the minister were separated in the interest of getting the bill through.

Mr. Stanfield: Mr. Speaker, I apologize, but I rise on the same point. I would simply like to serve notice—I think this is the first time I have had to give you notice—that I would like to consider bringing in a question of privilege myself in view of the answer given me yesterday by the minister. I took his answer at face value, but in view of the fact that the law as expressed by the hon. member for York-Simcoe (Mr. Stevens), and apparently accepted by the minister himself, puts a different light on it, I should like to reflect on whether I will raise a question of privilege against the minister. This is not something I would do lightly, but I simply want to give you notice, sir, and in view of the lapse of time I regard this very seriously.

If I come to the conclusion that I will raise a question of privilege, I would like to do it tomorrow. I will do it reluctantly, but if my present impression with regard to how the matter stands is correct, I will be proceeding with it.

Mr. Speaker: Order, please. Of course I will grant the hon. member for Halifax (Mr. Stanfield), as I would any other member, the right to reflect on the matter which he considers so seriously. Therefore I will stand the matter over until the hon. member for Halifax has had a further opportunity to examine it, and if he or other hon. members want to make further contributions after that time, I will be glad to hear them.

I think all hon. members will have to recognize, however, that the basic difficulty of the Chair in matters of this sort stems from two problems. When a minister, after a matter has been raised in this way as a question of privilege, returns to his reply and indicates that that was the reply he gave and that he has examined the matter, given it further consideration, and still stands by that reply, from a procedural point of view the Chair has two difficult decisions to make. The first is that if I were to try to make a decision, I have to make a substantive decision on the basis of facts, as to what set of facts is correct. Essentially that is a disagreement on facts, but often, to resolve it, the test that the Chair has to apply is whether it is a disagreement as to facts or a question of privilege by virtue of an attempt to mislead.

If the Chair finds itself in the position of having to make a decision between the two sides on a interpretation of facts, that is enough for the Chair to surrender the question of privilege and say that on procedural grounds, and in the circumstances, it has no jurisdiction. The difficulty is even more severe here because we are not even arguing about a question of facts but rather about an interpretation of the statute. Therefore the matter seems to place upon the Chair the obligation, not only of deciding on the correctness of facts but also of making a judgment as to which argument is correct under the law.

While I would concede generally that because of the clarity of the opinions which have been expressed this afternoon I

would have no difficulty in deciding on the facts, the intricate arguments of the law would be more than I would be expected to decide. Therefore, I say, in a serious way, that if this is where these discussions are leading us, no matter how great the grievance may be, it may leave me in a situation in which procedurally I would have no authority to act, because if we have a disagreement of law and facts, surely that is not a procedural matter on which the Chair should decide.

However, I say that today only in a preliminary way, and I will stand the matter over until I have heard further from the hon. member for Halifax as to whether he wishes to proceed, and if at that time there are other hon. members who have contributions to make, after reviewing what I have had to say this afternoon, I will hear them then.

MR. RODRIGUEZ—ANSWER GIVEN BY POSTMASTER GENERAL

Mr. Speaker: The hon. member for Nickel Belt (Mr. Rodriguez) gave notice earlier of a grievance with respect to remarks made by the Postmaster General (Mr. Lamontagne). I think it was understood that when both members were back in the House, they would address themselves to it. Do I have an indication now that either hon. member wishes to develop that point further?

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I raised my question of privilege last week and went through the details at that time. Furthermore, I sent to Your Honour's office today a further addendum dealing with that question of privilege. I believe you are to make a ruling today, sir.

Mr. Speaker: Order, please. Both hon. members made a contribution to this point the other day. After examining the record, I found some difficulty because the words which the Postmaster General (Mr. Lamontagne) used in reply to a question put by the hon. member for Nickel Belt (Mr. Rodriguez) were the following:

> Mr. Speaker, when I listen to a question like that, I wonder if the attitude of the hon. member is not one of protecting the workers who got involved in illegal activities or actions disrupting the postal service.

The situation is this: I think there are two things which would tend to cause me to set the point aside, expect that an abundance of caution would tell me that I might ask the Postmaster General to make his position clear. I think that might be the safer course to follow.

It seems to me that I should ask for the withdrawal of the language only when the language used clearly imputes motives which are unsavoury, or else where the language is unparliamentary. In the circumstances, in looking at the language I find that certainly unparliamentary language was not used, but it may be, as the Postmaster General attempted to say on that day, that his answer contained a more generous interpretation than appeared at first. If that is the case, that the Postmaster General was simply concerning himself with whether or not the hon. member was protecting union members who were being charged with offences, that seems to me to be a legitimate objective of the hon. member. It is not protecting union members who have difficulty in the courts, and it is certainly not an unsavoury implication.

However, it appeared in the answer that, because of the last couple of words "or actions disrupting the postal service" the impression might have been conveyed that the Postmaster General was attempting to say that the hon. member was concerning himself with protecting those who were disrupting the postal service, instead of putting a question. If that is so, I would ask the Postmaster General, out of an abundance of caution, to clarify to the House that he did not intend to impute that kind of motive to the hon. member. If that could be done, the matter could be gracefully retired.

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I can say clearly that I did not intend to impute motives to the hon. member for Nickel Belt (Mr. Rodriguez). However, I would like to stress the fact that in reading the question of the hon. member I find I could probably have raised a number of questions of privilege because the question is full of insinuations that we are threatening the employees and that harassment is our policy. I do not think that is the way to ask a question in the House, with that presumption.

I am not imputing motives to the hon. member nor, I am sure, is he imputing motives to me or to the Post Office Department. The fact is that when we have good, law-abiding workers, they do not have to worry, and if they have nothing reprehensible in their record we would be glad to withdraw the letter of intent. In the circumstances, Mr. Speaker, I think perhaps the words went beyond my meaning.

ROUTINE PROCEEDINGS

[*English*]

CANADA ELECTIONS ACT

AMENDMENT RESPECTING POLLING DAY

Mr. Bob Kaplan (York Centre) moved for leave to introduce Bill C-442, to amend the Canada Elections Act (choice of polling day).

He said: Mr. Speaker, the need for this bill arose during the recent by-elections when the government called the by-elections on a religious holiday. There appears to be a lack of flexibility in the legislation at present which requires that an election be held on a Monday or, in certain cases, on a Tuesday.

● (1552)

One of the thrusts of this bill is to permit an election to be called on a Wednesday, Thursday, or subsequent day, if a religious holiday intervenes. A second thrust of the bill is to provide that the advance polls be open until ten o'clock at night, because Saturday advance polls always conflict with the Jewish religious holiday. It would extend the voting hours until ten o'clock to overcome that problem.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 246 and 254.

[*Text*]

VETERANS AFFAIRS—LAWYERS IN PROVENCHER

Question No. 246—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Veterans Affairs and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

ENVIRONMENT—LAWYERS IN PROVENCHER

Question No. 254—**Mr. Epp:**

From June 1, 1974 to date, what lawyers in the Constituency of Provencher were given work by the Department of Fisheries and the Environment and what amount was each paid per year?

Mr. Claude-André Lachance (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned: None.

[*English*]

Mr. Pinard: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Mr. Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House proceeded to the consideration of Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, as reported (with amendments) from the Standing Committee on Finance, Trade and Economic Affairs.

[Mr. Kaplan.]

Mr. Speaker: Order, please. Before putting the question, may I advise the House, pursuant to the special order adopted on Thursday, October 26, 1978, a total of five hours has been allocated to report stage and third reading stage of this bill.

Mr. Knowles (Winnipeg North Centre): Not including any time spent on votes.

Mr. Sinclair Stevens (York-Simcoe) moved:

That Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Financial Administration Act, be amended in clause 5 by striking out lines 22 to 24 at page 2 and substituting the following therefor:

"5. (1) This act shall come into force on a date, after royal assent, to be fixed by proclamation."

He said: Before Your Honour leaves the chair, could we have a clarification of your interpretation of the House order under which we are operating? Quite rightly Your Honour referred to five hours of debate for report stage and third reading of Bill C-7, but I understood that was exclusive of any time to be taken in the voting proceedings. Is that correct?

Mr. Speaker: That is my specific recollection. If there is any disagreement on that, I can be informed, but my specific recollection is precisely in the terms stated by the hon. member for York-Simcoe (Mr. Stevens).

In order to set the record straight, the last paragraph of the order reads as follows:

That the report and third reading stage of the bill not exceed a total of five hours in addition to any time required for divisions.

Mr. Stevens: Thank you, Mr. Speaker.

In speaking to my motion today, I feel hon. members may be interested in an explanation of why I feel this motion deserves support. If hon. members refer to Bill C-7, they will note that the clause I am proposing to change simply reads as follows:

This act shall come into force or be deemed to have come into force on November 1, 1978.

During committee proceedings there was considerable questioning of the minister and certain of his officials respecting the present state of the borrowing authority of the Government of Canada. They were asked to what extent debt already was incurred under previous borrowing authorities, and to what extent is there room to borrow more funds.

The reason this questioning was so significant was because last March the Minister of Finance (Mr. Chrétien) secured an authority to borrow an additional $5 billion. At that time he indicated that that borrowing authority would be sufficient to suit the government's needs until the end of fiscal 1978-79. In short, the authority was granted to the minister by parliament on the understanding that that was all he needed. Then, on the introduction of this bill, the minister stated that an additional $7 billion is needed. He gave various reasons why that additional amount was needed. For example, he stated that foreign borrowings had exceeded expectation, and that the Canada Savings Bond issue had to be covered.

I should like to make two points respecting those comments of the Minister of Finance. When he introduced this bill, certainly foreign borrowings were contemplated to the extent of $3 billion to possibly $4 billion. They were in hand on March 22 when the minister asked and secured the $5 billion authority to which I have referred. It is unfortunate that he would attempt to fudge this issue by saying, "We said $5 billion, but we did not realize the foreign borrowing was going to be a little bigger; so please give us more money". Before the Standing Committee on Finance, Trade and Economic Affairs, the government made it very clear that borrowing authority to the extent of $3 billion or $4 billion was in hand.

My second point deals with the Canada Savings Bond issue. At the present time the Canada Savings Bond issue is outstanding. In fact it was supposed to close tomorrow, in the sense that if one wanted to pick up one's bonds, one could do so tomorrow. During committee stage we became very curious as to whether the Canada Savings Bond issue could be closed if this bill is not passed. In short, has the government sufficient available borrowing authority, be it $5 billion or some other authority, to close the present Canada Savings Bond issue?

Rather than refer to the various minutes of the committee, perhaps I can summarize them. It was said before committee, "No, we need the bill passed or we cannot close the Canada Savings Bond issue to the extent we would like". When the government sensed what we were getting at, the Parliamentary Secretary to the Minister of Finance (Mr. Martin) then started to waffle a little in committee. He said that really on reflection it was a question of whether the net borrowings were sufficient. Without unduly delaying the House, I should like to summarize what happened in committee.

The real story is: if the government has to exercise its full lines of credit with foreign and Canadian banks, literally there would not be enough room left to finish the Canada Savings Bond issue, certainly if sales under the current issue are in the order of $6 million to $8 million, which is the government's hope. If there is any single example of government economic policies being in a chaotic state, this is it. To have a government, on the eve of closing Canada Savings Bond issue, come before the House requesting a fast and quick $7 billion borrowing authority, leaves some doubt as to whether it will be able to close the Canada Savings Bond issue.

The government is attempting to keep a stiff upper lip and to pretend to the outside world that there is no problem. Why did it have to extend the time from November 15 to November 22 when people could pick up their bonds with no loss of interest? The truth is that the government cannot close the deal as it intended because the bill has not been passed as yet.

Some hon. Members: Hear, hear!

Mr. Stevens: The government has put itself into another corner. Can it be believed that it is in a corner with something which could have been anticipated 12 months ago, namely, the financing of its Canada Savings Bond issue for the fall of 1978? That is the kind of governing we have, and that is the type of government with which we have been living. Is it any wonder the government is so reluctant to face the nation? This government knows this type of irresponsibility would certainly be condemned by the voters of Canada. This is symbolic of how this government has been handling the economic affairs of this country; it is ad hockery gone wild, simply an attempt to solve yesterday's problems today, with new problems requiring solution developing very quickly. This government is stumbling and bumbling.

● (1602)

I feel this November 1 date is of importance for a number of reasons, specifically in view of the answers to direct questions put to officials who appeared before the Standing Committee on Finance, Trade and Economic Affairs. We asked what the significance of the November 1 date was, and the officials replied that this was the beginning of the Canada Savings Bond issue. In short, unless this legislation is passed in a retroactive fashion, this government is in trouble. It will be in trouble because there is a serious legal question as to whether it can actually complete this Canada Savings Bond issue without authority.

As we know, the borrowings of this government are very clearly covered by the Financial Administration Act. It states that no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of parliament. This government has put in place a Canada Savings Bond issue. It has placed advertisements and has agents working, and it has increased the interest rate on the issue twice during its sale. It has extended the free period from November 15 to November 22 in order to attract more buyers. Incidentally, we think that extension is also because the government thinks that will provide enough time for this bill to receive passage in this House. As of this date we do not believe the government has the clear authority to close this deal.

Let us put this into perspective. What will that free week, the extension from November 15 to November 22, cost the Canadian taxpayers? During that week buyers will be able to pick up the extra interest, notwithstanding the fact they will not have to put out the cash. I suggest this will cost the taxpayers an additional $13 million. By this one example of maladministration the Canadian taxpayer is being asked to pay an additional $13 million in added interest that will have to be paid for funds which will not be received until November 22.

Just consider how ridiculous the situation is in which this government finds itself. If for some reason this bill has not received passage by November 22, the government will literally have to postpone the closing date, perhaps until November 29, hoping parliament will finally give authority to complete the deal.

You might ask, Mr. Speaker, why we are suggesting that the November 1 date, to which I have referred as the date in relation to the Canada Savings Bond issue, should be changed. I suggest it should be changed because it is contemptible for the government to take parliament so much for granted as to bring forward a bill that will give the government retroactive

authority in respect of something it should have brought forward in advance, allowing us a proper opportunity to appraise the situation.

You may ask, Mr. Speaker, why we want to embarrass the government in this way, by changing the November 1 date to some other date. Obviously if the government is caught in this deal it will be caught royally, because it will not be in a position to close the Canada Savings Bond issue. I suggest this is one instance when we must take the minister's words at face value. We must accept what he said literally, and I think he misled the House. I think it is in the interest of every hon. member to hold him to his word.

Last Friday when I asked the minister directly if he had the authority to close the Canada Savings Bond issue he replied categorically that he did. That reply was in direct contradiction to the evidence given before the Standing Committee on Finance, Trade and Economic Affairs—a truly remarkable thing. Having given that reply, we should take the minister at his word. If he does not really need, or does not rely on the November 1 date, he should support this motion which simply states that authority will come into effect after royal assent, whenever the government wants to proclaim it. That is what we are saying in this amendment.

The reason we included the words "after royal assent" is simply that we did not want the government to play games. Had we simply said the government would have authority following royal assent and by proclamation, the government might retroactively have proclaimed the act, effective November 1.

Let us check to see what the minister actually said in respect of this direct question. He was asked a question by my colleague, the hon. member for St. John's West (Mr. Crosbie), as to whether he had sufficient authorization available to close the Canada Savings Bond issue, to which the minister replied that he had. Let me read into the record exactly what was said as it appears in *Hansard* of November 10, at page 1008:

Mr. Speaker, my question is directed to the Minister of Finance. I would first like to congratulate him for being here in the House of Commons—I know this is a busy period—when 20 of his colleagues are away. He is one of four who are here.

You will recall, Mr. Speaker, that the hon. member corrected that, saying it should have read "one of 14 who are here".

The hon. member went on as follows:

My question is this: yesterday at the finance committee—

AN HON. MEMBER: Where is your leader?

MR. CROSBIE: Listen to them bray over there, Mr. Speaker. Yesterday at the finance committee, in answer to a question as to where the authority would come from to cover the present Canada Savings Bonds issue, the parliamentary secretary to the minister said there would be between $3 billion and $4 billion of the current Canada Savings Bonds issue authorized by Bill C-7.

My question, therefore, to the minister is this: is it the position that unless Bill C-7 is passed by parliament, there cannot be completed the current sale of Canada Savings Bonds which is to total, in gross, from $6 billion to $8 billion; that these bonds cannot be sold and the transaction consummated unless Bill C-7 is passed? Is that the reason the minister agreed to drop his abominable $10 billion additional imposition of authority for next year?

[Mr. Stevens.]

The minister in his reply said:

No, Mr. Speaker, we are not afraid that the Canada Savings Bonds issue will not be pursued. There is no problem. We have enough borrowing authority to go through with the campaign. We hope this bill will be passed as quickly as possible, as we need the authority to carry on for the rest of the year after that campaign.

On the basis of that answer by the minister, I think it is proper for us to assume that he does not need the retroactive date. It was made very clear to the committee that this date dovetailed with the Canada Savings Bonds issue. If that is the only reason for this inclusion, then I suggest it should be removed. Rather than the November 1 date it would be better to have the act come into force on the date following royal assent, by proclamation.

We should make it very clear that the minister, in giving that answer, was counting on everything working in his favour. He clearly hoped, for example, that the line of credit to which I referred would not have to be utilized too quickly. We have been pressing the government to indicate whether the borrowings of Petro-Can represent obligations on the part of Canada or are, as the ministers have been implying, some other kind of strange things such as borrowings, but not borrowings that obligate Canada. One of the reasons we are pressing is that surely, when considering the over-all debt position at the federal level, including the authority to borrow even more money, it is absolutely essential to have a definition of what is included in the debt calculation, and what is excluded.

● (1612)

That is why I suggest that members who may agree to join in this debate on Bill C-7 should do so bearing in mind that we are dealing with the whole conscience of why we are here. It is the question of parliament's control of governmental expenditures, including governmental borrowings.

When this bill was at second reading I put certain facts on the record about how desirable it would be to get better control of expenditures. I mentioned that the debt level in Canada is almost triple what it was a few years ago. I would reiterate that because I think it is absolutely essential that parliament regain its position as the controller of Canada's treasury. I therefore urge hon. members to support my motion. I feel this would be a better piece of legislation if it were made clear that it will only be operative from the time parliament passes it, as opposed to being retroactive to November 1.

The more I think about the consequences of the government's borrowings, the more I reflect on what its attitude seems to be with respect to $671 million it has to put up for the purchase of 48 per cent of Pacific Petroleums Ltd. I become alarmed particularly when I hear the attitude of my colleagues to my left, the socialists, who have been egging the government on. Today they presented a motion under Standing Order 43 urging members on the government side to go further. I presume the thrust of that motion was to encourage the takeover of the whole resource industry in Canada and be done with it.

I think this is unfortunate. This government, though Liberal in name, is essentially socialist in nature and is being encouraged by a party which calls itself the New Democratic Party, and which is not socialist in name but is socialist in reality. When we see this kind of attitude I think it is time for those who believe in the free enterprise system in Canada to stand up and be counted. It is time we stopped being apologetic for the system that has given us our present prosperity, and started laying a few facts on the line.

Mr. Knowles (Winnipeg North Centre): Our present troubles too.

Mr. Stevens: The hon. member for Winnipeg North Centre (Mr. Knowles) speaks about our present problems. Who in this House would know better than he why we are in this present predicament? It was his party, in conjunction with the minority government of the emperor himself, that seeded the expansion in our monetary system and fiscal system that gave us the inflation we are now living with, gave us our high interest rates, and caused the lack of real growth. In short, it was that little partnership that surfaces periodically that has ravished this country, and it was particularly hard on the poor to whom the NDP like to pretend to be the great protectors—

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the hon. member permit a question?

Mr. Stevens: After I am through, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Stevens: Obviously the hon. member is not used to direct answers.

Mr. Knowles (Winnipeg North Centre): I am used to courtesy.

Mr. Stevens: Mr. Speaker, it was only yesterday that we were questioning the government about why it saw fit to commit possibly $1.4 billion to the takeover of Pacific Petroleums, Ltd., bearing in mind that it will not bring in one extra barrel of oil to Canada and will not create one more job. Does it not reflect the true attitude of my colleagues to my left that their leader stood up and said that was the type of question that makes the government look progressive, in the sense that the government was doing something progressive by the takeover of a free enterprise company such as Pacific Petroleums?

Perhaps I should mention that I think we have to start taking a new message to the Canadian public, a message of new hope. I think we have to acknowledge that although in Ottawa we are buffeted with requests for the government of the day to do this or that, there is always the assumption that government action is needed and that such action will be beneficial. Rarely is it suggested that often the best thing for governments to do is just nothing. Rarely is it realized that the government does not create wealth.

Mr. McKenzie: Just debt.

Mr. Stevens: To me that is the crux of what we have under review. As my colleague has just said, the government in this case does not create wealth but it sure knows how to create debt.

The socialists on the one hand, with almost religious zeal, feel that more government involvement can help solve our problems, while the statists, particularly the present government, crave power for the sake of power. It is in this atmosphere that I want to suggest a really new thought to most members of the House. I suggest it is perhaps a brand new thought for those to my left, and for many on the government side it is something that, if they ever thought of it, they have tended to forget. It is an idea that we appeared, a decade ago, to have turned away from, with the election of the emperor we have in Canada. Yet it is an idea which once turned a raw and underdeveloped continent of poverty stricken colonies into two of the richest nations on earth—Canada and the United States.

It is a concept which, invented 200 years ago in England and then fuelled by the individual dreams of millions of immigrants, became the most forceful engine for the creation of wealth and prosperity the world has ever seen. That idea, of course, is the free-enterprise system. I know that over the past decade it has become fashionable to portray the free enterprise system as simply the pursuit of shallow materialism, as the socialists would say, by "Greedy, selfish and self-serving men." In contrast, socialism and the centralist philosophies have been portrayed as a new form of egalitarianism—of people living for society and for each other. This concept, though widespread and popular, is based in myth, and not in fact. The sooner we start laying a few of the particular facts on the record of this House, the better.

The central planners rarely admit, as they seek power in the name of the people, that it is power for themselves they seek. To the extent we give them that power we lessen our freedoms.

We should be encouraged to note that in recent polling in the United States, 90 per cent agreed with this statement, "We must be ready to make sacrifices if necessary to preserve the free enterprise system. In 1976, almost three-quarters disapproved of the view that "the country would be better off if big businesses were taken over by the government as in certain European countries."

Throughout mankind's civilized history, central control of national economies has been the rule, not the exception. That is often forgotten, Mr. Speaker, so let me repeat it—throughout mankind's civilized history, central control of national economies has been the rule, not the exception. In each case central planning has not proven successful, and as the centrally planned state has faltered, tyranny has increased, with people becoming more and more the serfs or vassals of the state. That is what the socialists want to put us back to.

● (1622)

The free enterprise or capitalistic system, as we know it, is unique in the 4,600 years of mankind's experience. For the first 44 centuries of our civilized existence, we find that the

well-being of individuals ebbed and flowed with little or no real gain. But with the birth of the industrial capitalist system some 200 years ago, there was an explosion in mankind's well-being. Suddenly, as a result of technology breakthroughs of industry of the accumulation of wealth through corporations which helped productivity, it was found that more and more workers could be employed. In turn this gave rising real wealth for their families and for the nation, and with it disease lessened. Food became more plentiful as production grew.

We find that it takes the same amount in gold today to buy a loaf of bread as it did two centuries ago, yet in the past 200 years the real earnings of workers in the western world have risen sevenfold. Notwithstanding this success, it is strange to find that many today, wittingly or unwittingly, suggest the free enterprise system should be virtually replaced, without realizing that what they are suggesting is a return to the world of 200 years ago.

If one is curious to see what that world was like, I ask any member of this House to go and view the slums of Calcutta, or many of the streets of Cairo, and see first-hand how most of our forefathers lived before they and their descendants were lifted by the free enterprise system to our present prosperity.

The Parliamentary Secretary to the Minister of Finance has asked twice what this has to do with Bill C-7. Mr. Speaker, this is what it has to do with it. Bill C-7 will be an extension of the borrowing authority of this government by another $7 billion. To the degree the government is now spending a dollar of which it can only finance out of revenue 75 cents of that dollar, 25 per cent ends up in debt or in the creation of artificial money. To the degree this continues, there is absolutely no doubt that the government will continue to generate inflation. To the degree the government generates inflation it is going to separate still further the wealthy from the poor. This government is going to devastate our economy and, in short it will cause this country to evolve into something not a free enterprise system any more, but a state controlled system, which presumably their socialist friends would love. But I can assure hon. members the people of Canada will not enjoy that should it ever occur.

I have just touched on what I think is often overlooked, and that is that we do have a good system traditionally in this country. The enterprise system has produced great prosperity, but it cannot continue to produce that prosperity if we allow government to encroach on it continually, if we load the system with undue taxation, or if we load the system with the type of borrowing that has been taking place at the federal level for the last three or four years. That is why I urge hon. members to consider my motion. I think it would make this bill more meaningful in relation to the Canada Savings Bond question. I would hope also that all members, before voting on Bill C-7, would think of the consequences. I remind hon. members they will be giving this government more funds, because of the lack of restraint shown at the spending level. This has to end. I hope that, whatever debate ensues on Bill C-7, that point will be driven home to the government.

Some hon. Members: Hear, hear!

[Mr. Stevens.]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, at the point when I asked the hon. member if he would permit a question, he was complaining about some of the things that had happened during the parliament of 1972 to 1974. He was complaining that we had co-operated with the government of that day in getting certain legislation that, in his view, was the cause of all the troubles we are now experiencing. I ask the hon. member for York-Simcoe (Mr. Stevens) if that means that he would like to undo the social legislation, the increases in pensions and family allowances, and also in veterans benefits, that we achieved during that period of time. Is he telling us that if his party came to power they would turn back the clock on the social legislation we won during the period from 1972 to 1974?

Mr. Stevens: Mr. Speaker, my good friend, the hon. member for Winnipeg North Centre (Mr. Knowles), has not been following me. His question is in relation to something about which I made no comment. I was talking about the expansion of our monetary system during that period. Certainly when "Blue Eyes" was here, the minister of finance now known as Mr. Turner, that is when the explosion took place. Government spending went up over 100 per cent during his 44 months as minister of finance. You will recall it was that minister, to the great delight of the liberal NDP members to my left who, at committee, said it is political expediency that dictates, not economic reality. It is that type of thinking that caused the monetary explosion that we are now getting the fallout from in this country. That is what I was referring to; never once did I refer to that legislation. The hon. member for Winnipeg North Centre must have been snoozing or something if he thought I did.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, since my question had to do with social legislation which is closely related to the increase in spending by the Government of Canada, may I ask him if, like others in this House, he is simply refusing to answer my question as to where his party stands on expanded social legislation?

Mr. Stevens: I can give the hon. member, my good friend, a very short answer; all he has to do is try us. Another election is coming along and, with his support and the support of other NDPers—and I know we have millions of Liberals who are supporting us now—we will form the government and he will see one of the best run countries he has ever seen.

Mr. Alan Martin (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I continue to be amazed at how wide our rules are in this House, but perhaps it is of general benefit. But here we are dealing with report stage of Bill C-7, which would authorize the government, when needed, to obtain additional borrowing funds. This bill has been debated at great length on second reading in this House. This is a bill on which the hon. member for York-Simcoe (Mr. Stevens) participated both in this House and in committee at great length. Nothing new has been raised today.

In the course of report stage debate on this borrowing bill, the hon. member for York-Simcoe has been up to one of those old tricks of trying to piggyback in all sorts of general philosophical discussions involving what should or should not be done in the economic field and ranging all over the map. Because he has done that, it seems only fair that we at least respond to one or two of the points he has made.

● (1632)

I am delighted that the hon. member for Winnipeg North Centre (Mr. Knowles) posed the question that he just did to the hon. member for York-Simcoe. It shows over and over again that the official opposition are trying to snow the Canadian public with regard to their ability to form a government of this country. They will not answer hard questions on hard points. They will not state where they stand on important matters of social legislation.

The official opposition have told the Canadian people that if they are put in power they will get rid of Petro-Canada. They have said they will get rid of the instrument the Canadian people have to involve themselves directly in the oil and gas resources of this country. That is what they have indicated about an instrument that most countries in the western world have.

They have not indicated their position on matters of social legislation. This has come up over and over again, including the debate on Bill C-10, which is also before the House at the present time. They will not state their position. That party is trying to maintain that within several months it will form the government of this country. It seems rather incredible, therefore, that they are prepared to try and snow the Canadian public without giving concrete answers to simple questions of that type.

I made a very quick calculation, as the hon. member for York-Simcoe was speaking. He probably did not do it intentionally, but a type of arrogant approach was perceived in some of his comments. Canadians need to be worried about this posture by the chief financial critic of the official opposition. Were he to be the finance minister of this country, what position would he take in matters that are very sensitive to Canadians? Would it continue to be that type of attitude whereby that party simply says they know what is best for Canadians, this is what Canadians are going to have, they are going to cut out various programs, they will get rid of a lot of civil servants, wind up Petro-Canada, and get rid of a great deal of legislation that has been on the books of this country for the past 50 years? This question will have to be addressed at some point. I presume there will be opportunities as the coming year develops.

The party opposite has been in power in this country for only 19 years in this century. It has been in power for 19 out of 78 years, roughly 25 per cent of the time. What immediately comes to mind is, why is that? Why is it the party opposite has not been able to sell itself to the Canadian people for more than 25 per cent of the time that has elapsed in this century?

The answer is very simple. It is shown in the kind of comments being made here this afternoon by the hon. member for York-Simcoe. He is not prepared to answer simple questions as to what their answers will be on key issues. In addition, he and his party continue to criticize legislation whereby the Canadian public, having been faced with an extremely serious problem during the time of the OPEC oil crisis, have moved to establish their own national petroleum corporation. The party opposite has stated that before that corporation is more than two or three years old, it will get rid of it. They have said that will be one of the first things they will do. I do not think the Canadian people will buy that kind of approach. They will not buy the approach indicated in the comments of the hon. member for York-Simcoe, the finance critic of the official opposition.

I come back to one or two other points that have been mentioned. The first is the question of the borrowing authority and how it is to be used. In the course of his address during second reading, in debates in the House and in discussion in committee, the minister clearly indicated the purpose of this borrowing authority. He gave the exact reasons why the government is coming before the House at this time.

This takes us back to another point raised by the hon. member for York-Simcoe. He indicated that the total outstanding debt of this country places us in a very precarious position. I forget his exact words. Facts were placed before this House during my speech on second reading of this bill indicating that the percentage of debt outstanding in this country as a percentage of gross national product is less than the percentage in the United States, a fairly successful country to the south of us. It was also clearly indicated, and the hon. member can check this in *Hansard*, that the improvement in that ratio over the past ten years has never been more significant in this country, compared with the United States.

The other point in relation to his general remarks was that he continued to push the concept of gloom and doom to the Canadian people, trying to convince the Canadian people that their economic situation is far worse than it actually is. During the course of second reading of this bill, I responded to some comments by the hon. member for York-Simcoe. At that time I indicated where Canada stood in relation to other countries that he enumerated in the western industrialized world, and how Canada ranked in relation to those countries in certain significant areas. I will not repeat all of that, but I wish to repeat one or two facts today, because once again the hon. member has left the innuendo that when you match Canada against many other free enterprise capitalist-oriented countries, we are in horrendous shape.

We have not done badly in the 78 years of this century in which this government has led the country for 75 per cent of the time. Here is where we stand in one or two of these areas. I will repeat some figures I mentioned during the debate on second reading.

In the rate of growth in our labour force from 1968 to 1977, Canada is in first place in relation to the six countries mentioned by the hon. member for York-Simcoe, namely, the

United States, West Germany, Switzerland, Belgium, and Denmark. In terms of the cost of living index, that is to say, the smallest increase in 1978, we are second to the United States in relation to these other countries. In relation to food prices, the least costly in 1978, we came out in first place. In relation to the rate of growth in our real domestic product for the period 1968-1977, we are in first place. In relation to housing starts 1970-1977, we are in second place, right behind Belgium, with the United States in third place.

There are many more statistics. They are based on very reliable sources. They indicate to the hon. member for York-Simcoe and the Canadian public, if ever they are given a chance to see these kinds of statistics, that the Canadian economy is not in that bad shape, particularly when matched against the economies of the major countries of the industrialized world.

I hesitate to repeat this kind of detail, but it seems we have to do this over and over again because the gloom and doom philosophy and the approach of the official opposition are being pushed on the Canadian public, day in and day out. Whenever they get an opportunity, either in this House or in speeches outside, they try to connive the Canadian people into thinking they have a bad deal going for them with the present government in Ottawa, that if given the chance the official opposition will shake up and improve the situation. The substantiation of their claim does not add up when you look at the facts of the situation and get away from their innuendoes which cannot be supported.

● (1642)

I am not sure whether the hon. member for York-Simcoe was bringing things out of the air or not when he referred to the slums of Calcutta and the streets of Cairo. Most Canadians are concerned about the conditions they see in Third World countries, but to suggest for one minute that our situation in Canada is inferior to that of any other major country is to fly directly in the face of the information available. He will get the straight facts if he talks to new Canadians who have come to this country in the last ten, 15 or 20 years. These people will tell him how Canada ranks in relation to other countries around the world. They will give him the story straight, and I am sure he has a good number of new Canadians in his riding, as I have in mine.

An hon. Member: Three years ago, or five maybe.

Mr. Martin: Many of these people have been here during the years of progressive Liberal government from 1963 to the present time, and many of them will also be here as those progressive years of Liberal government continue in times to come.

Mr. Stevens: I was rather enjoying the babbling of the hon. member but I must correct a misundertaking he must have taken from my remarks. I was saying that if you want to see the living standards which existed 200 years ago you can see something comparable in Calcutta or in the slums of Cairo. In no way was I referring to them as being of a contemporary nature in Canada. There is no mystery about the conditions in which people used to live before private enterprise enabled us to reach our present standard of living. In true Liberal fashion, what I said on that subject got distorted.

Mr. Martin: I am delighted to accept that explanation, and I am pleased the hon. member is in no way attempting to indicate that if his party were to become the government of the country we would move any closer to the conditions which exist in those countries. I believe, though, that Canadians would be taking an incredible risk, and I am sure all of them will realize this as the months transpire between now and the time of an election.

The electorate will be asking some of these questions. Questions will not only be coming just from the mouth of the hon. member for Winnipeg North Centre in the House of Commons. They will be asked on the streets. They will be raised on campaign trails. They will come one after the other, and the hon. member for York-Simcoe, the Leader of the Opposition (Mr. Clark) and others over there who are eagerly getting ready in their own minds to assume grandiose positions in Ottawa with need to be ready to answer these questions.

An hon. Member: We did in the by-elections.

Mr. Martin: No, you didn't have to answer them in the by-elections because in the by-elections there was one thing the Canadian public knew. They knew that going out to vote against the government could in no way affect the leadership of this country. That was a very important factor to them.

At some point, Mr. Speaker, it might be useful for me to get back to the subject at hand. The only reason I am off it again is because the hon. member for York-Simcoe spent 75 per cent of his debating time on other issues so I am tempted to spend a little of mine responding to him. Again, I want to get back to Petro-Canada and the proposal put forward by that corporation to take over the assets of Pacific Petroleums.

I think it was mentioned by the Minister of Energy, Mines and Resources (Mr. Gillespie), or perhaps by the parliamentary secretary to the House leader or it may have been the hon. member for Fort William (Mr. McRae), that on every opportunity available to it the opposition decries Petro-Canada. Every time they have a chance, they have to try to talk down this corporation, the great work it is doing and the great place it has in the eyes of the Canadian public in attempting to bring us to a position of self-reliance in oil and gas. They do this because they have to back up the statement they have made.

They are stuck with this idea of getting rid of the corporation. So now, having decided they are going to do that, they have continually to find ways of supporting their argument, and every day and every week it gets more difficult to support that particular plank in their platform. It cannot come out of the program now because it is indelibly there in stone, and they are going to have to speak to it over and over again as the months go on. I am not going to get into an argument. We discussed this at great length when the legislation was before this House. I would simply say this to the hon. member for

York-Simcoe and to hon. members opposite: Canadians, by and large, are very supportive of the idea that we in this country should do all we can to move toward self-reliance in the area of oil and gas.

Mr. Stevens: What has that got to do with Petro-Canada?

Mr. Martin: The sole *raison d'être* of Petro-Canada is to help us move toward that goal and if, by doing the kind of thing exemplified by this offer for the shares of Pacific Petroleums, they can gradually reduce the horrendous percentage of our over-all natural gas resources petroleum industry that is controlled outside the country, I suggest the Canadian people are going to be very supportive of it.

I suggest to hon. members opposite that they have taken hold of a tiger by the tail by putting into their platform already at this early date an undertaking that they will, once in power, immediately unwind and dispense with Petro-Canada.

I should like to come back now to the amendment the hon. member for York-Simcoe made. Here again, the question whether the date of the bill should be November 1 or some later date was discussed at great length in committee, and I think the hon. member for York-Simcoe was given all the answers he was seeking. However, I am prepared to read into the record a little further explanation or to make a further explanation why we on this side are not prepared to accept that amendment.

One of the purposes of the bill is to clarify for greater certainty that it is the net amount of any increase in oustanding indebtedness which is to be charged against the borrowing authority. This was explained at great length in committee. It is an important point to make. For instance, in the case of the current Canada Savings Bond issue, it is not the total amount of the bonds that are sold that will be charged against the borrowing authority; rather, it is the net amount of new bonds sold as against any conversions made of old issues. Calculated on this basis the government is satisfied that in the normal circumstances existing borrowing authority would indeed be sufficient to meet both the full amount of the current Canada Savings Bond issue and any borrowings which might take place under the revolving credit agreement recently negotiated with Canadian and American banks.

However, there is a possibility that an unusually large Canada Savings Bond issue coupled, perhaps, with the need to borrow under one of the revolving credit agreements, could deplete the existing borrowing authority. It only makes sense in a situation of that kind to ensure that the necessary arrangements can be made should the need arise. Under the circumstances, if this were to happen and we did not have the additional borrowing authority, yes, one would then have to cut off sales of any further Canada Savings Bonds. Again, I say this is a remote possibility, but it is good business practice and good housekeeping to be protected against that sort of thing. To preclude this remote possibility the government is ensuring that the bill comes into force on November 1, which is the effective date of the Canada Savings Bond issue.

• (1652)

I want to make one other point clear because the hon. member for York-Simcoe raised it in committee. He always comes back to this November 22 date. He knows—it was explained to him in committee—the reason for the extension from November 15 to November 22. It is normal to have 15 days. There is nothing unusual about that. The reason for the extension is the latest change in the interest rate which, as the hon. member well knows, was the result of a Bank of Canada increase. An additional week is being allowed to give Canadians an opportunity to take advantage of this new issue at the new rate, and in order to give them extra time to complete their transactions. That is the reason for that. There was no secret motive, which I think has been imputed. Perhaps that was done unintentionally. I am not entirely sure, but that was certainly the indication in the remarks of the hon. member for York-Simcoe.

With those comments, both of a general nature and a specific nature, regarding the amendment, I encourage hon. members opposite to support the November 1 date as it now stands and to defeat the amendment, which would simply put an unknown date on the bill, namely, the date it is given royal assent.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I welcome this opportunity to become involved in the debate on Bill C-7 regarding borrowing authority. I always enjoy rambling and wide open debates like this one, and I always like to follow the parliamentary secretary so that I can correct all the statements he makes and the misleading information he gives the House and the Canadian public. He is becoming a master at that.

Mr. Martin: Mr. Speaker, I rise on a point of order. I would like to ask the hon. member for Winnipeg South Centre (Mr. McKenzie) if he would consider withdrawing that comment. He has indicated that I have made misleading statements to this House. He has done that without any substantiation whatsoever, and I do not think a comment like that should be allowed, unless the hon. member is prepared to be specific and indicate the erroneous information I have put before this House.

Mr. McKenzie: Mr. Speaker, I have no problem with that at all.

Mr. Deputy Speaker: Is the hon. member rising on this point of order?

Mr. McKenzie: I have been on my feet for only one minute.

An hon. Member: That is too long.

Mr. McKenzie: When I make statements like that, I intend to substantiate them in my speech.

Mr. Deputy Speaker: Order, please. Perhaps I should intervene. That might calm everything down. I must say that I was speaking with one of the clerks and did not hear the exact

words which were spoken. However, if, as the parliamentary secretary says, the words were to the effect that his remarks were not factual or were misleading, that is not necessarily unparliamentary. It becomes unparliamentary if the hon. member says the misleading was done intentionally.

Mr. Beatty: Which he did not say.

Mr. Deputy Speaker: If it is just a matter of opinion, and as long as the hon. member did not attach a qualification regarding intentional misleading, that is permitted by the rules. Such words are used regularly in the House. If the hon. member pursues his insinuation or reflection on the remarks of the parliamentary secretary, I might have to decide otherwise.

Mr. McKenzie: I have no problem qualifying my remarks, Mr. Speaker. I would never make a statement like that without going into it a little deeper. I suggest that the parliamentary secretary listen to me for a few minutes before he starts challenging me.

The parliamentary secretary said that the Conservative party would fire many civil servants. We have never at any time said we would fire many civil servants. We said we would not hire any more civil servants. We feel that half a million is enough.

I listened to the adjournment debate here last week. Two members of the Liberal party, the hon. member for Ottawa-Vanier (Mr. Gauthier) and the hon. member for Ottawa West (Mr. Francis), were pleading with the government not to fire any civil servants. It is the Liberals who will be firing civil servants, not us. We have said we would not hire any more.

The parliamentary secretary discussed whether we supported social legislation in the last parliament. We certainly did support social legislation. We had to support social legislation in the last parliament because of double digit inflation. That was what the last election was about. Our incomes and prices policy was designed to assist the five million people who were below the poverty line and who needed assistance. It was the Conservative party which showed leadership in the last federal election in dealing with the underprivileged and with the need for proper legislation to help people.

I listened to the comments of the hon. member for Winnipeg North Centre (Mr. Knowles), who said that the best parliament we have ever had in this country was the last parliament. He spoke of all the great legislation which was passed. I found his comments very strange, because it was an NDP motion of non-confidence which brought the government down. That motion was not presented by us. If the last parliament was so wonderful and if the legislation was so great, why on earth did the NDP present a motion of non-confidence to bring the government down?

The parliamentary secretary said that for the last number of years the federal government has been Liberal. That is quite true. The Canadian people have been very generous and tolerant with this government, but that is coming to an end. The by-elections proved that. The parliamentary secretary has much praise for this government. I am sure he must have campaigned in Toronto. I am sure he must have gone from door to door praising this government. If he did, I wonder why the Liberals did not sweep Toronto.

The parliamentary secretary spoke about how great things are in this country. Unemployment costs us $8 billion a year. Over $4 billion is spent on the unemployment insurance plan and $2 billion on welfare, and $2 billion in taxes is lost. The parliamentary secretary says he is proud of that. He says that that is just great, and that it is terrible we should mention it.

If the rules had never been changed, we would not need this borrowing authority bill. Since 1963 parliament has not had effective control of public expenditures. The Auditor General has said that the Liberal government has lost control or is close to losing effective control of the public purse. In a subsequent report he stated that he felt very strongly about the fact—

The Acting Speaker (Mr. Turner): Order, please.

Mr. McKenzie: Mr. Speaker, may I call it five o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Egmont (Mr. MacDonald)—Regional Economic Expansion—Funding of land registration and information service; the hon. member for South Western Nova (Miss Campbell)—Fisheries—Depletion of inshore lobster fishery; the hon. member for Nickel Belt (Mr. Rodriguez)—Public works—Construction of taxation centre at Sudbury, Ont.

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

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CRIMINAL LAW AMENDMENT ACT (NO. 2), 1976

MEASURE TO AMEND

Mr. Eldon M. Woolliams (Calgary North) moved that Bill C-202, to amend the Criminal Law Amendment Act (No. 2),

1976, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, before discussing the details of this bill I should say that this bill relates to preferring indictments respecting retroactive and retrospective legislation. This is a very technical matter. As hon. members know, I usually speak with just a few notes, but because I am limited to only 20 minutes I will speak from a prepared text.

Private member's Bill C-202 would amend the transitional sections of the Criminal Code approved by parliament at the time the death penalty was abolished for all offences under the Criminal Code, particularly treason, piracy and murder. The abolition of the death penalty by the present government was proclaimed on July 16, 1976. In this debate I wish to deal with the question of murder alone.

● (1702)

Prior to July 16, 1976, there were a number of murder cases in which no charges had been laid, or, if a charge had been laid, the process of law had not been completed when the new bill was proclaimed. The rule that was followed was that if the alleged crime had been committed and the process of law commenced prior to July 16, 1976, the charge was continued and the trial proceeded under the former law, except with regard to the penalty, when the charge was either capital or non-capital murder.

Prior to the 1976 law, murder was classified—I want to emphasize the word "classified", instead of defined—as capital and non-capital murder. Conviction of capital murder called for the death penalty, as you will recall, Mr. Speaker, and all murder that was not capital murder was classified as non-capital murder under the Code and the penalty called for imprisonment, meaning 21 years. Under the penal rules, most people, depending on the facts of the case and the character of the accused who was convicted, could make an application for parole to the parole board within the time frame.

This bill deals only with persons who, prior to the abolition of July, 1976, were convicted of non-capital murder and appealed their conviction to the authorized provincial appeal board and the said appeal tribunal quashed the conviction and ordered a new trial. That was after July 16, 1976. Before 1976, that person, under the ordinary rules of jurisprudence would be retried on the charge of capital murder or a lesser inclusive charge of manslaughter, or some such charge.

The section of the code I am proposing to amend is known as the transitional section dealing with pending cases, in other words, the transitional period from the time the murder was defined as capital murder and non-capital murder until the time when it was redefined or reclassified as first and second degree murder. The only change that was made at that time was the nature of the penalty. The section to which I refer, and which has caused great embarrassment to people whom I have already mentioned and to the courts, reads as follows:

Where proceedings in respect of any offence of murder—

I have left out the other two.

—whether punishable by death or not, were commenced before the coming into force of this act, and a new trial of a person for the offence has been ordered and the new trial is commenced after coming into force of this act, the new trial shall be commenced by the preferring of a new indictment before the court before which the accused is to be tried, and thereafter the offence shall be dealt with, inquired into, tried and determined, and any punishment in respect of the offence shall be imposed as if it had been committed after the coming into force of this act.

What it says, in brief, is that if you were convicted of non-capital murder and you went to the court of appeal—such as in the three cases of which I know, one in Ontario and two in Alberta, and there may be others—and your conviction was quashed because you were wrongfully convicted and a new trial was ordered, the Crown, that is the attorney general in the province, may prefer a new indictment. Under the old law, in the case of non-capital murder, if a person is convicted, he received a sentence of life imprisonment or 21 years with the right to parole. But if he was found guilty of capital murder, he was sentenced to the death penalty. What they have done now is not to prefer a charge of second degree murder, which is similar to non-capital murder—I will go into that in a moment—but to up it to first degree murder.

In the three known cases—I will not name the accused because they are still before the court, but let us call them Mr. X, Mr. Y, and Mr. Z, one of which was tried in Ontario and two in Alberta—following a successful appeal by the accused, the charge was upped from non-capital murder to first degree murder, which would be like changing it from non-capital murder to capital murder. Therein lies the injustice.

Let me explain that briefly. Because the accused exercised a right in law to appeal his case, upping the charge is an abuse of the due process of law, because the Crown upped the charge of non-capital murder, by preferring an indictment without the right to a preliminary hearing, to first degree murder which, under the former law, is classified as capital murder and calls for the death penalty.

If this is the law of Canada, it can still reach back to a person who has successfully appealed and charge that person with a new offence calling for a greater penalty. As I said, murder was never redefined in the Criminal Code. It was merely reclassified for the sole purpose of changing the punishment.

My amendment would prevent this abuse of the due process of law by preferring an indictment of first degree murder only if the new trial ordered by an appeal court was from a conviction of capital murder, or of lesser offences, or in the case of a new trial ordered for an offence of non-capital murder to a new indictment no greater than second degree murder, and a lesser offence, if the Crown saw fit, as it has in some cases.

Why do I suggest this? Section 27(2) is retroactive and retrospective legislation. It is against all the principles of justice known to mankind and not in accordance with the principles of British justice. I have found in research that

Henry of Bracton, under the rule of Henry III between the years 1222 to 1272, said the following in Latin:

Omnis nova constitutio formam futuris imponere debet, non praeteritis.

It means that every statute ought to prescribe a form to the future, not to the past. This principle dates back to the time of Cicero. My pronunciation of the name might be questioned, as it seems to be, but I pronounce it Cicero—with a hard C.

Mr. Ellis: Only in Calgary is it pronounced that way.

Mr. Woolliams: If you had gone to a Latin school, you would have known the correct pronunciation is Cicero—with a hard C. My friend from the province of Ontario may pronounce that name differently, but I will not get into an argument about that. That was the way they pronounced it in Rome.

Section 27(2) makes a sham out of every successful appeal in that under that section the freedom of the accused is jeopardized for a longer term. Mr. Justice Brooks, in a dissenting judgment of the court, put it succinctly in the recent case of *Regina v. Pineault* 1977, 32 c.c.c., second edition, Appeal Court of Ontario, when the appeal court considered an application under section 613(8) of the Code, which reads as follows:

Where a court of appeal exercises any of the powers conferred by subsection (2), (4), (6) or (7),—

Such as directing a new trial and quashing the conviction, the court may also make an order in addition to what justice requires. In other words, it was argued by Mr. Greenspan in the Court of Appeal in Ontario, and properly so, that the court could have ordered that the accused be charged with the crime of second degree murder. This is what he said:

● (1712)

Having regard to the whole of section 27 of the act, it seems clear that parliament set a cut-off date. It said that after the coming into force of the act all charges of murder would proceed as murder in the first degree or murder in the second degree and an accused not yet tried and one for whom a new trial had been ordered by an appellate court would accordingly be similarly treated. To this extent parliament has declared what is fair and just. However, the important distinction (and really it is a safeguard) is that where a new trial has been ordered the appellate court was under a duty when directing the new trial to make an order that justice requires. It is the presence of this obligation that is perhaps an answer to Mr. Greenspan's submission that this man's successful exercise of his right of appeal from his conviction for non-capital murder is no more than a sham.

In other words, the fact that he was successful in his appeal makes it a sham, because the charge is moved up from non-capital murder to first degree murder where he would be subject to a penalty of 25 years without the right of parole, unless he made an application to the chief justice after 15 years.

In my opinion section 27(2) is ultra vires or inoperative in view of the Bill of Rights. The Bill of Rights provides that every law of Canada enacted before or after the coming into force of the Bill of Rights, unless parliament makes an express declaration to the contrary, is to be so construed and applied as not to abrogate, abridge or infringe or to authorize the abrogation, abridgement or infringement of any right so recognized and declared.

At committee stage I examined this and asked questions. There was no express declaration by parliament as to section 27(2) to create a new classification of murder in reference to an alleged crime committed prior to July 16, 1976 and tried under the former classification of murder. In other words, to make it retroactive legislation there was no express declaration that parliament could do that, and if it did not make that declaration, it would be inoperative. This is retroactive legislation of the rankest, most oppressive and tyrannical form.

I should like to refer to section 2 of the Bill of Rights which reads as follows:

Every law of Canada shall, unless it is expressly declared by an act of the parliament that it shall operate notwithstanding the Canadian Bill of Rights, be so construed and applied as not to abrogate, abridge or infringe or to authorize the abrogation, abridgement or infringement of any of the rights or freedoms herein recognized and declared, and in particular, no law of Canada shall be construed or applied so as to

(e) deprive a person of the right to a fair hearing in accordance with the principles of fundamental justice for the determination of his rights and obligations.

How can one say that these three persons, and perhaps others, will receive fair trials under the circumstances? Section 27(2) abridges the Bill of Rights, as it denies a fair and just hearing, and therefore is inoperative.

I do not have to refer to the Drybones case where an Indian off a reservation was charged as being drunk because he was an Indian off a reservation. The Supreme Court of Canada indicated that that discriminated against race, and therefore, that section of the Indian Act was inoperative and ultra vires.

The Interpretation Act of Canada reads in part as follows:

Every enactment shall be deemed remedial, and shall be given such fair, large and liberal construction and interpretation as best ensures the attainment of its objects.

The courts of appeal of two provinces have already ruled that this is retroactive legislation but parliament must have intended it, even though there have been a few dissenting judges. Section 35(b) reads as follows:

Where an enactment is repealed in whole or in part, the repeal does not (b) affect the previous operation of the enactment so repealed or anything duly done or suffered thereunder.

Thus, it runs in full face of the Interpretation Act. Section 36 reads as follows:

Where an enactment (in this section called the "former enactment") is repealed and another enactment (in this section called the "new enactment") is substituted therefor,

(d) the procedure established by the new enactment shall be followed as far as it can be adapted thereto in the recovery or enforcement of penalties and forfeitures incurred, and in the enforcement of rights existing or accruing under the former enactment or in a proceeding in relation to matters that have happened before the repeal;

(f) except to the extent the provisions of the new enactment are not in substance the same as those of the former enactment, the new enactment shall not be held to operate as new law, but shall be construed and have effect as a consolidation and as declaratory of the law as contained in the former enactment.

To charge a person with first degree murder after a successful appeal from a conviction of non-capital murder changes the law as known at the time of the trial. Capital murder as first degree murder in 1966 was described as planned and deliberate, identical to the wording in 1976 of section 214(2) of the Criminal Code, and any other murder was non-capital which today would be known as second degree murder. One asks, "So what, the death penalty is abolished?"

The difference in penalty between first degree and second degree murder is substantial. As I said at the beginning, the government is merely classifying murder to change the penalty. Second degree murder calls for 21 years of imprisonment with the right to make an application to the Parole Board in ten years, depending on character, facts, etc. First degree murder is 25 years of imprisonment without the right of parole. One might make an application to the chief justice after 15 years.

One might ask how this mistake occurred. Well, it occurred. I should like to refer to a rather interesting quote from the book entitled "Preparation of Legislation in Canada" by Mr. E. A. Driedger, Q.C. at page 293, which reads as follows:

What is a draftsman or a draftperson's job?

—His function is to prepare the legislation desired by someone else; and it follows that there must be a transfer of ideas to the draftsman. He must understand precisely what the new law is to be. He may draft a perfectly plain amendment but if that amendment is not the desired amendment he has not done his work properly—

Is that not quite a statement coming from a former deputy minister of justice who is now director of legislation?

Over 100 years ago Bentham talked about legislation like this which was retroactive and reached back into the past. For example, as far as I know today, it is legal for me to make this speech in the House of Commons. If parliament, in its insane sense, passed an act tomorrow which indicated that what I did today was illegal, it would be called retroactive legislation. Surely Canadians are supposed to know the law as they run, walk or are involved in their business and social arrangements with their families and other institutions. Bentham said that such legislation is ambiguous, imperfect, redundant, long-winded, entangled and, above all, naked and without any boundaries. That is exactly what we are faced with here.

As I have said over and over again in the House of Commons, and I will never tire of saying it as long as I am here, let us have a new Criminal Code of Canada rather than one made up of amendments or a band-aid deal which causes confusion to jurists and all Canadians.

I ask the House to consider this bill in light of the fact that it affects the freedom of Canadians who have the right to a fair trial and the right to appeal, and when they win their appeals they are penalized for winning them. That is an abuse of the process of law in the worst form.

Some hon. Members: Hear, hear!

Mr. Roger Young (Parliamentary Secretary to Solicitor General): Mr. Speaker, I should like to make a few comments on Bill C-202 which was presented to the House by the hon. member for Calgary North (Mr. Woolliams). Of necessity he requested permission to speak from some extensive notes. I can appreciate why, because the matter is technical in nature. I hope the House will allow me the same courtesy during the course of my reply.

● (1722)

I should like to say at the outset that it is a pleasure to consider measures proposed by the hon. member for Calgary North because he has a reputation as a lawyer and a parliamentarian which I think elicits our respect and our very close attention.

We are considering today a measure which would draw to the attention of this House a specific anomaly which he perceives in respect of the transitional aspects of the Criminal Law Amendment (Capital Punishment) Act (No. 2) 1976, passed by this House on July 14, 1976, and proclaimed as law on July 26 of that year. On behalf of the Solicitor General (Mr. Blais) I would like to congratulate the hon. member for his suggestion, and for the good intentions which so evidently have gone into drawing up the bill before us.

If I understand it correctly, the bill we are considering would amend the transitional provisions of the Criminal Law Amendment Act (No. 2) 1976 in respect of persons who were charged with murder before this act came into effect but who were ordered to stand trial again as a result of a higher court decision. In these cases, the new trial is to be commenced by the preferring of a new indictment, with such new indictment being drawn up in terms of the new act. The effect of this would be that persons originally tried for capital murder would be tried for first degree murder, and that persons originally tried for non-capital murder would be tried either for first degree or second degree murder, depending on whether the facts were such as to support a charge of first degree murder on the grounds that there was planning and deliberation involved, that the murder was a "contract" killing, or that the offence was committed in the course of committing or attempting to commit aircraft hijacking, kidnapping and forcible confinement, rape or attempted rape, or indecent assault on a female or a male.

These latter elements of first degree murder previously would have resulted in a charge of non-capital murder, and the difference in penalty for first degree murder and non-capital murder is, I take it, the point which concerns the hon. member. Under the previous legislation, a person found guilty of non-capital murder was liable to life imprisonment with parole eligibility not available for at least ten, and as many as 20 years, depending on the order of the trial judge having considered any advice the jury may have had to offer. Under the Criminal Law Amendment Act (No. 2) 1976, a person found guilty of first degree murder is now liable to life imprisonment with parole eligibility not available for 25 years, with that eligibility date being reviewable after 15 years.

Mr. Woolliams: By the Chief Justice.

Mr. Young: The hon. member argues that a hardship is worked on those individuals—those very few individuals, I might point out—who fall into the category of having originally been convicted of non-capital murder, but have been ordered to stand trial again, this time for first degree murder.

I would like to assure the hon. member that I think his argument is an important one, and it is one which deserves the closest consideration. There are, however, some points which I believe merit examination in the course of considering the bill we have before us, and I would like to turn to some of those points now.

In the short time I had available to review the hon. member's proposal, I found two reported cases bearing on the point at issue. I am not certain whether there are any further appeals outstanding in either of those cases, so will necessarily restrict my remarks somewhat, as I noted the hon. member did too.

In a general sense it seems to me that neither case offers much support for the hon. member's argument that the transitional aspects of the Criminal Law Amendment Act (No. 2) violate the Bill of Rights, or are subject to the interpretational principles which he cites in the explanatory notes to his bill. Again, I would like to make it clear that these are questions which occur to me from a brief perusal of the hon. member's proposal, and I offer them as lines of argument which I think merit further examination in the context of further examination that should be given the proposal. Having said that, let me express the concern I have with the hon. member's point. In arguing that the section in question violates canons of interpretation, I am not sure whether the hon. member had an opportunity to reflect on the finding of the Alberta Supreme Court, Appellate Division, in the case of *Regina v. Budic (No. 2)*.

Mr. Woolliams: Mr. Speaker, I rise on a point of order, and I hope you do not deduct the time I take from the time allotted the hon. member. That case has been quoted by me in a court room. I understand the case and it does not apply to hijacking, and does not apply to the other offences the hon. member has mentioned. I know the facts of the case. Under the normal conditions the person would have been charged with non-capital murder, as there was nothing planned or deliberate. In fact the second trial ended up in the court of appeal, from a second appeal, and he was found not guilty because of insanity. In the *Regina v. Pineault* case the attorney general of Ontario repented and preferred an indictment of manslaughter.

Mr. Young: I thank the hon. member for that interjection, Mr. Speaker. He undoubtedly does know about the case. All I was going to say, very briefly, in reference to that particular case, was that in looking at the comments of Mr. Justice Clement, he argued that the transitional section of the Criminal Law Amendment Act (No. 2) which is the subject of the hon. member's amendment "leaves no room for argument, or the application of canons of construction. The language is plain and imperative." Mr. Justice Morrow, in the same case, also found that it was "clear to me that the legislation has expressed an intent to have the newly enacted provisions take effective retroactively".

The hon. member for Calgary North referred to the *Pineault* case before the Ontario Court of Appeal. That case considered the provisions we are discussing this afternoon.

Mr. Justice Arnup also referred to the clarity of parliament's statement in respect of the preferring of a new indictment and thus, I would argue, called into question the basis for the hon. member's argument that the canons of construction are required to be brought into effect to the extent to which a clarifying amendment is required.

I must say I am even less certain about the argument made on Bill of Rights grounds by the hon. member. I do not intend to go into a great deal of detail on that argument. I think one of my colleagues may wish to make some comments in that regard a little later on. I would only suggest that we must take into account cases other than *Drybones* in assessing the impact of section 2 of the Bill of Rights on any given provision.

All I am saying here is that the provisions suggested by the hon. member affect a tiny number of persons, and it is not at all clear that an amendment such as that he proposes is required in practice. I have raised some arguments which, at the very least, leave some unresolved doubt in my mind as to the legal basis for the argument advanced by the hon. member, and attempted to tie them in, in a general way, with the two reported cases on the issue of which I am aware. I think we should leave it at that for the time being, and I would like to suggest that further consideration is merited in the areas I have mentioned. Also, I am sure no hon. member would wish to make specific comments which might have prejudicial effects on individual cases which might yet be heard, and I repeat the point that I am not aware of the current standing of the two cases to which I made brief reference.

In examining the proposal put forward by the hon. member, I think we must look at the assumptions which lie behind it in order to see if it can be supported as it stands or if it requires some further thought and study.

I have made very brief reference to the Bill of Rights argument which was advanced in the explanatory notes, and to the argument put forward by the hon. member involving canons of construction. I would like further to mention two other points which I believe also merit consideration. These involve the hon. member's interpretation of the intent of parliament in passing the Criminal Law Amendment Act (No. 2) 1976, and some of the remedies which may be available to individuals who believe themselves to have been unfairly affected—remedies not referred to by the hon. member.

● (1732)

First with respect to the intent of parliament, the hon. member in his explanatory notes appears to be taking the position—I am sure he will correct me if I am not interpreting him accurately—that parliament intended to ameliorate penalties under the terms of the Criminal Law Amendment Act (No. 2), either throughout that act, or in the transitional provisions, or both. To be sure, capital punishment was abol-

ished under the terms of the act. But I would question the interpretation that the terms of the act were designed to be purely ameliorative, aimed at lessening penalties throughout.

I am sure hon. members will recall the fact that several speakers in the capital punishment debate advanced the position that the sanctions for murder were too harsh; some said they were harsher than capital punishment itself. I do not comment on the merits of those arguments but simply note that they were made during the course of debate.

I would also point out that the solicitor general of the day, commenting on those arguments, made the point that the "Canadian public are concerned about crime, and have a right to expect protection." He said that "murder is a horrible and heinous crime and must be punished severely if we are adequately to express society's outrage against the murderers."

Indeed, the entire peace and security program, of which the Criminal Law Amendment Act (No. 2) was only a part, was aimed not at lessening penalties but at affording to the Canadian public a greater degree of protection against violent crime. All of the measures—legislative and administrative alike—which were included in that package were designed with that one aim in mind: giving effect to realistic and effective measures of protection.

The package contained a range of measures—from dangerous offender legislation, to gun control, to restrictions on the release of offenders, to crime prevention measures—and while each of us may have questioned particular elements of the package, the point I wish to stress is that the over-all intent of the package was to increase effective protection, not to lessen penalties. It is in this context that I would question the hon. member's interpretation of the intent of parliament in passing the section which we are considering today. And in challenging that interpretation, I believe there can be some question raised as to the underlying rationale of the proposal put forward in Bill C-202. Again, I raise this argument not to refute the hon. member but simply to suggest that a great deal of careful consideration should be given to it before we move any further with it.

The second point I would wish to bring to the attention of hon. members involves remedies. The hon. member for Calgary North, based on the interpretation he has given to the intent of parliament and to the legal merits of the case, is suggesting to us that an amendment is required to the transitional provisions of the act. As I have said, the arguments made require careful consideration, and I would welcome discussion of some of the aspects of the argument I have raised already in the course of that consideration.

It may be that we will conclude that the hon. member's amendment, or one similar to it, would be a useful addition to the statute law—I have been very careful not to prejudge that. But in considering the issue, I would also like to see consideration given to certain other recourses which are available if we accept the arguments advanced by the hon. member with respect to the merits of the case. As I have said, an amendment is one possible course of action. A court challenge, brought on grounds similar to those raised by the hon. member, is another possible course of action, and I for one would not feel comfortable placing myself in the position of the courts with respect to the issues at hand.

Let us look at other existing courses of action which are available. Let us, for the sake of this discussion, accept the hon. member's point of view that there is an injustice involved—or that there may be an injustice involved—under the section under consideration. As I say, I am not prepared to accept that argument without first having given the matter a great deal of thought, but for the sake of this discussion let us proceed on that basis.

If therefore, an individual, found guilty of first degree murder having first been found guilty of non-capital murder, is sentenced to life imprisonment without eligibility for parole until 25 years, I think we should not overlook the fact that that individual is also eligible to have the parole eligibility date reviewed after 15 years under the terms of the Criminal Law Amendment Act (No. 2).

Under section 672 of the Criminal Code, an application may be made to the appropriate chief justice in the province or territory for a reduction in the number of years of imprisonment without eligibility for parole. Such an application is to be heard by a jury specially empanelled for the purpose, and the jury may advance the parole eligibility date having regard to the character of the applicant, his conduct while serving his sentence, the nature of the offence for which he was convicted and such other matters as the judge deems relevant in the circumstances. Additionally, I would draw attention to the fact that there is the royal prerogative of mercy which can be brought to bear with respect to a sentence being served.

Arguably, then, if there are cases of injustice or hardships being worked in individual instances, there are available remedies other than those put forward by the hon. member in his bill. Again, I would like to examine these possibilities in considering whether the proposal made by the hon. member is required, whether a similar proposal is required, or whether there are already sufficient remedies available to meet any problems that might conceivably arise.

In conclusion, having discussed several points which occurred to me upon a quick reading of the hon. member's proposal, I want to return to the point I made at the outset of my remarks. I think the bill we are considering today is an important and worthwhile contribution to the continuing debate which is aimed at improving the criminal law of Canada. The hon. member for Calgary North, as was to be expected, has given us much food for thought and is to be congratulated for his proposal, for the thought, research and excellent motivation which went into its preparation.

In raising some questions which I would like to see given further consideration, I would not wish to leave the impression that I am rejecting the hon. member's proposal. Indeed, I cannot see how such an impression can be left. All I am doing, Mr. Speaker, is raising a number of points which I think merit further, in depth consideration. I would welcome interventions during today's debate, as I would welcome them at any time. I have raised certain points because I am not completely certain

in my own mind as to the complete ramifications of the proposal advanced today. Perhaps other hon. members can offer additional insights and material on the important question we are examining.

One thing, however, is clear to me. It is that the hon. member for Calgary North deserves the thanks and congratulations of the House for his excellent intervention. You may be assured, Mr. Speaker, that the Solicitor General—and I can say this on his behalf as well as my own in my capacity as his parliamentary secretary—intend to examine the issues he raises with careful attention.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should like to participate briefly in this debate and to congratulate the hon. member for Calgary North (Mr. Woolliams) for a well reasoned and effective contribution to the criminal law of Canada. I listened with some impatience to my hon. friend the Parliamentary Secretary to the Solicitor General (Mr. Young), however. One of the things he said was that there are really only three people involved in this particular situation. The day that we in this House cannot take the time to make sure that the law is applied in accordance with the well tried principles of justice and common law is the day we should not waste our time here. There are three people involved and those people deserve to have the law applied in accordance with the proper principles.

The Criminal Code, which we amended in the unfortunate package that we bought a few years ago in this House, has resulted in a very severe injustice. It is all very well for the parliamentary secretary to say we are taking this question under study. While we are doing that people are rotting in jail. It is nice and easy for us to sit in our comfortable offices studying matters, but people are sitting in jail as a direct result of this anachronism, this violation of the bill of rights.

● (1742)

I also congratulate the hon. member for Calgary North for raising in this House again a most important principle basically, the supremacy of parliament. When parliament passed a federal bill of rights, it was not a direction to the courts to do everything in their power they could to avoid the consequences of that bill of rights. Many of us who have had some experience in the law are continually disappointed by the judges of the Supreme Court of Canada when they come up against the bill of rights and try to apply it to specific statute law.

There has been a quick reference made to the *Drybones* case. I recall very well the *Lavelle Bedard* case in which a native lady was denied her rights on the sole ground she was a female. The Canadian Bill of Rights purported to protect that situation. She received no protection from the courts of the land.

The principle which the hon. member for Calgary North is attempting to apply to the Criminal Code and, which is so fundamental and so vital is this: When a person commits an offence the law that applies on the date of that offence is the law. Only totalitarian regimes attempt to correct and change

[Mr. Young.]

the law and then apply it retroactively; only totalitarian regimes do that, not decent, civilized societies. Surely this is one of the things that we have great respect for in this country. We do not attempt to create offences that occurred in the past by changing the law in an umbrella or catch-all fashion, as we unfortunately did in this place when the insertion was made of section 27(2) in the Canadian Criminal Code.

That section which went into the code at that time, the hon. member for Calgary North and I had differences on. It concerned the ultimate penalty with regard to murder. But we are in some agreement in terms of what the alternatives have been. The 25-year sentence, for example, now that we examine it in operation, has got to change. We are placing people in prisons with 25-year sentences with no option whatsoever to see the light of day. They have three alternatives. The first is to commit suicide; many do or have tried to. The second is to attempt to escape and perhaps inflict harm upon the people who are guarding them within the prison system. Lastly, prisoners can serve their sentence and thereby suffer the kind of brain damage they are bound to have developed by the time of their release after 25 years. Many of these people are living in appalling conditions in solitary confinement.

The hon. member for Calgary North and I will probably never agree on the ultimate penalty, but certainly the package that was bought at that time was a bad bargain. It was a bad bargain for the criminal justice system, and it was a bad bargain for providing any kind of safety measure to the public. The 25-year sentence is a horrendous change to our criminal law. It has disrupted the prison system of Canada. Parliamentarians will have seriously to look once more at the sentencing procedure under the murder provisions of the Criminal Code.

I congratulate the hon. member for raising this issue; it is a fundamental and important one. It may also serve to sensitize us to the Canadian Bill of Rights and to possibly having a look at the way in which we can see that the courts take that law seriously, instead of seeing them continually attempt to interpret their way around the plain meaning of the bill, which the right hon. member for Prince Albert (Mr. Diefenbaker) originally brought forward in this House.

I hope my friend the parliamentary secretary will look seriously at this change. I hope that it will not be a case of saying, "We will take it back to our officials and we will see you next year." This is a matter which the Standing Committee on Justice and Legal Affairs would wish to speed through quite quickly in order to see this obvious injustice in the code removed.

● (1752)

[*Translation*]

Mr. Gilles Marceau (Lapointe): Mr. Speaker, I have always had much esteem and consideration for my colleague from Calgary North (Mr. Woolliams) and I am always quite pleased to note that he has the necessary readiness of mind and courage to offer hon. members ideas which deserve to be taken into account. Mr. Speaker, I think that in such discussions we

must try to avoid any partisanship and stick to the basic issue, to wit, the freedoms that we want to uphold for all individuals, even those whom society has branded as criminals and who are often less guilty than those enjoying freedom.

Mr. Speaker, I think that the bill introduced by my colleague from Calgary North deserves not only thorough but also speedy consideration. The rights involved in such an amendment concern the most basic rights of individuals—freedom and justice. Looking over my colleague's bill and the clause to which he refers, I note that the sentence at issue is the last one which reads as follows:

—the accused is to be tried . . . as if . . . the offence . . . had been committed after the coming into force of this act.

After having acquainted myself with the original section, I hesitate to reach the same conclusion as my hon. colleague. Mr. Speaker, I am quite willing to recognize that the present section provides for a more severe penalty, but not that the new section allows for the possibility of a more serious offence or indictment than that the Crown could have preferred before implementation of this bill. Obviously, the severity of a penalty can lend itself to many interpretations and discussions. Is the death penalty more severe than 25 years in prison? I doubt that anyone can argue clearly, conclusively which of the two is most severe, most inhuman. I doubt that it is possible to do so because, since the new act was passed, according to the reactions of prisoners, my hon. friend from Westminster mentioned it in his speech—personally I feel that in some regards a 25-year term in prison is far more severe penalty than capital punishment—as I was saying, prisoners with whom we have had occasion to discuss the matter often tell us: "I would have preferred the noose to 25 years in prison." So I think that one must not go too far in saying that the present legislation is less or more harsh than the preceeding one. It is a matter of interpretation, but one thing is certain, neither capital punishment nor 25 years' imprisonment are going to solve our social problems and put an end to the violence which exists in our society, because I do not think that by increasing violence, in the form of capital punishment or 25 years' imprisonment, we are going to improve our world. This is of course my personal opinion, but I am sure that it is shared by members from both sides of the House. As law makers, we are often forced to pass extremely harsh laws, in the hope of solving problems, but we are not, in fact, going to the root of the problem, which is to be found in discussion, dialogue, brotherhood, friendship and co-operation. And this is often forgotten in many sectors.

Mr. Speaker, my colleague from Calgary North referred to the human rights bill and said that the bill that was passed was in fact a violation of the Bill of Rights. That might true because I think he nearly convinced me with his usual vitality and persuasion that there was an anomaly which deserves not only to be considered by civil servants but which calls for a quick and specific response. And if it was established that a serious injustice was committed, as my colleagues mentioned, I think there should be no hesitation or delay in introducing before the House an amendment which should be approved by all parties as this affects the basic rights of individuals.

Generally speaking, Mr. Speaker, the present Bill of Human Rights certainly does not provide adequate protection and if the bill introduced by my friend and colleague could convince governments, parliamentarians and people in general that we have to pass quickly a constitution in which those basic rights would be recognized and preserved without parliamentarians being able through subsequent legislation or governments to change those basic rights which are above political parties, provinces, countries and which are in fact the basic foundation of our democratic society, that would be fine.

Mr. Speaker, I think that my friend and colleague will surely get positive results with the bill he introduced. And even though I am not prepared to follow him immediately in the course he chose, namely that there is a contradiction between the law as it stands now and the one he would want to see in place, in view of the principle involved, I am prepared to lend my co-operation so a serious and quick examination can be made, so that if it comes out that my friend and colleague is right we can leave aside the fact that he comes from a party of the opposition and we can consider seriously an amendment which could be brought in after serious consideration.

I congratulate my colleague, and I see that once more we have been able to have a discussion above political partisanship, a friendly discussion with both my colleague from Calgary North (Mr. Woolliams) and my colleague from New Westminster (Mr. Leggatt) with whom we sit on the Standing Committee on Justice and Legal Affairs which is recognized, I must admit, as the best and most productive committee of the House under the chairmanship of the hon. member for Windsor-Walkerville (Mr. MacGuigan) who is sitting beside me.

[*English*]

Mr. Jim Fleming (York West): Mr. Speaker, I enter this debate with very few minutes remaining. This is probably to my benefit because I have a great deal of trepidation in speaking since I am the only non-lawyer so far to speak on this subject in this debate. I see my good friend from Vancouver-Kingsway (Mrs. Holt) is also interested in this bill.

First, I want to pay the obeisance that others have to the hon. member for Calgary North (Mr. Woolliams), with all sincerity to his extreme wisdom and experience in the law and his high reputation as a trial lawyer. Even if I am standing as a government supporter close to the end of the private members' hour, if does not change for a moment my absolute support for the principle he puts forward. I put on record the fact that I think the Minister of Justice (Mr. Lang) has no other choice but to go back and look at the situation as drawn out and pointed out by the hon. member for Calgary North.

I want to make a couple of very quick points in defence of the parliamentary secretary, who is trying to carry out his job very ably in presenting some concerns about the wording of Bill C-202. As I understood the hon. member for New West-

minster (Mr. Leggatt), and I will try to quote him correctly, he said that people are sitting in jail at this moment as a result of this anachronism. Unless he is saying that they are sitting in jail pending their trial because of these complications, in fact those in jail as a result of convictions rendered would be there in any case whether convicted under the old law or under the new one, because 10 years versus 15 minimum, 20 years versus 25 years maximum, would mean that they would still be there now, even though several years have passed after passage of the new bill.

Mr. Leggatt: Would be.

Mr. Fleming: Yes, in time to come. I argue, as I did during the capital punishment debate as a very much committed abolitionist, that one of my great hopes when we introduced and then passed as a parliament that very tough legislation was that if you had to judge that legislation alongside the legislation preceding it, which provided that a few people could be hanged by the state, then compared generally with what the new legislation provides, it was much tougher, much more severe, and I would even admit regressive in the long run. I think I expressed in debate at that time my hope that we can show in time that we must reduce the length of that penalty yet still have an effective deterrent. I hope this will be done before 15, 20 or 25 years pass.

The other point I want to make is in defence of my colleague. He mentioned that only three people are involved. I do not believe that the parliamentary secretary any more than other members who have contributed to this debate for a moment minimizes one person's rights before the law and his right to absolute justice. Any law which would in the process of carrying out justice create injustice for one, two or 200 is a wrong law and should be changed.

Finally, I would like to add my voice, and I am sure that of all hon. members here present, in support. I see our very distinguished chairman of the justice committee here. I heard his applause in support of the hon. member for Calgary North. I think there is general sympathy that the Minister of Justice must look at this problem. As easy as it would be for us to take the soft course and to say we are talking about potential murderers, alleged murderers, people who defy our society and the highest principles of it, those principles are not worth a damn if we cannot give an equal measure of the law to all people who come up against it in our society.

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I would very much like to congratulate the hon. member for Calgary North (Mr. Woolliams). I am an admirer of his depth of perception and the deep sense of justice he has—

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1978-79

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed consideration of Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79 and to amend the Standing Committee on Finance, Trade and Economic Affairs, and the motion of Mr. Stevens.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, before five o'clock I was explaining how uncontrolled government spending, uncontrolled growth of government departments and uncontrolled borrowing started in 1963 under the Liberal government. I want to put on record the statement made by the Auditor General:

> We feel very strongly about the fact that unless the systems are corrected the day may well come when I cannot give a clear certificate on the accounts of Canada.

Remember, all this happened during the term of office of the present government. The Liberal government has become a spending machine without a control centre. This has been verified by recent reports of the Auditor General. That is why we cannot rubber stamp authority for these loans and this latest request for additional borrowing of $7 billion.

I wish to explain to the House how this situation arose a number of years ago. The erosion of parliamentary control over government spending has its genesis in certain parliamentary rule changes instituted in 1969. In the summer of that year the government invoked closure, which, as you know, Mr. Speaker, is the termination of debate, to ram through a rule, Standing Order 75C, permitting a minister to close debate within ten days where there is not agreement between all parties, with a maximum of four days' debate. This was a dictatorial, unilateral action on the part of the government. The rules are the property of parliament as a whole, not just of the government. The government used closure to get a new closure rule.

This rule has effectively prevented parliament from properly scrutinizing government expenditures. Departmental estimates are shuttled off to already overworked committees and then reported back to the House where debate on them is limited, and thus seldom meaningful. As well, the number of votes on estimates has been reduced, further restricting parliamentary debate on government spending.

I could go on about this, particularly the "ramming through" back in 1969. What it means is that there is no itemized accounting of government expenditure today, and

that is why we are protesting. The first responsibility of an elected official, I do not care at what level, is to see that tax dollars are properly spent, and we do not know whether they are being spent properly because of this rule change which was rammed through by closure.

I will give members a further example. It has to do with the money supply and it all ties up with the bill before us and the reason the government is asking for authority to borrow $7 billion, borrow $10 billion—borrow, borrow, borrow, print, print, print, spend, spend, spend. The money supply, the chief cause of inflation, is constantly being increased. Money should just not be printed but must be related to the gross national product. In the period from October, 1970 to October, 1976 the federal government expanded the country's money supply by 10.2 per cent in contrast to a real growth in the economy of only 31.7 per cent. Inflation increased 55.3 per cent over this period. In the previous six-year period the money supply expanded by 43.2 per cent compared to a real growth in the economy of 34.2 per cent. Inflation totalled a relatively modest 24.1 per cent. The huge amount of financing required by the federal government to finance its deficits was unquestionably one of the main causes of this excessive and inflationary monetary growth.

We are still at it today. I listened to the parliamentary secretary and other members on the government side trying to justify this borrowing. It is such a fraud. Here we are, expanding the department of the Auditor General. He does not know where all the money is going, where all this mad Liberal spending is leading us. We have to appoint a Comptroller General, and he says he is going to need a staff of 300, probably all chartered accountants, and hopes he is not around when this staff of 300 begins to find out where all the money is going. He recently stated that restraint being realized in Ottawa will take a decade to filter down through management. So we come back to that rule change.

● (2012)

We are told that everything is just rosy and sweet and that we should not be saying anything about doom and gloom. We had to appoint a Comptroller General at an initial cost of $6 million to Canadian taxpayers. The Comptroller General says he will need a staff of 300 to find out what on earth this government has been doing over the last 10 or 12 years. One of the frontbenchers of the Liberal party who has been here for years sits there laughing and giggling. This is all a big joke to him.

I would like to list the principal faults of Bill C-7, a bill which is needed because of bad financial management in Canada over the last 15 years. This is the third time that the government has sought to raise borrowing limits for the current fiscal year. First, there was whatever was left from the $9 billion new authority granted by Bill C-11 in December, 1977, which applied to the 1978 and 1979 fiscal years. Then in Bill C-31 the government sought a further $5 billion in borrowing authority in March of 1978. Now Bill C-7 asks for a further $7 billion. This bad planning of debt needs is the same kind of bad planning which caused the Minister of Finance (Mr. Chrétien) to make three quasi-budget presentations within one year. That is a clear indication that the government really does not know what it is doing.

Federal figures do not add up. For fiscal years 1978 and 1979 borrowing limits have been raised by $28 billion, including those contained in Bill C-7. However, the sum of actual and forecast cash requirements for the two years totals $20.3 billion. The extra authority is needed, according to the Department of Finance, to allow foreign bond issues and to permit full draw-downs of foreign currency lines of credit. The extra amount is also needed to cover a large Canada Savings Bond refinancing and to provide a reserve for contingencies.

What the department and the minister do not mention is that foreign currency borrowings can be used and are being used to satisfy the domestic cash requirement. Bank of Canada purchases of Canadian dollars in support of our currency are transferred to federal cash balances, thus reducing the need for domestic financing. Both the Minister of Finance and the governor of the Bank of Canada have pointed this out in the past. Previous requests for new borrowing authorities have referred to the amounts required for foreign exchange support, Canada Savings Bond refinancing and reserves for contingencies.

The obvious question is, how many times in one year must Canada Savings Bonds be refinanced—our financial critic, the hon. member for York-Simcoe (Mr. Stevens) covered this very well this afternoon—and how many reserves for contingencies does the government require.

Economic policy has changed significantly since the last borrowing authority was sought. The government has proposed expenditure cutbacks and several reallocations. Parliament has not had the opportunity to examine and debate the new policies. This goes back to 1969 when all the rules were changed. In those days there was full and itemized accounting and documentation of the expenditures of every government department. Parliament could sensibly debate what was being spent. Ministers were on the hot seat. They really had to be on their toes to explain the expenditures of their departments. Now they can bluff their way through.

We have slower economic growth than that forecast. The forecasts of ministers of finance have been wrong so often in the recent past that whatever the Minister of Finance forecasts is suspect. There is certainly much to suspect with regard to Bill C-7. Lower than anticipated economic growth will result in lower revenues, higher deficits and the need for more borrowing.

There is a need for change in economic policy. The Minister of Finance and the President of the Treasury Board (Mr. Andras) in a joint statement on September 8 raised the possibility of a tax cut. Since the Minister of Finance attacks our tax cut proposals on the ground that tax cuts would increase the deficit, tax cuts in the next budget would, by his own analysis, increase borrowing requirements. Conversely, the federal government may at last concede that much of the current federal spending is still excessive. The government may

propose further cutbacks in areas where there should not be cutbacks.

This is all part of a Liberal plot. Anyone who attacks these "high profile" cuts will be told that they should not oppose cutbacks, but there are many departments and agencies in which cuts could be made. There are about 400 federal government departments and agencies, some of which we have never heard of, which are serving no useful purpose at all. They could be eliminated, but what does the government do? It cuts forestry research expenditures. The forestry research people have not completed all the research that is required. The government is also eliminating weather stations. This is all trickery. That there might be meaningful cutbacks is an unlikely prospect, but cutbacks cannot be ruled out, given the sudden shifts in economic policy this government has been making. Lower expenditures may mean that this borrowing authority is excessive.

While most observers think our currency is undervalued, a further decline in our dollar is a realistic possibility. Further borrowings may be required. If one accepts the minister's claim that foreign currency borrowings require new borrowing authorization, then the present $7 billion authority being sought might be too little.

I would like to talk about the proliferation of public debt. Total borrowing authorities requested for the fiscal years 1978, 1979 and 1980 are $38 billion. That is unbelievable. When this government took over in 1963 total federal government expenditures were only about $6 billion. Now we are talking about $38 billion in borrowing authority. If this authority is fully utilized, the unmatured debt of Canada will be 90 per cent higher in 1980 than it was in 1977. That is unbelievable.

There are parliamentary secretaries and others who stand up in this House and tell us how wonderful things are and that we should not talk about this because it is doom and gloom. All they want us to do is keep rubberstamping bills to allow the government to borrow $7 billion, $10 billion and on and on. Everything is just fine as long as the government can borrow more money. That is the Liberal rationale, and it is totally irresponsible.

The parliamentary secretary says that we will have a difficult job going into the next federal election explaining that it is wrong to keep on borrowing money. I will have no trouble with that, and the Liberal in my riding will lose his deposit. The rate of public debt expansion to which I referred will be unprecedented in peacetime history. Interest costs for servicing the public debt are skyrocketing. Debt charges will be much higher than they have been. The Parliamentary Secretary to the Minister of Finance (Mr. Martin) says we will have a difficult job explaining that in the next federal election. I will have no trouble explaining that. These new borrowing authorities will guarantee that the debt interest spiral will continue. The only way this government wants to govern is by borrowing more money, printing more money and spending more money.

Extensive foreign borrowings are a short-term solution but they create long-term problems. Federal foreign borrowings undertaken in the last year must be repaid. The interest charges on the debts will add 5 per cent to Canada's interest and dividends trade deficit.

I see, Mr. Speaker, that you are on the edge of your seat, so I will bring my remarks to a close by making it perfectly clear that I will not be voting for this bill or in any way supporting this irresponsible borrowing.

• (2022)

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I would like to say a few words on this borrowing bill and to reiterate our concern about the difficult situation in which we find ourselves with the ever increasing deficit which we are running. For instance, in the two years from 1966 to 1968, the net financing requirement of the Government of Canada was for $2,578 million; from 1969 to 1971, the financing requirements were for $3,671 million; from 1972 to 1974, the financing requirements were for $3,271 million; and from 1975 to 1977, they were for $14,334 million. The projected figure for 1978-1979 is over $20 billion; that is not taking into account the foreign borrowings with which this bill is dealing.

I think these figures are significant. For instance, in the two years from 1969 to 1971, the deficit amounted to $3,671 million, or an average of $1.8 billion a year. The g.n.p. for this year is projected to be around $260 billion, but in 1971 constant dollars it was only $130 billion. So, in effect, our deficit is around five to six times what it was in 1971, based on the value of the dollar that year.

I think we should also remember how the government, through inflation, has taken a great deal of money from bond holders. It has filched that money from them through the mechanics of inflation. For instance, a $1,000 bond bought in 1971 would only be worth $500 in buying power today, based on the present inflation rate. How long can we continue to be bond holders if we are rooked this way? Taking out a Canada bond is an invitation to certain loss, because not only will the bond purchaser see the value of his bond depreciate by 10 per cent a year, but he will also be taxed on the interest, so that he will not even be able to keep even.

When the Government of Canada, in the two years from 1972 to 1974, had a deficit of $3,271 million, the Bank of Canada purchased $2,172 million, or 66 per cent of that deficit. It meant that the bank just monetized the debt. It did not take the money from the public or out of its savings, but merely printed money to carry us through. What we must keep in mind in discussing this amendment to the bill is: Will the Canada Savings Bonds which are now being sold be taken up? Will we have enough in borrowings to cover the $10 billion to $11 billion necessary for this year, and how much money will the Bank of Canada print? I suspect the amount will be pretty substantial.

It is obvious that the inflationary pressures are continuing. In today's issue of the *Globe and Mail*, an article in the report on business is entitled "Money growth rate causes concern." It is written by Hugh Anderson who states the following:

Increasing concern over the high rate of growth in the money supply in both Canada and the United States is being shown by financial market commentators.

The situation is more clear-cut south of the border, where the picture is not clouded by such temporary phenomena as a postal strike and a banking year end.

The article goes on to say that it has been concluded:

—that money supply growth will have to be curtailed if the Federal Reserve Board's targets are to be met.

Speaking of Canada, Hugh Anderson has this to say:

Similar problems may well be building up in Canada where the chart lines showing the rate of growth in M-1 have shot well above the Bank of Canada's target range of 6 to 10 per cent, measured on a weekly basis. The central bank has warned that recent numbers may be misleading because of the unknown effects of the brief postal stoppage last month . . .

The fact remains, however, that curbing money supply growth seems likely to become a preoccupation for the central bank . . .

It seems to me that the somewhat more vigorous rate of Canadian economic growth expected in 1979 and the amount of federal debt to be monetized both suggest further upward pressure on M-1 after the January-February seasonal decline.

The problem of inflation remains with us, and much of what we will be seeing and watching for depends on the success or otherwise of the recent issue of Canada Savings Bonds—on how many of these bonds will be taken up by the Bank of Canada.

The real wages of the average Canadian worker are falling because prices are rising faster than his pay. The normal and natural thing for him to do is to try to get enough pay to keep his standard of living from falling any further. But the government has been trying to persuade him to grit his teeth. As the deputy governor of the Bank of Canada stated:

Canadians will be wise enough to recognize that the burst in consumer prices is temporary and that it should be met with moderation and patience.

But is this inflation temporary? I doubt it. What are some of the indications? We find that wholesale prices are on the rise, which is a fairly sure indicator of inflation down the road. It is a sign of higher retail prices to come. Until recently, the wholesale price index has been trailing behind the consumer price index, but it has now surged ahead and is quoted at 14 per cent for September.

High interest rates are both an indication and a cause of high inflation to come. One element in interest rates is an allowance for future inflation. At the same time, increased interest rates feed into prices by raising costs of production, of construction and of holding inventories.

Those of us who have studied the inflationary process since as far back as 1970 have noted, as did the current finance committee, that the real interest rate had to be 3 per cent and that anything above that figure was what the lender expected inflation to be; and since he made that allowance, the raised interest rates and the higher inflation were taken into account by him.

We are likely to get secondhand inflationary pressure as a result of the slump in the U.S. dollar, and of course our dollar has slumped much more. The U.S. dollar has dropped 20 per cent in relation to the German mark and more in relation to the Japanese yen. Therefore, we are bound to have inflation as a result.

The U.S. president has attempted to contain inflation through voluntary guidelines. Where can he hope to go? We have had them in Canada. We had the Food Prices Review Board and voluntary guidelines. This indicates that they are merely a smokescreen to obscure what is really happening. Inflation is like a hot potato, tossed from one section of the economy to another, each sector hoping that the other one will take it up. Labour will decline to hang on to the hot potato of the inflationary spiral without demanding further wage increases, which bring on the demand for wage and price controls. The borrowings indicate that our accounts are pretty well out of control. The seeking of additional borrowings indicates the bad state of our economy.

● (2032)

I should like to refer to the recent takeover of Phillips Petroleum by Petro-Canada. That takeover does not seem to make much sense. This company was paying taxes, and I understand that it was a well-run company. It is being taken over by Petro-Canada, which takeover will be financed by the borrowing of American dollars. Perhaps one can say that this is the repatriation of a company which is owned approximately 70 per cent by United States interests.

Is exchanging equity for a mortgage any better? In a mortgage the interest and principal must be repaid, regardless of whether Petro-Canada makes any money or what its profitability is, whereas when there is equity investment and the company does not make money, the people who have invested in the company do not receive dividends either. To go forward with the borrowing of $1 billion to buy a well-established company in Canada makes no sense at this time. It increases liabilities by another $1 billion. The government has said that it is not responsible. As a federal company, Petro-Canada in the final analysis must be backed up by the Canadian government. Its borrowings and losses are picked up by the government.

Last spring the Export Development Act was before the House. Everyone who studied that act realized that in effect the Government of Canada was the covenant for the borrowing of the Export Development Corporation. On that occasion the government was honest enough to admit, if the worst came to the worst, that EDC could call upon the federal treasury to cover its borrowings. The Export Development Corporation raised money in the Eurodollar market, which action increased the pressure on the United States dollar.

In the Eurodollar market, the holders of foreign dollars have a defence against the devaluation of the American dollar and hence the Canadian dollar. They create more dollars by borrowing. Loans create deposits faster than engraving greenbacks. All the Eurodollar need to do is increase strong currency loans to Eurodollar accounts, thereby building up dollar deposits without an obligation to liquidate assets put up as collateral. In effect, EDC is adding to our debt responsibility abroad by borrowing in the Eurodollar market. In turn, pres-

sures are created on the American dollar and finally the Canadian dollar.

The objective of this amendment is to ensure that this act shall come into force on a date, after royal assent, to be fixed by proclamation. To date it back to November 1, 1978 is not in the best interests of this legislation. I hope the government and hon. members see fit to support the amendment before the House at this time.

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, I am glad to rise on the amendment put forward by the hon. member for York-Simcoe (Mr. Stevens) at the report stage of Bill C-7, an act to provide the government with supplementary borrowing authority for the fiscal year 1978-79.

First of all, I should like to say that I am against the amendment because I think that it is useless and, second, that it is contrary to parliamentary practice relating to government business put before parliament, that is to say that on budget or tax matters it is normal for the government to propose legislation subject to parliament approval. When the government introduced this legislation at the outset, it felt that to ensure the orderly issue of Canada Savings Bonds it was better to have a set date for the coming into force of such a legislation once passed by parliament, that is November 1, which coincides with the issue of the new Canada Savings Bonds series.

So that is why I find the amendment moved by the hon. member for York-Simcoe to be useless and contrary to the practice in budget and tax matters put before parliament. However, Mr. Speaker, I want to speak on that amendment and on the general issue, because it should be noted that we are now merely discussing the question of increasing the borrowing authority of the federal government and not necessarily of authorizing expenditures. During the debate on second reading of Bill C-7, as in committee, I was a member of the Standing Committee on Finance, Trade and Economic Affairs, when members criticized the bill they wanted to deal with government expenditures. The bill does not provide for any government expenditure but it is aimed at allowing the government to increase its borrowing authority. Of course, if the government is borrowing, before those expenditures can be made, they must be approved by parliament. This is not a debate on government expenditures but on whether or not to increase the borrowing authority of the government. Once the government has borrowed, before spending that money, it must obtain authority to do so.

In this debate we are obviously getting the same reaction from the Conservative party when they tell us that the government spends too much, that government borrowings will fuel inflation, that its spending is ill-conceived, that its intervention in the Canadian economy is excessive, yet in all debates or every day some members on the other side who pretend they speak for their parties have nothing else to do than to propose measures which would imply more government spending. Whenever the government proposes reductions, the Conservatives stand on both sides of the fence at the same time. On the one hand, they say, "Cut the spending, reduce the government's deficit. You interfere too much in the economy. It's bad." But the minute the government proposes a reduction, the same people on the other side who said "Cut, cut, cut" stand up one after another and say, "It's terrible! You are going to close a laboratory here. Shame, you are going to close a laboratory there. It is awful, you are going to put people on unemployment." Well, Mr. Speaker, the Conservatives should make up their minds about whether they want the government to reduce its intervention in the economy or to increase it.

[Mr. Ritchie.]

In my opinion, additional fiscal measures by the government are healthy for the economy. Those who want better redistribution of wealth and more social justice must recognize that it is up to the government to do that on behalf of Canadians. It levies taxes or uses its borrowing power to redistribute this wealth. It is the only way to do it and anyone suggesting that we can build a better society without doing that either fails to understand how the economy works or is being a hypocrite. It is one or the other.

Mr. Nystrom: That is socialism.

Mr. Breau: No, it is not necessarily socialism. My friend from Yorkton-Melville (Mr. Nystrom) is still confusing socialism and pragmatism.

I did not understand what the hon. member for Calgary Centre (Mr. Andre) meant but I think I know what he will say during this debate. He will likely say that the government—I should not anticipate on what he is going to say but sometimes it happens that we know in advance what people are going to say—he is going to say that it is a terrible thing for the government to spend more and to have an oil company such as Petro-Can. He is going to say it is bad for a country to have that kind of company while the British or the Mexicans or other countries have similar national companies but, in his opinion, it is bad for Canada.

Mr. Nystrom: France and England!

Mr. Breau: I said the British, and that means England.

Mr. Speaker, this is one example where on the one hand the Conservative members are telling us to do more for society. I am astonished by some of the eloquent speeches that we have heard from the Conservative ranks in the past two or three weeks. They are telling us to do more to help the poor and to eliminate the disparities that exist in our society but on the other hand, they are rising to say: you spend too much, you undertake too much, you collect too many taxes, you use too freely the borrowing authority of the government.

Mr. Speaker, there is no way to build a more just society if the government does not use its borrowing and taxing author-

ity to distribute the resources and benefits in the economy and in society as a whole.

● (2042)

[*English*]

It is very funny that when the government proposes to privatize some services which have proven to be self-sufficient, as for example the program of insurance for fishing vessels, research facilities of the department of fisheries in Halifax and some research facilities for the forest industry, we hear members of the Conservative party particularly criticize and suggest it is terrible to privatize in that way.

An hon. Member: He is not a Conservative.

Mr. Breau: I am not referring to him, I am referring to the Conservative party. They say it is terrible to leave these services in the hands of the private sector. I have been here for a little more than ten years.

An hon. Member: Too long.

Mr. Breau: The hon. member for Calgary Centre (Mr. Andre) says "too long". I have not been here as long as he, so if it is too long for me it must be very long for him. During the ten years I have been here, the Conservative members have been saying we should leave these things to the private sector because the private sector is more efficient and can do things better. When the government does exactly that, members of the Conservative party, including that hon. member from Victoria—I forget the name of his riding right now—

An hon. Member: You mean Esquimalt-Saanich.

Mr. Breau: He gets up and says it is terrible to privatize. I heard him during the question period about ten days ago say it was terrible to privatize some of the research facilities of the federal government.

Mr. Orlikow: And he was right for a change.

Mr. Breau: Hon. members should make up their minds. Either we give more to the private sector or we do not. I do not think the Canadian people or this parliament will be fooled by the people over there who cannot make up their minds and try to be on both sides of an issue at the same time.

Mr. Woolliams: Why don't we go to the country? You would not have an election in the spring or in the fall. Let us have a decision.

Mr. Breau: If the hon. member for Calgary North (Mr. Woolliams) wants to speak he should do so. I am sure he is not shy. Normally he is a very good orator. He can get up during debate and make quite a good speech on any subject. I am sure he will continue in that tradition and make a speech if he wants to respond to what I am saying.

I am one who believes the government must use its borrowing power to intervene in the economy. It should use its power to redistribute the fiscal resources of the country in order to ensure a better sharing of the riches of this country. I have suggested to the Minister of Finance (Mr. Chrétien), and he has told me he would give this serious consideration, that one of the things we should do in order to stimulate the economy is devise a special program whereby the government would help start large industrial infrastructure projects in the field of energy, in the field of fisheries and in other fields that normally are left to federal spending. Because we cannot expect the private sector to do everything. For example, in respect of fisheries we must provide wharves and marine facilities, and in respect of energy we must provide pipelines and other things that will be needed in the future.

Mr. Andre: The private sector is quite ready to do that. You do not have to get involved.

Mr. Breau: The government should help support any project that requires public spending. We have a surplus of manpower, or a surplus in the labour force. After all, that is what unemployment is. We should have a special authority for borrowing abroad, as that will not influence interest rates in the country, using these funds precisely for the purpose of helping the provinces and the private sector in large industrial infrastructure projects which will be needed in the next 20 or 25 years, even if we have to pay higher interest rates. Perhaps many of these projects are not economically feasible at this time, but when considered in the long-term they may be feasibly attractive at some time in the future.

What I am suggesting is that we use our borrowing authority now in conjunction with our surplus in the labour force to start these projects. Many studies have confirmed that within ten years we will have a shortage of skilled construction workers. This means that we will be engaged in large industrial projects requiring a great deal of construction activity and will have to import workers from outside. I suggest we should borrow now in order to start these projects now.

[*Translation*]

Mr. Speaker, I believe that this bill should be passed by parliament for the reasons explained by the Minister of Finance (Mr. Chrétien) in committee and in the House. First, he had to borrow outside the country, particularly in Germany and the United States, so as to change those funds into Canadian dollars with a view to ensuring an orderly fluctuation of exchange. As the situation of our dollar has improved, we can now sell dollars to ensure an orderly increase. It is important to act that way when there is pressure on the dollar, pressure which is very often speculative. For that reason it is important for the government to exchange foreign currencies from borrowings or national reserves into Canadian dollars to ensure an orderly fluctuation. Even on that issue it is difficult to understand what would be the position of the Progressive Conservative party because every time we had data indicating that the government had converted its foreign currency reserves into Canadian dollars, opposition members and particularly the Progressive Conservatives rose and said it was dangerous for the economy, that it was an evidence of the malfunction of our economy because we converted foreign currencies from borrowings or Canadian reserves into Canadi-

an dollars to insure an orderly fluctuation on the exchange market.

Mr. Speaker, I wonder what the opposition members would do if they ever had the power or the responsibility to act. Would they merely leave the market to its own devices when there is a run on the dollar, when it is obvious that speculative forces are reducing the value of the dollar, that the dollar is artificially reduced by speculative forces? The hon. member is laughing, does he believe that there is no speculation against our dollar?

● (2052)

[*English*]

There is never any speculation against the dollar?

Mr. Andre: That is not what is causing it.

Mr. Breau: I am not saying that is what is causing that. I am saying that at times pressure on the dollar is caused strictly by speculative forces. At times that is what happens and that is why it is important for the government to intervene and make sure that upward fluctuations on the dollar are orderly.

On that point I should like to know what the Conservatives would do. If they found out there was speculation against the dollar, would they let the speculators have a holiday on the dollar? Is that what they would do? Of course, we do not get an answer; all we get is criticism when the government—

Mr. Andre: I am going to speak in a minute and I will give you the answer.

Mr. Breau: I am glad that we will finally get a position on that from a member of the Conservative party in the shadow cabinet. He may speak with authority and tell us what the Conservatives would do. Would they intervene when there is clearly an artificial downward pressure on the dollar, when there is speculation on the dollar, or would they let the market settle exactly where the dollar should be? I should like to hear that, because I believe it is the responsibility of the government to make sure that fluctuation in the exchange markets is orderly, and when there is speculation we should intervene. We should do so when there is downward pressure on the dollar as well as when there is upward pressure on the dollar.

In these last few days we have heard again the great Tory pronouncement of how dangerous it is, how terrible it is, for the government of this country, for the parliament of this country, to set up a national oil company like Petro-Canada. When the Conservatives attack the government for keeping Petro-Canada, for shoring up Petro-Canada, for making sure it plays an important role in the development of oil and gas in this country, what they are saying is that Canadians are not good enough to have a national oil company like the British have, the French have and the Mexicans have.

I hope in the next election campaign they will come to eastern Canada, where Petro-Canada has been the only company to invest money and make sure there is exploration there for oil and gas. I just cannot wait until the Tories come there and tell the people they do not want this to happen, that they do not want a national oil company. We will see what the country says about that.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, there was so much nonsense in that speech that to reply to all of it would take up all the time I am allotted so I will just touch on some of the most obvious points.

First of all, the hon. member contends that it is evil speculators who have driven our dollar down to 84 cents or 85 cents and that the government is intervening simply to stop these evil speculators from driving the dollar down. That is absolute nonsense. The dollar is being driven down because Canada has one of the highest inflation rates—

Mr. Breau: Mr. Speaker, a question of privilege.

Mr. Andre: You have just finished speaking.

The Acting Speaker (Mr. Ethier): The hon. member for Gloucester (Mr. Breau) on a point of order.

Mr. Breau: No, a question of privilege, Mr. Speaker. I believe the rules provide that when a member is being misrepresented that is a question of privilege. The hon. member is misrepresenting what I just said when he said—

An hon. Member: No, he is quoting you.

The Acting Speaker (Mr. Ethier): Order, please. I understand the hon. member for Gloucester wants to debate or argue a point that was just made by the hon. member for Calgary Centre (Mr. Andre). He may have that privilege if we have the unanimous consent of the House. Nevertheless, if he has a point of privilege to raise it might be done at a later time but certainly not at this time. I feel it is quite argumentative. The hon. member for Gloucester wants to debate or argue a point made by the hon. member for Calgary Centre. I cannot recognize him on a point of privilege.

Mr. Breau: Mr. Speaker, on a question of privilege. I am not—

The Acting Speaker (Mr. Ethier): Order, please.

An hon. Member: You have made your speech.

Mr. Andre: You sit down, you nincompoop!

The Acting Speaker (Mr. Ethier): Order, please. I should not like to have to cite any quotation or any rules of procedure that I have to live by, but I have to regretfully say that I see no point of privilege. I recognize the hon. member for Calgary Centre.

Mr. Breau: Mr. Speaker—

An hon. Member: Name him.

[*Translation*]

Mr. Pinard: Mr. Speaker, I was in the House but did not hear the explanations of the hon. member who wanted to raise a question of privilege. It is rather difficult for me to judge whether there was indeed a question of privilege. I am referring to Standing Order 17(2) which provides for a question of privilege to be raised at the first opportunity. I do not know, however, what the hon. member was going to say, so it is difficult for me to decide whether he was raising a question of privilege. I respectfully suggest that he be heard.

The Acting Speaker (Mr. Ethier): I think—I am listening and it is precisely what hon. members are saying and the hon. member for Gloucester (Mr. Breau), and I quote, said he had been misquoted. If one refers to Standing Order 37, one can see that a debate cannot be interrupted and above all that a member who has had the floor cannot speak again to say that he has been misquoted. I therefore recognize the member for Calgary Centre (Mr. Andre).

[*English*]

Mr. Breau: Mr. Speaker, a question of privilege.

Mr. Corbin: You have to listen to him, Mr. Speaker. He has to be heard.

Mr. Knowles (Winnipeg North Centre): Oh!

Mr. Nystrom: Name him.

The Acting Speaker (Mr. Ethier): I have recognized the hon. member for Calgary Centre and I have ruled there was no question of privilege; therefore, I cannot entertain any discussion on the matter. The hon. member for Calgary Centre.

Mr. Breau: Mr. Speaker, a point of order.

Mr. Stanfield: Filibuster.

The Acting Speaker (Mr. Ethier): The hon. member for Gloucester on a point of order.

Mr. Breau: Mr. Speaker, if hon. members would just keep quiet, I am just trying to make a point. I do not want to question your decision—

Some hon. Members: Oh, oh!

Mr. Breau: Mr. Speaker, you said in your ruling that I had said that I was misquoted. Mr. Speaker, I just want to say that I had not said that. I said that the hon. member for Calgary Centre was misrepresenting what I said. I believe that a member—

● (2102)

The Acting Speaker (Mr. Ethier): Order, please. I read from Standing Order 37:

(1) No member may speak twice to a question except in explanation of a material part of his speech which may have been misquoted or misunderstood, but then he is not to introduce any new matter, and no debate shall be allowed upon such explanation.

Mr. Andre: Mr. Speaker, before I was so rudely interrupted five or six times I was saying the hon. member's contention that the dollar has dropped because of evil speculators is nonsense. The dollar has dropped in value because Canada's inflation rate is higher than most other western industrialized countries. Our government is running a deficit higher than any other country, with the exception of Italy, and the international monetary fund has no confidence in this government's ability to run the economy. That is why the dollar is dropping, and the parliamentary secretary knows that full well. He knows exactly why the dollar is dropping in value and why we are running the huge kind of trade deficit we have.

There were a few other remarks made by the hon. member for Gloucester (Mr. Breau) that I would like to touch on. His opening statement made reference to the fact that it was perfectly reasonable—in fact, it was more than reasonable, it was highly desirable—for the government to involve itself physically in the economy, to borrow money and to take money from the state, spread it out and do good works on behalf of the people of Canada. That was his statement. He said that anyone who opposed that was really being mean and cruel.

I would like to remind the hon. member of a speech made by his leader on August 1. That is not long ago and he should be able to remember that far back. They were planning an election at the time but maybe this is only valid during pre-election periods and we should not believe what the Prime Minister (Mr. Trudeau) said after he has changed his mind about an election. He said, however:

We will be cutting $2 billion from current and planned expenditures . . .

According to the hon. member for Gloucester, what the Prime Minister said he was going to be doing when he spoke on August 1 is exactly the wrong thing to do. The Prime Minister also said:

We will achieve zero growth in the federal public service.

The hon. member for Gloucester thinks that is terrible. But that is what the Prime Minister promised on national television on August 1. The Prime Minister went on to say:

We will remove the intrusions of many government policies and regulations from individuals and businesses—

That is what the Prime Minister promised on national television on August 1. Continuing, he said:

—in some cases this will mean returning functions to the private sector—

That is what the Prime Minister promised. And again the speech continues:

—in others it will mean removing the heavy hand of government and its drag on personal initiatives.

He said that on national television.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Andre: Obviously some of the members of the Liberal party disagree with the hon. member for Gloucester and his contention that the government should get in there and get involved.

An hon. Member: We disagree with you.

Mr. Andre: Much of this, of course, was repeated in the throne speech of October 10. Then less than 30 days later an airline and an oil company were nationalized.

Some hon. Members: Hear, hear!

Mr. Andre: Who in their right mind, Mr. Speaker, would believe anything that anyone in that group says?

Some hon. Members: Hear, hear.

Mr. Dinsdale: People in Canada do not.

Mr. Andre: This is a debate about government spending and about government debt. That is what I am going to talk about but the Parliamentary Secretary to the Minister of Finance (Mr. Martin) made some comments about Petro-Canada that I must respond to. In particular, he said that Petro-Canada was needed so that the government could have control over an important part of the oil industry. That was his statement.

Mr. Martin: Mr. Speaker, I rise on a point of order. I do not know how you will rule on this matter. I think the hon. member for Calgary Centre (Mr. Andre) has indicated that I have made definite, specific statements. I simply want to say that those were not the statements that I made. I could ask him to withdraw those remarks until he has at least read the transcript.

Mr. Andre: Mr. Speaker, I heard what I heard, and I heard both the Parliamentary Secretary to the Minister of Finance and the hon. member for Gloucester say that Petro-Canada gives the government control over an important sector of the industry. It is impossible to run a seismic line, it is impossible to drill a well, it is impossible to put in some pumps, it is impossible to put in a pipeline, it is impossible to put in a refinery, it is impossible to do anything without getting government permission. There are several hundred employees of E M and R, under various pieces of legislation plus something called moral suasion, exercising tremendous control over the oil industry. There is the National Energy Board with its several hundred employees licensing virtually every activity of the oil and gas industry. It is one of the most regulated industries imaginable.

An hon. Member: But they pay no taxes.

Mr. Andre: What the government is saying is that all of these hundreds of civil servants and hundreds of thousands of other people cannot control the industry. The government has to own it to control it. At least we have to say: "If that is the route you are going, get rid of these other redundant people. If they are not doing the job of controlling it that they are being paid to do, get rid of them." Why have both?

An hon. Member: That is a good point.

Mr. Andre: Why can we not have a national oil company since Mexico has one? Obviously they do not know anything about the history of the Mexican oil industry. In the 1930s when Mexico's industry was privately run, Mexico was the second largest producer of oil in the world. It was the largest exporter of oil in the world by a long way. Then the Mexican government nationalized the industry and for the next 40 years Mexico was a net importer of oil. That nationalized oil company went from the largest exporter in the world to being a net importer of energy, at great cost to the people of Mexico through lost opportunity, lost revenue, lost jobs.

This situation must be put in the context of the geology Mexico happens to have under its land. It has some of the most attractive geology in the world in terms of oil and gas reserve; only Saudi Arabia surpasses it. So this national oil company for 40 years drove Mexico from being the largest exporter of oil into a net import position. And that is what hon. members opposite want to do to Canada, and we will not let them. That is the point.

If hon. members want to choose examples, at least use a little more care about the examples we should emulate. If hon. members want to emulate something, emulate British Petroleum. That is a good exemple. That is not a Crown corporation. The British government owns shares. They do not control it. It is not an agent of Her Majesty. It does not have a monopoly. It does not have special rules. The government is not allowed to dip into the till and the liabilities of British Petroleum are not liabilities of the British Crown. If there is a national oil company to be duplicated, for goodness sake duplicate BP. Do not duplicate Pemex and do not duplicate these other ludicrous examples that hon. members are putting before the House with no knowledge whatsoever.

Next we come to the question—I am sure the Parliamentary Secretary to the Minister of Finance will be interested in this—of the method of financing this takeover. The method of financing used in this takeover by Petro-Can of Pacific Petroleums is through the sale of something called an income debenture. An income debenture is a loophole in the tax law. It allows the interest on this debenture to be treated on a tax-free basis by the bank. That is the reason for the 7 per cent. The bank does not have to treat it as income. It goes right to the bottom line as profit. There is no tax on it. It is a loophole in the tax law which the banks have taken tremendous advantage of, and they are not to be criticized for that.

● (2112)

The net effect is that the banks in Canada now pay an interest rate of 30 per cent, not 50 per cent as they are supposed to, because a lot of their income is derived from this loophole, these income debentures and so-called term preferred. The net result from this little transaction of Petro-Canada using the banks is the loss of income tax revenue to the treasury of $84 million a year. That is the loss of income tax revenue to the treasury of Canada as a result of this bill. If

I were a betting man, I would bet this loophole will be closed on Thursday night.

Is it not interesting that this Crown owned company, our own oil company, should take advantage of this loophole at this point to not only saddle us with $1,400 million in debt but do it in a way that costs us $84 million a year in lost revenue? That is very "responsible" government.

The debt burden that we are forced to bear as a result of irresponsible government over the past few years is absolutely horrendous. Fourteen per cent of government expenditures this year will be used to pay interest on the debt.

The hon. member for Winnipeg North Centre (Mr. Knowles) says we are concerned about spending. He says this is because we want to cut back on social programs. In fact, he asked us which social programs we would cut back. Old age security payments in this country account for $5,375 million. The interest on debt is $6,500 million. Next year, as a result of the borrowing authority in this bill, it will be over $1 billion more. I am sure the hon. member for Winnipeg North Centre would agree it would make a lot of sense to stop this kind of irresponsible spending, take the extra $1 billion in interest and give it to the old people in this country who deserve and need it. That is the kind of policies we want to see.

Mr. Knowles (Winnipeg North Centre): That is what capitalism lives on.

Mr. Andre: Instead of spending $1,400 miilion on the takeover of Pacific Petroleums which will not generate one job or one extra barrel of oil, let us use the interest on that money to help the old people, pensioners and veterans that the hon. member for Winnipeg North Centre is genuinely concerned about. That makes a lot more sense than taking over an oil company in some sort of empire building operation.

Mr. Nystrom: Nonsense.

Mr. Andre: The hon. member for Yorkton-Melville (Mr. Nystrom) says "nonsense". He does not want to help the elderly of this country, he wants to take over the oil companies.

Mr. Knowles (Winnipeg North Centre): Your finance critic would not answer our question.

Mr. Andre: The debt in this country is absolutely incredible. There are no plans, statements or indications as to how it is to be paid off. That $6,500 million does not pay off anything. It is just interest. That is equivalent to one half the total income tax collected in this country. In other words, one half the income tax taken off our pay cheque goes to pay the interest on our national debt. What an incredible figure! Next year it will be larger. We have had no indication from the government of how it plans to pay this off.

Mr. Stanfield: They will bring in John Turner.

Mr. Andre: Marvellous. Before John Turner we had roughly balanced budgets. Turner was the guy who launched us on this blooming program. He was the most pathetic finance minister we ever had. Most who came after him learned from his bad example.

The reasons given by virtually everyone for our debt position are the tremendous drop in the value of the American dollar, the American budgetary deficit, American inflation and American trade balance problems. In every one of those circumstances Canada has done worse and is in a worse position. Our deficit this year is at least four times as much as the United States on a per capita basis, and theirs is considered totally unacceptable. Our inflation is higher and our trade balances are worse. I do not see any action from the government to correct the situation.

If you looked around the world for examples of situations that resemble our economy today, Mr. Speaker, you would find that the most similar circumstance is New York city. We are using borrowed funds on which to live. We pay our operating expenses with borrowed funds. Our situation is like going to Household Finance to borrow money in order to buy groceries without knowing how we will repay it. You keep borrowing more money for groceries. The interest piles up and eventually you have had it. You borrow money to pay the interest and on and on it goes.

An individual can only do that for three or four years before he gets caught. A country can do that for quite a while before getting caught. Unfortunately the government has discovered they can do that past the next election. By the time the country has to pay for this irresponsible behaviour, the electorate will have forgotten who caused it. Therefore, the government will not have to pay the electoral price. That is absolutely irresponsible.

Horrendous as our debt is this year—at least 11.8 per cent declared deficit; that is an understatement by a long ways—much of this government's spending is disguised. It is not declared but simply hidden. Year after year we have listened to the President of the Treasury Board (Mr. Andras) reading his pronouncements that spending had been cut to less than the growth in the gross national product; 9 per cent this year, 9.8 per cent last year, 8.2 per cent the year before.

When I look at the figures produced by Statistics Canada and the Canada Tax Foundation, I find that the percentage of gross national product consumed by individuals has gone up. I wonder how that is possible since government spending is less than the growth in the gross national product. However, the total portion consumed by individuals has gone up.

Mr. Lang: It is provincial.

Mr. Andre: The minister says it is provincial. The federal share is growing faster than the provincial or municipal share. It is from the Canada Tax Foundation that I discovered the notion of national accounts and public accounts. Public accounts are the figures presented to us by the government. National accounts are all aspects of government, including Crown corporations.

When you look at the national accounts, which are all of the government's operations as well as all the Crown corporations,

you find that spending by this government is far in excess of the growth in the gross national product. It is not less, as the President of the Treasury Board has been claiming in this House, it is more. They have merely shifted from the consolidated revenue accounts into Crown corporation acounts certain spending, which heretofore had been part of the public accounts, thereby disguising their true spending habits.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member, but his time has expired. He may continue only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (2122)

Mr. S. Victor Railton (Welland): Mr. Speaker, I feel bound to interject here—

Mr. Breau: On a point of order, Mr. Speaker. I am sorry to interrupt the hon. member for Welland. I just want to ask Your Honour a question.

[*Translation*]

I merely want to ask the Chair at what stage of the debate an hon. member has the right to invoke Standing Order 37(1) when he has been misinterpreted.

The Acting Speaker (Mr. Ethier): I believe I can answer that fairly quickly. At the beginning, the hon. member for Calgary Centre (Mr. Andre) did not mention the words quoted by the hon. member for Gloucester (Mr. Breau). If he did so, I was unaware of it and did not hear him attribute statements or a quotation to the hon. member, which could lead the hon. member for Gloucester to say he was misinterpreted. Then, the hon. member for Gloucester rose, saying he has been misunderstood or misinterpreted. The point he could certainly argue and bring up, but he surely had to give the Chair a chance to hear what the hon. member for Calgary Centre had to say. Moreover, I could not, at that point, accept the question of privilege as I had not heard what the hon. member for Calgary Centre had to say. The question of privilege was raised and I told him there was not a question of privilege. The hon. member for Gloucester has the floor.

Mr. Breau: Mr. Speaker, I admit you are right about what you heard or not; however, the hon. member has clearly interpreted my remarks, I did hear him clearly and I think he himself would recognize he did. I can understand Your Honour may not have heard or understood, but I simply want to tell you, that I heard the hon. member for Calgary Centre give a quite wrong interpretation of the position I have stated in my speech on a certain matter.

The Acting Speaker (Mr. Ethier): One certainly cannot raise the question of privilege to quote the interpretations of a position taken, or of what one intended to mean; it can be done only if one quotes the exact words that have been said and that have been given a wrong interpretation. Then one can certainly seek rectification by raising the question of privilege. However, I must say, I did not hear the hon. member for Calgary Centre quote words he had said and say—

[*English*]

—the hon. member for Gloucester said this and this and this and I will quote. I did not think there was a question of privilege and I so ruled.

The hon. member for Welland.

Mr. Railton: Thank you, Mr. Speaker. I am really rising because I cannot quite stomach some of the remarks tonight—

An hon. Member: Get a doctor!

Mr. Railton: I have plenty of tablets at my disposal for dealing with ordinary stomach ache, but it would take a peculiar type of medicine to enable me to put up with the sickness engendered by irresponsible talk from the other side. This talk about irresponsibility on the part of the government is ludicrous. I think some of the members on the other side should remember what Gordon Sinclair, that good old war-horse, said a year ago—that our leader is the most maligned man in Canada and that he is getting tired of all the blame and approbrium being heaped on his shoulders by small minds. And small minds come from the other side. I think this kind of debate tonight has been taken a little too far.

Way back in October and a little later we were discussing Bill C-7, and at that time the opposition was still talking about irresponsibility as well as about unemployment and inflation. As you know, Mr. Speaker, unemployment is no fault of the government. In fact, we have been creating more jobs in the last ten years than any other country in the world. I have to keep repeating this because people do not listen. We have to keep repeating the simple truth. In some years the number of new jobs created has been 250,000; in other years 350,000. It is usually between 250,000 and 275,000 jobs every year. No other country has done as well either in terms of percentage or in absolute figures.

If you want to talk about the growth of the labour force and the reason for the present unemployment, there are some encouraging figures to go on. As the hon. member for Fort William (Mr. McRae) told us a few weeks ago, for every 100 people employed in Germany ten years ago there are today some 96. The figure for the U.K. is around 110. In Italy it is around 112 and the figures for France are roughly even. In the United States it is 125 but in Canada it is between 145 and 150. There is no other industrial country in the world which has experienced such growth in the labour force. We want to see participation by women and young people. We have more young people than most other countries—

An hon. Member: No.

Mr. Railton: There is no doubt we have experienced a bigger population growth through the birth rate than most

other countries since the end of the Second World War and the Korean war. We are not complaining about it; we are glad to have these people and glad they are willing to work. We are trying to find work for them and we are doing better than most countries.

As far as inflation is concerned, the hon. member for York-Simcoe (Mr. Stevens) put us down in thirteenth or fourteenth place. This was refuted by the hon. member from Scarborough. We are really not in that position. We are in the first two, three or four or whatever it is in those categories, so we are not thirteenth or fourteenth among the industrial nations at all as far as inflation is concerned. Our performance has been better than that of most countries.

I have no idea what the hon. member for Gloucester (Mr. Breau) was talking about when he spoke of nationalization. We are not nationalizing anything. Does the hon. member for Calgary Centre (Mr. Andre) have anything against Crown corporations? Is he telling us he would not like to see Air Canada continue, that he would not like to see the CBC continue, that he would not like to see the CNR continue, that he would not like to see the Post Office turned into a Crown corporation? Just how are we going to perform?

This idea that the government must not intervene is rather naive. There is no country in the world which has not intervened in business. This idea of private enterprise making everything sweet and rosy is probably the most old-fashioned idea since Eve tempted Adam with an apple.

Mr. Andre: Why don't you read your own Prime Minister's speech. That is what he said.

Mr. Railton: Take your choice. You have totalitarian countries whether on the left or on the right. You have countries with so-called democratic governments. But none of those countries with so-called democratic governments can get along without intervention by sensible, responsible administrations once in a while. This is how Petro-Can will have to be regarded.

● (2132)

Petro-Canada was set up for a definite purpose. The hon. member for Calgary Centre was with me and a number of others who went up north to study energy, mines and natural resources. The hon. member saw the beginning of the Syncrude project. He saw Great Canadian Oil Sands work in the tar sands. He went up to Yellowknife, Inuvik and the Arctic islands with the rest of us. We saw Prudhoe Bay. The hon. member talks about the wonderful oil fields in Mexico. We have just as much oil in the Arctic islands and gas in the Beaufort Sea, in Alberta and all through the Mackenzie basin as there is in Saudi Arabia or Mexico. But let us get at it and make ourselves self-reliant.

It is about time we realized why Petro-Canada was set up. Canada's oil and gas industry has been taken over by foreign oil companies. Let us not kid ourselves about that. There are very few Canadian oil companies except for the ones in which we are trying to intervene. Petro-Canada is providing guidance, inspiration and leadership to other oil companies in Canada. Let us not forget that after the quadrupling of oil prices by the Arab world in 1973 and 1974 oil rigs disappeared from Alberta and the north. That was because we did not have Canadian oil companies. We did not have an oil policy which included Petro-Canada. Foreign oil companies wanted to kid Canadians into believing that we had to depend on them. That is why Petro-Canada was set up.

That government intervention was very important, and it will help ensure self-sufficiency. We have done a great deal more than has been done in the United States. It took about two years for good old President Carter's energy package to work its way through congress. We made a start a year or two before President Carter did. Because of its size and the fact that it is our neighbour, the United States cannot see our arguments because of fancy and expensive lobbying in Washington. The United States has not really listened to us, but it will be glad to do so as time goes on.

The hon. member for Calgary Centre was criticizing our social security policies. I wonder what social security program he would like to abolish. Would he like to see old age security wiped out? Would he like to see family allowances wiped out? Would he like to see medicare and hospitalization wiped out? What social security program would the hon. member like to see disappear? He talks about irresponsibility. There is probably no government in Canada which has done as much for the average citizen and the poor person in Canada as this Liberal government has done in the last ten years.

I would like to deal with the question of the national debt. If I said that our national debt per capita is higher than that in the United States, that is actually not so. Per capita the national debt in Canada is less than that in the United States, and it has come down in the last ten years. It has also come down in the United States. The figure has gone down from 35 per cent to 27 per cent.

Mr. Munro (Esquimalt-Saanich): Oh, come on.

Mr. Railton: Did the hon. member not hear that two or three weeks ago? These are accurate figures, and the figure here is 2 per cent lower than the figure in the United States.

Hon. members talk about our children being saddled with this terrible debt. Is this debt not actually an investment in Canada? Listening to the hon. member for Calgary Centre, one would think he had no faith in Canada's future.

Hon. members should realize that the national debt of Canada could be paid off with one quarter of our gross national product in one year. When we think of it that way, the national debt is not so big.

I have just received a note from the parliamentary secretary. I do not know if he is attempting to correct me, but he points out that proportionately our debt per capita is lower than it was ten years ago, and it is reducing faster than is the national debt in the United States.

Some hon. Members: Hear, hear!

An hon. Member: That is not true.

Mr. Jake Epp (Provencher): Mr. Speaker, I want to speak for the amendment to Bill C-7. I have been in various committees with the hon. member for Welland (Mr. Railton), and I always find his rhetoric interesting, but I think today he reached new levels. He made many statements, but if he had to back them up he would have some difficulty. I am sure that in his professional days he would have been much more successful backing up his diagnoses than he was tonight backing up his statements.

Tonight the hon. member for Welland mused in the same manner as his fearless leader has mused. Hon. members will recall that one New Year's Eve—

Mr. Harquail: Wouldn't you like to have a leader?

Mr. Epp: I have a leader, and you are on the way out, friend. On that New Year's Eve the Prime Minister (Mr. Trudeau) mused along the same lines as the hon. member for Welland tonight. He said that he thought the market economy was not really working very well. Once someone established that, the next step is obvious. If the market economy does not work well, you intervene and nationalize.

The hon. member does not know what all the fuss and bother is about with regard to nationalization, so I will tell him. Through this bill the government initially asked for authority to borrow $17 billion. Because of opposition to granting authority to borrow $10 billion next fiscal year, the government was forced to back down. An amendment was introduced to delete that request for $10 billion in borrowing authority from Bill C-7.

The government now goes forward and makes additional borrowings. For what purpose? It wants to take over a company at a cost of $1.4 billion. The government has allowed another Crown corporation to buy out a profitable free enterprise carrier, Nordair, despite the objections of almost every province which is served by Nordair. I see that the Minister of Transport (Mr. Lang) is in the House tonight. The provinces involved are concerned that if Nordair is vulnerable, who is next and will there be regional carriers? I believe that there are a number of hon. members opposite who are totally convinced, even though it is not very popular at this time, that the market economy does not work and that it is up to them to intervene in the market economy.

Mr. Martin: Mr. Speaker, I rise on a point of order. I am sure the hon. member for Provencher (Mr. Epp) would want to be clear about the facts. The fact is that this request for borrowing authority has nothing whatsoever to do with Petro-Canada's potential to buy this, that or any other company. The current proposal of Petro-Canada—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Provencher (Mr. Epp).

● (2142)

Mr. Epp: The point that is important is that the government wants to intervene, and it is flirting with the Canadian public when it says: "We must allow the private sector to do more."

[Mr. Railton.]

It is the musing of last August 1 when the Prime Minister (Mr. Trudeau) said he would allow the private sector to do more, that he would not intervene. But that is a slight retreat from his goal and his plan. Mentally and philosophically he has always been an interventionist. He has wanted to control the lives of Canadians and control the market economy. There is a wide body of people in Canada who are now totally convinced that given half the chance, the Prime Minister would intervene even more in the market economy if the politics of it were such that he would not lose at the polls.

All we have to look at is the last ten years and the further intervention by this government in the marketplace. Just take Nordair and Petro-Can as examples. But when anyone criticizes this intervention, hon. members opposite wrap themselves in the Canadian flag and equate any criticism of the Liberal government and of the Prime Minister with criticism of Canada. It is not criticism of Canada that we are putting forward tonight; it is criticism of the leadership of this government and of the economic malaise to which they have brought this country.

No matter how they trumpet and bray from the other side, the Canadian public has finally seen through this crew. Government members opposite are now facing more than anything else a credibility gap, first of all with the Canadian people, and secondly with the international community which does not believe what the government are saying. Let us go back to price and wage controls. Did they support wage and price controls in the 1974 election campaign?

Mr. Béchard: No.

Mr. Epp: Of course they did not. Six months later, on October 14, did they support it? Of course they supported it then, because suddenly the shoe was on the other foot. And that is where the credibility gap started for this government.

Despite the Prime Minister's protestations that he will allow the private market system to work, his actions in the last two weeks have proven again that this is so much rhetoric and that his real philosophical bent is toward intervention. Given half a chance, that is what he will continue to do. No member on the other side of the House can refute what I am saying and defend the Prime Minister. No member on the other side can deny that the Prime Minister's first goal is to make the market economy work and that above and beyond that it is his own private and personal goal to control the Canadian economy.

The result is that today in Canada we have a situation where the potential of this country has been frittered away. Canada can be strong, but not with the type of leadership that this government is giving in economic matters. Read all the comments about the economy. What can the Minister of Finance (Mr. Chrétien) do on Thursday night? His hands are tied. Why? Because the Prime Minister and the long list of finance ministers who went to their reward in Toronto and in various such spots have put us further into debt.

The hon. member for Welland is right that a national debt can be created, for instance, as an investment toward to the future. I agree with him. A national debt has also been created

during times of crisis. I agree with him, but I do not think this period of crisis should be equated with a period of war or depression. However, the point is that these debts we are now incurring are not long-term investments. Basically, they are debts to cover ongoing expenses of the government, daily expenses.

I will give you one example, Mr. Speaker. We have before the House Bill C-14, which is now in committee. I do not want to get into a debate on the bill, but it is a bill amending the Unemployment Insurance Act. The other day I asked Mr. Speaker for the official consolidation of the act. I received a message from the legal department of the House that there is no such animal. What they did do was give me two pages of amendments and references to the Unemployment Insurance Act passed in 1971.

What I am pointing out is that this is another example of lack of credibility. The then minister of manpower and immigration said that the plan will not cost Canadians any more money than did the previous plan. Yet what is it costing us? It is costing us $4 billion. The point I am trying to make is that every member on this side of the House has said, "Let us make the unemployment insurance program work." But the leakage—or is it the haemorrhage—continues and continues. When anyone criticizes, immediately members on the government side rear up in great protestation and say, "Are you trying to remove money from the unemployed?" They have always tried to project the image of competent managers with experience. They have tried to say that we on this side do not have experience and therefore it will be in the interest of the Canadian people to elect them. I say that the type of experience we are having at present with the government Canadians can well do without.

Why does the government need this $7 billion? Has the parliamentary secretary given us a clear indication of what they need that money for?

Mr. Martin: I rise on a point of order, Mr. Speaker. The question has been posed by the hon. member for Provencher and the answer is yes. The reasons and explanations have been given time and time again, at second reading, in committee—

Mr. Knowles (Winnipeg North Centre): That is not a point of order.

The Acting Speaker (Mr. Ethier): Order, please. I understand the parliamentary secretary would like to debate this, but this is certainly a point of debate, not a point of order.

Mr. Epp: Surely it is quite simple. Let us go back to March, 1978. What did the present Minister of Finance say when he asked the House for an additional borrowing authority of $5 billion? Does any member on the government side care to give us the words of the finance minister? I am sure the parliamentary secretary can, but twice he has been shot down by Mr. Speaker for being out of order so perhaps I had better help him out. The Minister of Finance said that the $5 billion in borrowing authority would be sufficient to see the government through to the end of the fiscal year which ends on March 31, 1979, plus, he said, it would be sufficient to meet further contingencies.

What happened then? When we came back on October 10 he asked us, not for $7 billion for this year, but for more. How much did he want? He wanted another $10 billion for next year. Did he give us any answers as to why he wanted the $7 billion? No, but I suppose he must have thought Christmas is coming when everybody gives gifts, and that if the Canadian people have been gullible for so long, they will be gullible once more. What has the government had to do? They have had to withdraw their request for the $10 billion authority because of opposition from this party—because we said no and the Canadian people said no. Despite all the promises of the Minister of Finance, how are we to believe his March statement that $5 billion was sufficient when now he wants another $7 billion? Is it because we are purchasing certain things or is it because we have to prop up the sinking dollar? Is it because the commitments of the government are so high that despite its attempt at restraint, its cash flow is such that it has to go back to the trough for more borrowing?

• (2152)

The Prime Minister went to Bonn and rubbed shoulders with the great leaders of the world. I imagine he hoped the aura of greatness surrounding him would rub off a little bit on him. What did he commit Canada to at that point? He committed Canada to 5 per cent growth and a restraint program. What happened? He came back to Canada after a slight respite in Morocco. What did he come back to Canada to do? He went on national television and told us about the restraint program. Again he said that the government was going to allow the private market economy to take over.

What is the real growth of Canada? We require 5 per cent just to maintain present employment levels and the revenue demands and commitment of the government. We are not meeting a 5 per cent real growth despite the solemn promises of the Prime Minister. That is the reason the government now needs an additional $7 billion and that 14 cents of every tax dollar goes to service debt, not amortize it.

The hon. member for Welland said that the hon. member for Calgary Centre was opposed to social service programs. That is not the case. He pointed out that under the old age pension program we are spending less in Canada on senior citizens than we are spending on interest. The greatest tragedy is that this generation is spending the legacy of our children. We are placing upon our children and their children a debt, not a debt incurred on the basis of investment which will be of benefit to them, but a debt for our own profligate ways. The government has led the way. It needs $7 billion now, and before the next election rolls around it will need additional money.

Mr. Andres: That is correct.

Mr. Epp: The hon. member for Lincoln (Mr. Andres) agrees. I should like to point out to him that Canadians are

tired of handing out more money to a government which cannot manage its affairs.

The amendment by the hon. member for York-Simcoe (Mr. Stevens) to bring at least some semblance of responsibility to the government is highly desirable.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I am pleased to take part very briefly in this debate to emphasize the good use the government generally makes of the funds voted by the House. I heard this evening several remarks by hon. members, mostly from Alberta, a province which is fairly rich compared to other provinces more to the east. We in the east are very sensitive to the good use the government makes of public funds. With all the social policies we have had in the country for a few years, we can see to what extent the government takes seriously its role of redistributing as fairly as possible all the wealth of this country. If some hon. members from the west find it difficult to agree to share or to have a fair redistribution of the wealth of this country, I find it is shameful and unacceptable. It is still more unacceptable to use the debate on the bill before us to blame the government for its sense of justice and fairness. As far as I am concerned, I represent an area where industry is being really diversified thanks to the Department of Regional Economic Expansion.

It will be remembered that in 1969 that department was created specifically to fight against regional disparities. That is the very best example one can give of the fair use the Canadian government made of funds. Thanks to the money Bill C-7 will authorize us to borrow, the government will be able to pursue the many projects and programs already in progress. For instance, it will enable industries in ridings like mine to get subsidies for job creation.

Since 1969, the Department of Regional Economic Expansion has spent $12 million in the riding of Drummond. It has created hundreds of jobs. In an area like mine, where textiles represented 40 per cent to 45 per cent of the industrial sector ten years ago, it now stands at only 8 per cent of the active population in the whole riding. That change we owe in major part to the policy of the Canadian government with regard to regional economic expansion, a policy of diversification of industries in the larger centres where, unfortunately too often, the economy was dependent on a single sector which in this instance was weak.

Mr. Speaker, when I hear some hon. members from the have provinces complain about the use this government has made of its funds, I can only answer by giving them that example which speaks loudly of the sense of responsibilities, of equity and fair distribution of our wealth across the nation, which this government has. There are also the numerous other programs financed by the Canadian government all of which are in the common interest. We always act in that spirit of Canadian solidarity. Today I heard the member for Calgary Centre (Mr. Andre)—unfortunately, he left the House—blaming us for nationalizing a private oil company through Petro-Canada. I say that it was a wrongful not to say a misleading way to put it. May I call it ten o'clock, Mr. Speaker?

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before beginning the adjournment debate, I wonder if I might put a question to the Parliamentary secretary to the President of Privy Council (Mr. Pinard), concerning the House business tomorrow.

The Acting Speaker (Mr. Ethier): That can be done with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): In view of the fact that time is of the essence respecting Bill C-5, because certain spouses become widows day by day and lose their benefits until the bill is passed, would the government canvass the possibility of Bill C-5 being given priority over Bill C-7, particularly if it is possible to pass it quickly?

[*Translation*]

Mr. Pinard: Mr. Speaker, we are prepared to consider all possibilities, but we will probably proceed with consideration of Bill C-7, then study Bill C-5 and finally come to Bill C-10.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

REGIONAL ECONOMIC EXPANSION—FUNDING OF LAND REGISTRATION AND INFORMATION SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, I rise to pursue the matter which I raised on October 18 with the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), as the Minister of Regional Economic Expansion (Mr. Lessard) was not in the House. It concerns one of the more unbelievable decisions made by the government in the name of reducing federal expenditures. It has to do with the termination at the halfway point of support for the land registration and information service, a program and agency which the federal government helped to create in 1972-73.

● (2202)

When I indicated to the Deputy Prime Minister and President of Privy Council on October 18 that not only would this reduce employment by some hundreds in the Atlantic provinces, but lead to millions of dollars in waste as well as to the loss of a new high-technology export industry, the Deputy Prime Minister and President of Privy Council seemed to be primarily unaware of this, or certainly gave argument at that time which bore no relationship to the facts.

I think it is very clear that prior to 1972 the over-all program of mapping, and to a certain degree the monumenting system that had been implemented, was totally under the control of the federal government. Indeed, as the premier of Nova Scotia at that time, Mr. Gerald Regan, said in a press release on September 14:

> We were encouraged to get into this program by the federal government five years ago, when the costs were borne 100 per cent by the federal government—

I simply put that on the record at this point to indicate that this is a process by which the federal government seems to be reneging on its basic responsibility.

The 1973 agreement was entered into between Canada and the maritime provinces, introducing a four-phase program designed to provide a simple and understandable land titles system with easy access to property owners. Eventually this system would substitute picture identification of property for the legal identification now used by most offices, introducing really and quite dramatically one of the most up to date land registry systems anywhere in the world.

It was clearly understood that this project would take some ten or 12 years to complete, some time in the 1983 to 1985 period. There were four very clear phases to the program, and it was very clearly outlined in the agreement that the federal government would pay 75 per cent of the cost under that agreement. Because of the policy of the federal government not to enter into contracts ordinarily for longer than a five-year period, the initial agreement was signed to cover the period from 1973 to 1978. However, there was certainly no indication in any way, shape or form that at the half way point the federal government would suddenly terminate its support for this important project. Indeed, the first indication that the federal government was making this unusual decision came with an hour's notice to those directly involved in the LRIS system. As a matter of fact, perhaps the words of Premier Regan indicate more clearly the shock and inability to accept this decision than anything I could state. Premier Regan said on September 14:

> This is the first hint . . . that we have had that this program was not a priority of the federal government. The cutback places all three provinces in an extremely awkward situation. The LRIS program will require seven more years and $40 million if we are to complete it on schedule by 1985. These facts were known by both parties before we embarked on this program in 1973. That the federal government would withdraw support half-way through this capital project is hard to believe.

That is certainly, if anything, an understatement, because not only was there no consultation with any of the three governments of the maritime provinces, and no forewarning to those directly involved with the system, but it seems clear that the department which has been responsible for the implementation of this program, the Department of Regional Economic Expansion, was offered almost no consultation or advanced notice. That kind of pursuit of priorities seems to be hard to understand.

As one journalist has pointed out, we are faced with a kind of Hobson's choice where the federal government has pulled the plug at the half way point. As Jack Willoughby wrote in the Toronto *Globe and Mail* of September 15:

> The withdrawal of federal money from a plan to computerize the land title system in the maritime provinces has left the provinces with the Hobson's choice of paying $40-million to finish the half-completed project or spending large sums to move back to the old system.

We do not have the luxury of simply abandoning the project at this stage because obviously we are at the stage where mapping has been completed in Prince Edward Island, mostly completed in New Brunswick, with a significant portion still to be done in Nova Scotia.

As I pointed out originally, the loss of a new industry of high technology, offering long-term employment in the Atlantic provinces, is really hard to believe. It is a kind of "anti-DREE" decision.

I think it is ironic that we had filed last year, which was prepared for in the original contract, a cost-benefit study produced by P. S. Ross & Partners last April 1977. This is a benefit-cost study of the LRIS program. I want to offer two brief quotations from this study to show the ridiculous position the federal government has taken. Under the subheading "Overview of the Study's Results", the following is reported at page 3:

● (2207)

> The results of the benefit-cost analysis of phases I, II, and III show that the benefits realized in the later years of the study period far exceed the annual operating costs.

At page 5 there appears the following statement:

> In addition to the benefits listed above, all four phases of the LRIS program support the region's economic development. This benefit takes the form of faster implementation of capital development projects, savings in the costs for interim financing for these projects, and savings in the actual cost of the projects that otherwise could be increased by inflation.

In fact, this decision is, at its worst, a kind of anti-DREE decision—a decision against removing or reducing regional disparity. The fact that the department had an evaluation on its desk a year in advance of this sudden decision by the federal government simply defies the imagination. I think one journalist put it best when he said, when reporting on this, that it is now up to the politicians and other interested parties to howl loudly enough to make Ottawa think twice—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I am pleased to have the opportunity in this adjournment debate to bring the hon. member for Egmont (Mr. MacDonald) up to date on what the federal government has been spending through the

Department of Regional Economic Expansion and what it has really meant to LRIS in particular. First of all, I think it is important to consider and understand what has happened in the past ten years, and then I will bring the hon. member up to date on the present situation as well as on what LRIS may offer in the future.

The federal government commitment in the past ten years was on a 75-25 basis with Ottawa paying approximately $34 million. This means that phase I of the program is practically completed and at the end of the fiscal year, March, 1979, there will be four years remaining in phase II. This means in reality that the legal design for land titles is not complete. More than that, a computer support system design will almost be complete by the end of the fiscal year, so a great deal has been accomplished. Perhaps most important of all, several regional land title offices are ready to be turned over to the provinces. This, in effect, means some very valuable work has been completed and recorded and so will always be there.

In the past few years—and here I want to speak for a moment on a more personal note—I have used the small aerial photos and the larger ortho maps. I grant that in recent years hardly any of those have had the elevation contours on them, but nevertheless these maps were very useful and will be very useful for identifying property and property lines. So in reality there is great value in the money that has been spent.

That brings us up to the present. The work of the LRIS as an agency, as such, will be terminated by the end of the fiscal year, but until that time the federal government will continue to assist as we have been assisting up to this stage, even though there was no agreement since the end of March last year. This will be done through the original source, the Council of Maritime Premiers. Until the Council of Maritime Premiers has had an opportunity to do a full assessment of the valued work done and make a future commitment to land registration, I think it would be quite improper to influence or perhaps even jeopardize the decision it now had before it.

It is all very well to speak about accomplishments and spending money, but that is only part of the possible termination of LRIS. There are people involved who may lose their jobs. I have talked to many of them as I am sure the hon. member for Egmont (Mr. MacDonald) has, and I am as concerned as he is. The people at LRIS are all professionals, however, and I am confident that individuals of such high calibre will find jobs without too much trouble.

I think it is important to keep a few pertinent facts—

The Acting Speaker (Mr. Ethier): Order, please. The hon. member's time has expired.

FISHERIES—DEPLETION OF INSHORE LOBSTER FISHERY

Miss Coline Campbell (South Western Nova): Mr. Speaker, I rise regarding a question I put to the Minister of Fisheries and the Environment (Mr. LeBlanc) on November 9 about the relationship between inshore and offshore lobster fishing, and particularly the closing of Browns Bank pending the outcome of this study. I do not trust statistics, having seen what they do with the UIC amendments, but the statistics since 1973, which is the first year I have been able to find statistics concerning district 4 offshore lobster fishing, show that the quantity of lobsters caught in district 4 has decreased.

[Mr. Wood.]

● (2212)

In 1973 we had the first full year of offshore lobster fishing although fishing had commenced in 1972. The percentages of quantity offshore lobsters caught rise quite spectacularly between 1973 and 1977. There were eight boats fishing in that period and 2,800 inshore lobster fishermen who fish in district 4 from the end of November until the end of May under very hard circumstances. People like to eat lobsters and they consider lobster a delicacy. But it is a difficult task for the fishermen who have to go out at the end of November and into December at the beginning of the lobster season. However, the quantity of offshore lobster in comparison to the total quantity fished works out to 7.9 per cent in 1973, for a value of 6.6 per cent of the total catch. I am now referring to total offshore lobster fishing as related to total lobster fishing in district 4.

As I have mentioned, in 1973 the quantity was 7.9 per cent and the value of that quantity was 6.6 per cent. In 1974 the figure is 8.3 per cent of the total lobster catch for a value of 6.8 per cent. In 1975 the figure goes up to 10.3 per cent for a value of 7.7 per cent. In 1976 the figure is 17.8 per cent. In 1977, the figure goes down to 15.08 per cent in total quantity. In 1976 it went up to 13.2 per cent of the total value and came down to 11.2 per cent in 1977. In 1977 the only statistics available covered January to October. When we find out what the total offshore lobster catch was in 1977 I am sure we will find it comes close to that of the previous year.

As I have mentioned, the percentage in quantity of the offshore fishing in relation to the total catch has increased remarkably from 1973 to 1977 with only eight offshore lobster boats operating. At the same time, the inshore lobster fishery, which supports approximately 2,800 fishermen in district 4, has decreased. Starting in 1973 there were 5,299 metric tonnes of lobsters landed. In 1974 the figure was 4,404 metric tonnes, in 1975 the figure was 4,676 metric tonnes, in 1976 3,124 metric tonnes, and in 1977 covering January to October the figure is 2,516 metric tonnes. I have already shown what percentage of the total this is.

● (2217)

I regret we are allocated such a short time. However, the history of this problem between the inshore and offshore lobster fishermen has gone on since the commencement of the offshore fishery late in summer of 1971 with the banning of the sale of swordfish in Canada. The swordfish was banned at that time because of its unacceptable mercury content. As a result, the offshore lobster fishery was set up with only two restrictions. One was that they use lobster traps rather than otter trawls which the Americans used. The second was that they not be aallowed to fish within a 50-mile radius.

This was fine at the beginning because they went quite a bit further than the 50 mile line. In fact, they were fishing 125 to 250 miles southwest of Cape Sable Island. Then commercial fishing areas were discovered in the Browns Bank and Baccaro Bank area 50 to 100 miles off the coast and very close to the inshore lobster fishing areas. Last year the eight or nine offshore lobster boats were given a quota in this area of 900,000 pounds or approximately 450 metric tonnes. The same quota exists this year.

It was felt by the department that some quota should be imposed in order to preserve whatever lobster stocks there might be there for the inshore fishermen who fish adjoining and up to the 50-mile limit. With the commencement of the inshore lobster fishery at the end of November, and pending the outcome of the study that was commissioned in 1975 by the minister of fisheries, of which preliminary indications show that there probably is a connection—and Dr. Cady was quoted in a recent article in the *Chronicle Herald* as saying we have to protect this valuable inshore fishery—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but her time has expired.

Mr. Jack Pearsall (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, the minister has asked me to express to the hon. member for South Western Nova (Miss Campbell) his personal concern for the inshore-offshore lobster problem. I would advise the hon. member as follows.

The results of a meeting held October 24 to 26 between Canadian and American scientists on the above subject provided evidence, although not 100 per cent conclusive, that an inter-relationship between inshore Nova Scotia lobster and offshore lobster, including Browns Bank, does exist. Also, there is some evidence showing movement of individual lobsters between Browns Bank and Georges Bank.

Evidence shows there is significant larvae production on Browns and Georges and drift patterns of the larvae from Browns inshore. The data lead to consideration of the option to close a portion of Browns Bank to the offshore fleet and at the same time try and move the boundary between inshore and offshore closer inshore to create a closed "spawning stock area".

A firm recommendation from the meeting was the need to raise size limits along the entire eastern seaboard. The Americans will be making public the results of the Canada-U.S. discussions and the Canadian media were informed by a news release on November 6, 1978.

Another conclusion reached at the meeting is that it seems clear that the area east of Cape Sable Island, where the lobster landings are going down, is not affected by any offshore-inshore inter-relationship. Rather, the decline appears to be due partly to over-fishing and partly to a change in the ecology. Evidence shows that kelp beds in that area are being eroded and denuded by sea urchins. The relationship between ecological change in kelp beds and lobster stocks is continuing to be investigated, but the decline in stocks is clearly not an effect of offshore fishing.

Tagging experiments are being conducted both by federal scientists and by New Brunswick.

The Acting Speaker (Mr. Ethier): Order, please.

● (2222)

PUBLIC WORKS—CONSTRUCTION OF TAXATION CENTRE AT SUDBURY, ONT.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, on November 3, I raised a question with the President of the Treasury Board (Mr. Andras), regarding the construction of the taxation data centre in Sudbury. This centre was announced in the summer of 1977 after I had raised the matter with the then minister of national revenue, as her letter to me dated July 19, 1977 confirms.

Construction of the centre was scheduled for this fall but, it was announced that because of drafting problems the contract would not be let until next year. I thereupon wrote to the Minister of National Revenue, asking him to end what appeared to be political horsing around with an extremely important capital project in the Sudbury basin. The minister wrote back to me on October 25. His letter stated:

In fact, plans for the proposed Taxation Centre for Sudbury are proceeding. Although originally scheduled to commence operation in the fall of 1980, it has now been deferred until the fall of 1981 due to the recent government financial restraint program. In the meantime, my staff along with employees of Department of Public Works and their private sector architectural and engineering consultants are proceeding with the planning phase, with the intention of calling tenders for the general contract in the summer of 1979, with construction to commence in September or October.

We received a commitment for this taxation data centre. We were promised it would be under construction this fall. That, of course, was when there was speculation that there would be a fall election. Now it has been rescheduled for the fall of 1979. Is it because we must have a spring general election in 1979, that the people of the Sudbury area are in effect being told that if they do not vote the right way they may not get the taxation data centre at all? We do not appreciate that kind of stick and carrot approach.

The fact is, our basin is suffering a viciously high unemployment rate of 11.2 per cent, and in the various trades unemployment is running as high as 80 per cent. Moreover, last fall Inco and Falconbridge gave us a Christmas present, an annoucement of some 3,000 lay-offs. Neither Ottawa nor Queen's Park could deal with the reality of mobile capital and resource domination by multinational mining corporations. In spite of the fact that the community was mobilized to petition the government to take action and that specific, positive proposals were made, not a bloody thing was done, not a bloody thing, and these layoffs took place. What a sad commentary on the leadership in this country of ours today. This government was completely immobilized when it came to dealing with unilateral action on the part of multinational mining corporations. Our workers demanded employment but the government turned a deaf ear to them.

Now here is a $12 million construction project, the data centre, which would stimulate considerable employment in the area, especially in the trades and construction sector. The President of the Treasury Board has a responsibility to withdraw the freeze on the project. We face a long winter of discontent as it is. Preliminary studies indicate a high correlation between crime among our citizens and the high unemployment rate in the Sudbury basin. The minister must be aware that a plant similar to the one contemplated in Sudbury has been given the green light in St. John's, Newfoundland. As a matter of fact, Lundrigan's Limited has been awarded a contract and work is already started. We know that the cutback program has been alleviated in areas where the effect would be adverse, and that is as it should be. We in the Sudbury basin should be treated in the same way. The government has a most serious responsibility to ensure that every opportunity for employment is made available. That means construction of the data centre now and not next fall after a general election.

An hon. Member: Great speech, John.

Mr. Rodriguez: Those are the realities, brother.

• (2227)

Mr. Maurice Harquail (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, the hon. member for Nickel Belt (Mr. Rodriguez) indulged in his usual rhetoric tonight. His remarks had nothing to do with drafting and everything to do with accusations of electioneering. He has bootlegged accusations in here this evening. He has spoken about subjects other than the one he put down for the adjournment debate.

This debate does give me an opportunity on behalf of the Minister of Public Works (Mr. Buchanan) to set the record straight. I know from personal experience that the minister has been involved in this matter just recently. He is very seriously interested in the ongoing developments with respect to the Sudbury data taxation centre. Construction was originally scheduled to begin in the late fall of 1978. The schedule proposed completion of the facility in the late fall of 1980.

During the review of the Public Works Canada program as a result of fiscal restraint, it was decided to delay this schedule by one year; that is, to begin construction in the fall of 1979 with completion in the late fall of 1981. That is the schedule being followed now.

Our analysis indicated that for construction to begin in the fall of 1978 it would be a requirement that Public Works Canada use a system of phased construction. It was also established that if a construction start were deferred until a complete single contract package could be completed, there would be cost savings on the project. This was estimated at approximately $390,000. This factor, coupled with the fact that Public Works Canada would be able to secure interim accommodation to permit the start-up of national revenue operations in 1978 and carry this interim operation through to 1981, led us to conclude that deferral of this project for one year was preferable.

The present schedule for this project calls for tenders to be called in mid-June, 1979 with a construction start in mid-September. This schedule is based on an expenditure of $4 million in 1979-80. Public Works Canada will make every effort to call tenders in mid-April, 1979 and to have construction start in mid-July.

Whether or not this early schedule is possible depends on two factors: first, whether the department can allocate an additional $1 million to the project in the 1979-80 fiscal year; and second, if Public Works Canada and its consultant can manage within the exceedingly tight schedule to complete the contract documents to permit an April tender call.

The Acting Speaker (Mr. Ethier): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock p.m. tomorrow.

Motion agreed to and the House adjourned at 10.30 p.m., without question put, pursuant to Standing Order.

END OF VOLUME I